NEW ISSUE – BOOK-ENTRY ONLY **MOODY'S: Aa2**
(See "RATING" herein)

DASNY

DAC Bond®

$24,735,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
INTERAGENCY COUNCIL POOLED LOAN PROGRAM REVENUE BONDS, SERIES 2023A

Consisting of:

$22,240,000 Subseries 2023A-1	**$2,495,000 Subseries 2023A-2 (Federally Taxable)**

Dated: Date of Delivery **Due: July 1, as shown on the inside cover**

Payment and Security: The InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A consisting of Subseries 2023A-1 (the "Subseries 2023A-1 Bonds") and Subseries 2023A-2 (Federally Taxable) (the "Subseries 2023A-2 Bonds," and together with the Subseries 2023A-1 Bonds, the "Series 2023 Bonds") will be special limited obligations of the Dormitory Authority of the State of New York ("DASNY"). Principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2023 Bonds are payable solely from and secured by a pledge of the Revenues (described below) and the funds and accounts (other than the Arbitrage Rebate Fund) authorized by DASNY's InterAgency Council Pooled Loan Program Revenue Bond Resolution adopted on March 31, 2010, as supplemented (the "Resolution") and established with respect to the Series 2023 Bonds by the Series 2023A Resolution Authorizing Up To $28,000,000 InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A, adopted May 10, 2023 (the "Series 2023 Resolution"), including a Debt Service Reserve Fund.

The Revenues pledged to the payment of the Series 2023 Bonds are comprised of certain payments to be made under separate Loan Agreements dated as of May 10, 2023 (each a "Series 2023 Loan Agreement"), between DASNY and each of the following members of the InterAgency Council of Developmental Disabilities Agencies, Inc., each of which is a New York State not-for-profit corporation: Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc. (which shall be considered a single Series 2023 Participant), Developmental Disabilities Institute, Inc., General Human Outreach in the Community Incorporated, HASC Center, Inc., HeartShare Human Services of New York, Ohel Children's Home and Family Services, Inc., and Young Adult Institute, Inc. (each a "Series 2023 Participant" and collectively, the "Series 2023 Participants").

Each Series 2023 Loan Agreement is a general obligation of the respective Series 2023 Participant to pay, in addition to certain fees and expenses, only its Allocable Portion of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2023 Bonds corresponding to such Series 2023 Participant's proportionate share of the proceeds of the Series 2023 Bonds loaned to it by DASNY, and to maintain its Allocable Portion of the Debt Service Reserve Fund Requirement. Payment of amounts due under the Series 2023 Loan Agreements are several and not joint obligations of the Series 2023 Participants. Each of the Series 2023 Participant's obligations under its respective Series 2023 Loan Agreement will be secured by a security interest in certain revenues of such Series 2023 Participant granted to DASNY and pledged and assigned to the Trustee.

A DEFAULT BY ANY ONE OR MORE OF THE SERIES 2023 PARTICIPANTS UNDER THEIR RESPECTIVE SERIES 2023 LOAN AGREEMENTS MAY RESULT IN A DEFAULT UNDER THE RESOLUTION AND THE SERIES 2023 RESOLUTION WITH RESPECT TO SUCH SERIES 2023 PARTICIPANT'S ALLOCABLE PORTION OF THE SERIES 2023 BONDS; HOWEVER, ANY LIABILITY WITH RESPECT TO SUCH DEFAULT IS LIMITED SOLELY TO THE SERIES 2023 PARTICIPANT OR SERIES 2023 PARTICIPANTS THAT ARE IN DEFAULT, WITHOUT RIGHT OF CONTRIBUTION FROM THE NON-DEFAULTING SERIES 2023 PARTICIPANTS. ANY SUCH DEFAULT, HOWEVER, COULD RESULT IN A DEFAULT IN PAYMENT OF THE SERIES 2023 BONDS.

The Series 2023 Bonds will not be a debt of the State of New York nor will the State of New York be liable thereon. DASNY has no taxing power.

Description: The Series 2023 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple in excess thereof. Interest (due January 1, 2024 and each July 1 and January 1 thereafter) on the Series 2023 Bonds will be payable by check mailed to the registered owners thereof and principal and Redemption Price of the Series 2023 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent, or at the option of the holder of at least $1,000,000 principal amount of the Series 2023 Bonds by wire transfer, as more fully described herein.

The Series 2023 Bonds will be issued as fully registered bonds and when issued initially will be issued in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2023 Bonds. Purchases of beneficial ownership interests in the Series 2023 Bonds may be made only through the DTC book-entry system. Beneficial Owners (as defined herein) of the Series 2023 Bonds will not receive certificates representing their interests in the Series 2023 Bonds. See "PART 3 - THE SERIES 2023 BONDS – Book-Entry-Only System" herein.

Redemption and Purchase in Lieu of Redemption: The Series 2023 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described herein.

Tax Matters: *In the opinion of Barclay Damon LLP, Co-Bond Counsel to DASNY, under existing law, and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by DASNY, the Series 2023 Participants, as applicable, and others, interest on the Subseries 2023A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Barclay Damon LLP is further of the opinion that interest on the Subseries 2023A-1 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, for tax years beginning after December 31, 2022, interest on the Subseries 2023A-1 Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. In the opinion of Barclay Damon LLP, interest on the Subseries 2023A-2 Bonds is not excluded from gross income for federal income tax purposes. Barclay Damon LLP is also of the opinion that, under existing law, interest on the Series 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York and the City of Yonkers). See "PART 10 – TAX MATTERS" herein regarding certain other tax considerations.*

The Series 2023 Bonds are offered, when, as and if issued by DASNY, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by Barclay Damon LLP, Albany, New York, and Lewis & Munday, A Professional Corporation., New York, New York, Co-Bond Counsel to DASNY. Certain legal matters will be passed upon for the Series 2023 Participants by Cullen and Dykman, LLP, Garden City, New York and for the Underwriter by McCarter & English, LLP, New York, New York and Newark, New Jersey. DASNY expects to deliver the Series 2023 Bonds in definitive form in Albany, New York on or about July 27, 2023.

MUNICIPAL CAPITAL MARKETS GROUP, INC.

July 12, 2023

$24,735,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
INTERAGENCY COUNCIL POOLED LOAN PROGRAM
REVENUE BONDS, SERIES 2023A

Consisting of:

$22,240,000 Subseries 2023A-1

Consisting of:

$5,500,000 Serial Bonds

Maturing July 1	Principal Amount	Coupon	Yield	CUSIP[(1)]
2024	$100,000	5.00%	3.60%	65000BE38
2025	160,000	5.00	3.50	65000BE46
2026	145,000	5.00	3.40	65000BE53
2027	590,000	5.00	3.30	65000BE61
2028	650,000	5.00	3.25	65000BE79
2029	700,000	5.00	3.25	65000BE87
2030	735,000	5.00	3.25	65000BE95
2031	780,000	5.00	3.25	65000BF29
2032	825,000	5.00	3.25	65000BF37
2033	815,000	5.00	3.30	65000BF45

$4,790,000 4.00% Term Bond due July 1, 2038 to Yield 4.10% CUSIP[(1)] 65000BF52

$5,910,000 4.00% Term Bond due July 1, 2043 to Yield 4.30% CUSIP[(1)] 65000BF60

$6,040,000 4.25% Term Bond due July 1, 2048 to Yield 4.50% CUSIP[(1)] 65000BF78

$2,495,000
Subseries 2023A-2
(Federally Taxable)

$1,625,000 5.65% Term Bond due July 1, 2028 to Yield 5.85% CUSIP[(1)] 65000BF86

$535,000 5.25% Term Bond due July 1, 2038 to Yield 5.49% CUSIP[(1)] 65000BF94

$335,000 5.75% Term Bond due July 1, 2048 to Yield 5.95% CUSIP[(1)] 65000BG28

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(1) Copyright, American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by FactSet Research Systems Inc.. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2023 Bonds. Neither DASNY nor the Underwriter is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Series 2023 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2023 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2023 Bonds.

No dealer, broker, salesman or other person has been authorized by DASNY, the Series 2023 Participants or the Underwriter to give any information or to make any representations with respect to the Series 2023 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representation must not be relied upon as having been authorized by DASNY, the Series 2023 Participants or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied by the Series 2023 Participants, the InterAgency Council of Developmental Disabilities Agencies, Inc. (the "Program Facilitator") and other sources that DASNY believes are reliable. DASNY does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY. DASNY does not directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Series 2023 Participants or the Program Facilitator, (2) the sufficiency of the security for the Series 2023 Bonds, or (3) the value or the investment quality of the Series 2023 Bonds.

Each Series 2023 Participant has reviewed the portions of this Official Statement describing such Series 2023 Participant, its Series 2023 Facilities, its Mortgages, its Collateral Assignment of Leases, if any, its Manufactured Home UCC Financing Statements, if any, including "PART 1 – INTRODUCTION" (but solely with respect to the headings "The Series 2023 Participants," "Additional Security – Pledged Revenues and Standby Intercepts," "The Mortgages," "Collateral Assignment of Leases" and "DDI's Middle Road Facility Manufactured Home UCC Financing Statements"), "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Security for the Series 2023 Bonds" (but solely with respect to the subheadings "– Pledged Revenues – Intercept Funds," "– Standby Intercepts," "– Mortgages," "– Collateral Assignment of Leases" and "– DDI's Middle Road Facility Manufactured Home UCC Financing Statements"), "PART 3 – THE SERIES 2023 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds," "PART 4 - THE SERIES 2023 PARTICIPANTS," "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE," "PART 6 - ESTIMATED SOURCES AND USES OF FUNDS," "PART 11 - BONDHOLDERS' RISKS," "PART 15 – CONTINUING DISCLOSURE," "PART 18 – INDEPENDENT PUBLIC ACCOUNTANTS," and the information relating to it contained in Appendices A, B, C, I and J. It is a condition to the sale and delivery of the Series 2023 Bonds that each Series 2023 Participant certify that, as of each such date, such parts and such information do not contain any untrue statement of a material fact and do not omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which the statements were made, not misleading. The Series 2023 Participants make no representations as to the accuracy or completeness of any other information included in this Official Statement.

The Program Facilitator has reviewed the portions of this Official Statement describing itself and the information contained in "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE" and "PART 11 - BONDHOLDERS' RISKS." It is a condition to the sale and delivery of the Series 2023 Bonds that the Program Facilitator certify that, as of each such date, such parts and such information do not contain any untrue statement of a material fact and do not omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which the statements were made, not misleading. The Program Facilitator makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget," "intend," "projection" or other similar words. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. SEE ALSO "PART 11 - BONDHOLDERS' RISKS."

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibility to investors under the federal securities law, but the Underwriter does not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act, the Resolution, the Series 2023 Resolution and the Series 2023 Loan Agreements do not purport to be complete. Refer to the Act, the Resolution, the Series 2023 Resolution and the Series 2023 Loan Agreements for full and complete details of their provisions. Copies of the Resolution, the Series 2023 Resolution and the Series 2023 Loan Agreements will be on file with DASNY and the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY or the Series 2023 Participants have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DORMITORY AUTHORITY – STATE OF NEW YORK | 515 BROADWAY, ALBANY, N.Y. 12207
REUBEN R. MCDANIEL, III – PRESIDENT | LISA A. GOMEZ – CHAIR

OFFICIAL STATEMENT
relating to
$24,735,000
INTERAGENCY COUNCIL POOLED LOAN PROGRAM
REVENUE BONDS, SERIES 2023A
Consisting of:

$22,240,000 Subseries 2023A-1 **$2,495,000 Subseries 2023A-2 (Federally Taxable)**

PART 1 - INTRODUCTION

Purpose of Official Statement

The purpose of this Official Statement, which includes the cover page, the inside cover page and the appendices hereto, is to provide information about the Dormitory Authority of the State of New York ("DASNY"), Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc. (which shall be considered a single Series 2023 Participant)(collectively, "Citizens"), Developmental Disabilities Institute, Inc. ("DDI"), General Human Outreach in the Community Incorporated ("General Human Outreach"), HASC Center, Inc. ("HASC"), HeartShare Human Services of New York ("HeartShare"), Ohel Children's Home and Family Services, Inc. ("Ohel"), and Young Adult Institute, Inc. ("YAI") (collectively, the "Series 2023 Participants") in connection with the offering by DASNY of its $24,735,000 aggregate principal amount of InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A, consisting of $22,240,000 Subseries 2023A-1 Bonds and $2,495,000 Subseries 2023A-2 Bonds (Federally Taxable) (collectively, the "Series 2023 Bonds").

The following is a brief description of certain information concerning the Series 2023 Bonds, DASNY and the Series 2023 Participants. A more complete description of such information and additional information that may affect decisions to invest in the Series 2023 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix D hereto.

Purpose of the Issue

The Series 2023 Bonds are being issued for the purpose of (i) financing or refinancing a portion of the cost of the acquisition, construction, renovation and furnishing, as applicable, of certain facilities (collectively, the "Series 2023 Facilities") of the Series 2023 Participants for the provision of services to people with developmental disabilities or other special needs and the acquisition of equipment and other personal property with respect to such Series 2023 Facilities, (ii) making a deposit to each account of the Debt Service Reserve Fund securing the Series 2023 Bonds (the "Series 2023 Debt Service Reserve Fund") in an amount equal to the aggregate of each Series 2023 Participant's Allocable Portion of the Series 2023 Debt Service Reserve Fund Requirement (defined herein), and (iii) paying certain costs of issuance of the Series 2023 Bonds. The respective Loan Agreements entered into with DASNY by the

Series 2023 Participants (the "Series 2023 Loan Agreements") require, in the aggregate, the payment of amounts sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments with respect to, and interest on, the Series 2023 Bonds as the same become due. See "PART 6 – ESTIMATED SOURCES AND USES OF FUNDS." For a description of the Series 2023 Facilities being financed or refinanced with proceeds of the Series 2023 Bonds, see "Appendix A - Description of Series 2023 Participants," "Appendix I – Copies of the Condominium Declaration Documents" and "Appendix J – Copy of the DDI Middle Road Facility Ground Lease."

Authorization of Issuance

The Act authorizes DASNY, among other things, to issue its bonds for the purpose of financing or refinancing the costs of the acquisition, construction, reconstruction, renovation, development, improvement, expansion and equipping of certain educational, administrative, clinical, day program, residential, and other attendant and related facilities of the not-for-profit members (each a "Participant") of the InterAgency Council of Developmental Disabilities Agencies, Inc., which members include the Series 2023 Participants.

The Resolution authorizes the issuance of multiple series of bonds (each a "Series of Bonds") pursuant to separate series resolutions (each a "Series Resolution"). Pursuant to the Resolution, each Series of Bonds issued thereunder, including the Series 2023 Bonds, is to be separately secured by (i) the funds and accounts established with respect to such Series of Bonds under a Series Resolution, and (ii) the Revenues pledged to such Series of Bonds and derived from payments made under the loan agreements entered into by DASNY and the applicable Participants in connection with the issuance of such Series of Bonds. Neither the funds and accounts established under a Series Resolution nor any loan agreement entered into or any mortgage or other security granted in connection with the issuance of a Series of Bonds shall secure any other Series of Bonds.

The Series 2023 Bonds will be issued pursuant to the Act, the Resolution and the Series 2023 Resolution. The term "Resolutions" shall mean the Resolution and the Series 2023 Resolution. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS."

DASNY

DASNY is a public benefit corporation of the State of New York (the "State"), created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See "PART 7 - DASNY."

The Program Facilitator

The InterAgency Council of Developmental Disabilities Agencies, Inc. (the "Program Facilitator") will act as the facilitator for the InterAgency Council Pooled Loan Program. The Program Facilitator is a not-for-profit membership organization voluntarily supported by approximately 150 not-for-profit service provider members (including the Series 2023 Participants) that conduct business throughout the State, but primarily in The City of New York metropolitan area. See "PART 4 - THE SERIES 2023 PARTICIPANTS."

The Series 2023 Participants

Each of the Series 2023 Participants is a not-for-profit corporation organized and existing under the laws of the State. See "PART 4 - THE SERIES 2023 PARTICIPANTS," "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE," "Appendix A - Description of Series 2023 Participants," "Appendix B - Audited Financial Statements of Series 2023 Participants," "Appendix C - Unaudited Financial Information of Series 2023 Participants," "Appendix I – Copies of the Condominium Declaration Documents" and "Appendix J – Copy of the DDI Middle Road Facility Ground Lease."

Upon delivery of the Series 2023 Bonds, the Series 2023 Participants will receive loans from DASNY from the proceeds thereof in the following principal amounts, representing each Series 2023 Participant's Allocable Portion of each Subseries of the Series 2023 Bonds:

Series 2023 Participant	Subseries 2023A-1	Subseries 2023A-2	Total
Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc.	$3,955,000	$200,000	$4,155,000
Developmental Disabilities Institute, Inc.	1,770,000	720,000	2,490,000
General Human Outreach in the Community Incorporated	2,945,000	170,000	3,115,000
HASC Center, Inc.	515,000	75,000	590,000
HeartShare Human Services of New York	4,505,000	315,000	4,820,000
Ohel Children's Home and Family Services, Inc.	1,040,000	515,000	1,555,000
Young Adult Institute, Inc.	7,510,000	500,000	8,010,000

No Series 2023 Participant is responsible for the payment obligations of any other Series 2023 Participant. If a Series 2023 Participant fails to pay amounts due under its Series 2023 Loan Agreement in respect of its Allocable Portion of the Series 2023 Bonds, DASNY's sole remedy will be against the defaulting Series 2023 Participant and no other Series 2023 Participant.

See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Events of Default - Special Provisions Relating to Defaults" and "Appendix F - Summary of Certain Provisions of the Resolutions." See also, "PART 3 - THE SERIES 2023 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption."

The Series 2023 Bonds

The Series 2023 Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2024, and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See "PART 3 - THE SERIES 2023 BONDS - Description of the Series 2023 Bonds."

Payment of the Series 2023 Bonds

The Series 2023 Bonds are special, limited obligations of DASNY payable from the applicable Revenues, which consist of the aggregate of certain payments required to be made by the Series 2023 Participants pursuant to their respective Series 2023 Loan Agreements on account of the principal, Sinking Fund Installments and Redemption Price, if any, of and interest due on their respective Allocable Portions of the Outstanding Series 2023 Bonds. The Revenues are pledged and assigned to the Trustee.

Pursuant to its Series 2023 Loan Agreement, each Series 2023 Participant will be required to pay, among other things, its Allocable Portion of the principal, Sinking Fund Installments and Redemption Price of and interest due on the Outstanding Series 2023 Bonds, in each case corresponding to the proceeds of each maturity of each Subseries of the Series 2023 Bonds loaned to it by DASNY. The obligation of each Series 2023 Participant to make payments under its Series 2023 Loan Agreement constitutes a general obligation of such Series 2023 Participant. The payment obligations of the Series 2023 Participants under their respective Series 2023 Loan Agreements are several, not joint, and are not cross-collateralized with the obligations of any other Series 2023 Participant. For the purposes of a Series 2023 Loan Agreement delivered by more than one entity, such payment obligations are joint and several with respect to the entities comprising such Series 2023 Participant. For a listing of each Series 2023 Participant's Allocable Portion of the principal and Sinking Fund Installments of and interest on the Series 2023 Bonds, see "PART 3 – THE SERIES 2023 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds."

Security for the Series 2023 Bonds

The Series 2023 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2023 Bonds (until disbursed as provided by the Resolution) and all funds and accounts authorized by the Resolution and established by the Series 2023 Resolution (with the exception of the Arbitrage Rebate Fund), including the Series 2023 Debt Service Reserve Fund, which will be funded at its requirement upon issuance of the Series 2023 Bonds with proceeds of the Series 2023 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Security for the Series 2023 Bonds."

The Series 2023 Bonds are separately secured from all other Series of Bonds. The Holders of any Series of Bonds other than the Series 2023 Bonds are not entitled to the rights, benefits and security conferred upon the Holders of the Series 2023 Bonds.

The Series 2023 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

Additional Security - Pledged Revenues and Standby Intercepts

The Series 2023 Bonds will also be secured by the pledge and assignment to the Trustee of DASNY's security interest in the applicable Pledged Revenues granted by each of the Series 2023 Participants to DASNY pursuant to its Series 2023 Loan Agreement, subject to Prior Pledges. Certain of the Series 2023 Participants have previously pledged their Public Funds (a portion of which consists of the Pledged Revenues) to DASNY, an industrial development agency or a bank or another financial institution as security for the respective obligations of such Series 2023 Participants in connection with bonds previously issued by DASNY or such industrial development agency or lines of credit or other borrowings from financial institutions. In addition, certain Series 2023 Participants may, with the prior written consent of DASNY (such consent not to be unreasonably withheld or delayed), hereafter secure a line of credit with a Prior Pledge pursuant to its Series 2023 Loan Agreement. The pledge of the Pledged Revenues granted by each such Series 2023 Participant is subject and subordinate to such Prior Pledges in all respects. See "PART 4 - THE SERIES 2023 PARTICIPANTS" and "Appendix A - Description of Series 2023 Participants" for a description of each of the Series 2023 Participants, including their respective Prior Pledges of their respective Pledged Revenues.

Pledged Revenues are all of a Series 2023 Participant's Public Funds attributable to its Series 2023 Facilities. In the case of each Series 2023 Participant, Public Funds includes amounts payable by the State Office for People with Developmental Disabilities ("OPWDD") or another State agency in connection with all or a portion of the Series 2023 Participant's Series 2023 Facility or Facilities.

OPWDD has pre-approved pursuant to separate Prior Property Approvals (each a "PPA") each Series 2023 Facility for reimbursement of amounts calculated to be approximately sufficient to pay the principal and interest costs incurred by the related Series 2023 Participant in connection with its financing or refinancing of the acquisition, renovation and furnishing, as applicable, of such Series 2023 Facility, in each case subject to annual appropriation by the State Legislature and so long as such Series 2023 Participant operates the applicable Series 2023 Facility in accordance with certain defined standards. Assuming annual appropriation of sufficient funds and continued compliance with operational standards by the Series 2023 Participant, it is expected that the amounts received by such Series 2023 Participant pursuant to its respective PPAs will be approximately sufficient to pay the annual principal of and interest on its respective Allocable Portion of the Series 2023 Bonds for such Series 2023 Facility; any difference between the two amounts is expected to be covered by the Pledged Revenues of such Series 2023 Participant expected to be received from operating and administrative expenses associated with such Series 2023 Facility. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities."

The Pledged Revenues will be paid directly to each Series 2023 Participant and may be disposed of by such Series 2023 Participant for any of its corporate purposes. However, pursuant to the Act, the respective Series 2023 Loan Agreements, and separate agreements entered into by DASNY, each Series 2023 Participant and OPWDD (each an "Intercept Agreement"), upon the occurrence of certain events described herein, but subject to any Prior Pledges of the Pledged Revenues, DASNY may direct OPWDD to remit the Pledged Revenues payable by OPWDD to a Series 2023 Participant pursuant to its PPA or PPAs (the "Intercept Funds"), directly to DASNY or the Trustee for application to the payment of such Series 2023 Participant's Allocable Portion of the Outstanding Series 2023 Bonds.

Pledged Revenues of one Series 2023 Participant will not be available to satisfy the obligations of any other Series 2023 Participant. For the purposes of a Series 2023 Loan Agreement delivered by more than one entity, the Pledged Revenues of such Series 2023 Participant shall refer to the Pledged Revenues with respect to any and all entities comprising such Series 2023 Participant. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Security for the Series 2023 Bonds - Pledged Revenues - Intercept Funds" and "- Standby Intercepts." See also, "Appendix A - Description of Series 2023 Participants" and "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements."

The ability of each Series 2023 Participant to satisfy its payment obligations under its Loan Agreement with respect to its Allocable Portion of the Series 2023 Bonds and DASNY's ability to realize upon its security interests in the Pledged Revenues of each Series 2023 Participant are largely dependent upon the continued operation by each Series 2023 Participant of its Series 2023 Facilities. Such operation may be adversely affected by a number of risk factors, including, but not limited to, (i) the financial condition of the Series 2023 Participant and its ability to continue to generate sufficient revenues to support all of its facilities, including its Series 2023 Facilities, (ii) the continued compliance by the Series 2023 Participant with State and local operational standards with respect to its Series 2023 Facilities, and (iii) the continued commitment of Public Funds to support the programs and facilities operated by the Series 2023 Participant, particularly with respect to its Series 2023 Facilities, including continued appropriations by the State in amounts sufficient for OPWDD to make payments to the Series 2023 Participant pursuant to its PPA or PPAs. For a more detailed discussion of risk factors affecting the ability of the Series 2023 Participants to pay amounts owed under their respective Loan Agreements and the Pledged Revenues, as well as other risk factors affecting payment on the Series 2023 Bonds, see "PART 11 - BONDHOLDERS' RISKS." See also, "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE."

Limitations on Payment and Security Upon the Occurrence of Certain Events of Default

A failure by a Series 2023 Participant to timely pay its obligations under its Series 2023 Loan Agreement might result in an event of default under the Resolutions if either (a) such Series 2023 Participant's loan is accelerated in accordance with the provisions of its Series 2023 Loan Agreement, or (b) as a result of such nonpayment, there is failure to pay the principal, Sinking Fund Installments, and Redemption Price of and interest on the Series 2023 Bonds when due. In either event, the Resolution provides that an event of default will have occurred only with respect to the portion of each maturity of each Subseries of the Outstanding Series 2023 Bonds that corresponds to a principal installment on the defaulting Series 2023 Participant's loan under the terms of its Series 2023 Loan Agreement (referred to as the "Defaulted Allocable Portion"). The funds available for the payment of a Defaulted Allocable Portion of the Series 2023 Bonds are limited by the Resolution to only those Revenues payable by or on behalf of such defaulting Series 2023 Participant pursuant to its Series 2023 Loan Agreement, funds on deposit with the Trustee attributable to such Series 2023 Participant and amounts recovered upon the realization on any collateral granted to DASNY as security for such Series 2023 Participant's obligations under its Series 2023 Loan Agreement and pledged to the payment of the Series 2023 Bonds.

After the application of all such amounts to the payment of the Defaulted Allocable Portion of the Series 2023 Bonds following the acceleration or extraordinary mandatory redemption thereof in accordance with the Resolutions, such Defaulted Allocable Portion of the Series 2023 Bonds will be deemed paid and discharged and the event of default cured, whether or not payment in full of all of the principal of and interest on such Defaulted Allocable Portion has been made to the Holders thereof. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Events of Default - Special Provisions Relating to Defaults" and "Appendix F - Summary of Certain Provisions of the Resolutions." See also, "PART 3 - THE SERIES 2023 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption."

NO SERIES 2023 PARTICIPANT IS RESPONSIBLE FOR THE PAYMENT OBLIGATIONS OF ANY OTHER SERIES 2023 PARTICIPANT. IF A SERIES 2023 PARTICIPANT FAILS TO PAY AMOUNTS DUE UNDER ITS SERIES 2023 LOAN AGREEMENT IN RESPECT OF ITS ALLOCABLE PORTION OF THE SERIES 2023 BONDS, DASNY'S SOLE REMEDY WILL BE AGAINST THE DEFAULTING SERIES 2023 PARTICIPANT AND NO OTHER SERIES 2023 PARTICIPANT. FOR THE PURPOSES OF A SERIES 2023 LOAN AGREEMENT DELIVERED BY MORE THAN ONE ENTITY, THE PAYMENT OBLIGATIONS OF SUCH SERIES 2023 PARTICIPANT ARE JOINT AND SEVERAL ONLY WITH RESPECT TO THE ENTITIES COMPRISING SUCH SERIES 2023 PARTICIPANT.

The Mortgages

Each Series 2023 Participant's obligations under its Series 2023 Loan Agreement will be additionally secured by one or more mortgages (each a "Mortgage"; collectively, the "Mortgages") from such Series 2023 Participant to DASNY, granting a mortgage lien on all of its owned Series 2023 Facilities (except that DDI will not grant a mortgage with respect to its owned Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York or with respect to its owned Middle Road Facility Manufactured Home (as hereinafter defined)), and by a security interest in the fixtures, furniture and equipment financed with the proceeds of the Series 2023 Bonds located therein or used in connection therewith, such liens and security interests subject to applicable Permitted Encumbrances. In the case of

DDI, it will grant to DASNY a mortgage lien and security interest on only two of its four Series 2023 Facilities. See "PART 11 – BONDHOLDERS' RISKS – Specific Risks Related to DDI's Alvord Court Facility" for a discussion of why there is no mortgage on DDI's Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York and see "PART 11 – BONDHOLDERS' RISKS – Specific Risks Related to DDI's Middle Road Facility" for a discussion of why there is no mortgage on the Middle Road Facility Manufactured Home. In the case of YAI, it will grant to DASNY a mortgage lien and security interest on only one of its two Series 2023 Facilities.

The Mortgages do not presently provide any security for the Series 2023 Bonds. However, under certain circumstances described herein, one or more of the Mortgages are required to be assigned to the Trustee. Prior to any such assignment of a Mortgage to the Trustee, each Series 2023 Loan Agreement provides that DASNY, without the consent of the Trustee or the Holders of the applicable Series 2023 Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of such Mortgage and of any security interest in furniture, fixtures or equipment financed with the proceeds of the Series 2023 Bonds located in or on or used in connection therewith and the property subject to such Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as DASNY may require. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Security for the Series 2023 Bonds - Mortgages."

With respect to DDI's Series 2023 Facility located at 1407-09 Middle Road, Calverton, New York (the "Middle Road Facility"), a portion consists of a manufactured home (the "Middle Road Facility Manufactured Home") and the remaining portion consists of land leased by DDI pursuant to a ground lease (the "Middle Road Leased Property"). DDI owns the Middle Road Facility Manufactured Home and will grant DASNY a security interest in the Middle Road Manufactured Home in accordance with the New York State Uniform Commercial Code, but will not grant a mortgage lien or real property security interest to DASNY on the Middle Road Facility Manufactured Home or the Middle Road Leased Property. DDI's obligations under its Series 2023 Loan Agreement with respect to the Middle Road Facility will not be secured by any mortgage or real property security interest. See "— DDI's Middle Road Facility Manufactured Home UCC Financing Statements" below and "PART 11— BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility" for a discussion of why there is no mortgage on the Middle Road Facility Manufactured Home or the Middle Road Leased Property.

With respect to (i) DDI's Middle Road Leased Property and (ii) YAI's Series 2023 Facility located at 120-120½ West 16th Street, New York, New York (the "West 16th Street Facility" and together with the Middle Road Leased Property, such Series 2023 Facilities are collectively referred to as the "Series 2023 Leased Facilities"), the respective Series 2023 Participants will not grant a mortgage lien and real property security interest to DASNY on such Series 2023 Leased Facilities. With respect to the Series 2023 Leased Facilities, such Series 2023 Participant's obligations under its Series 2023 Loan Agreement with respect to its Series 2023 Leased Facilities will not be secured by any mortgage or real property security interest. See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to the Series 2023 Leased Facilities" for a discussion of why there are no mortgages on the Series 2023 Leased Facilities.

See "Appendix A - Description of Series 2023 Participants" for a description of (a) which Series 2023 Participants (i) own or lease their respective Series 2023 Facilities and (ii) will grant mortgages on their respective Series 2023 Facilities and (b) the nature of the mortgages on their respective Series 2023 Facilities.

Collateral Assignment of Leases

DDI leases the Middle Road Leased Property and YAI leases the West 16th Street Facility. In order to secure its respective obligations under its Series 2023 Loan Agreement, each of DDI and YAI will collaterally assign to DASNY pursuant to a Collateral Assignment of Leases its right, title and interest (but not its obligations) in the lease for its respective Series 2023 Leased Facility set forth above. Each landlord under each such lease has consented to such collateral assignment. See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to Series 2023 Leased Facilities" and "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility."

DDI's Middle Road Facility Manufactured Home UCC Financing Statements

DDI owns the Middle Road Facility Manufactured Home, which is located on the Middle Road Leased Property. In order to secure its obligations under its Series 2023 Loan Agreement, DDI will file Uniform Commercial Code Financing Statements in favor of DASNY with respect to the Middle Road Facility Manufactured Home (the "Manufactured Home UCC Financing Statements"). See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility."

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2023 Bonds and certain related covenants. These provisions have been summarized, and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2023 Resolution and the Series 2023 Loan Agreements, copies of which will be on file with DASNY and the Trustee. See also "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements" and "Appendix F - Summary of Certain Provisions of the Resolutions" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2023 Bonds

The Series 2023 Bonds are special, limited obligations of DASNY. The principal, Sinking Fund Installments, and Redemption Price of and interest on the Series 2023 Bonds are payable solely from the Revenues. With respect to the Series 2023 Participants, the Revenues consist of the aggregate of the payments required to be made by each of the Series 2023 Participants under its respective Series 2023 Loan Agreement on account of such Series 2023 Participant's Allocable Portion of (i) the principal, Sinking Fund Installments, and Redemption Price of and interest due on the Series 2023 Bonds, and (ii) the Series 2023 Debt Service Reserve Fund Requirement (as defined below). The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2023 Bonds. The aggregate of payments due and payable to DASNY under all of the Series 2023 Loan Agreements will be sufficient to pay (i) the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2023 Bonds when due, (ii) amounts necessary to maintain the Series 2023 Debt Service Reserve Fund at its required level, and (iii) the annual fees of DASNY and the Trustee.

Each Series 2023 Loan Agreement is a general obligation of the respective Series 2023 Participant, pursuant to which such Series 2023 Participant will be required to make payments in amounts sufficient to satisfy its Allocable Portion of the principal, Sinking Fund Installments, and Redemption Price of and interest due on the Series 2023 Bonds as reflected in the debt service table set forth in "PART 3 – THE SERIES 2023 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds." The payment obligations of the Series 2023 Participants with respect to their respective Allocable Portions of the Series 2023 Bonds are several, not joint. For the purposes of a Series 2023 Loan Agreement delivered by more than one entity, the payment obligations for a Series 2023

Participant shall be joint and several with respect to the entities comprising such Series 2023 Participant. Each Series 2023 Participant is obligated to repay only its Allocable Portion of the Series 2023 Bonds. Each Series 2023 Participant's payments under its respective Series 2023 Loan Agreement will be applied pro rata to its Allocable Portion of the principal, Sinking Fund Installments, and Redemption Price of and interest due on each Subseries of the Outstanding Series 2023 Bonds.

Payments under each of the Series 2023 Loan Agreements are to be made monthly on the 10th day of each month. Each payment under the Series 2023 Loan Agreements is to be equal to one-sixth of the respective Series 2023 Participant's Allocable Portion of the interest coming due on the next succeeding interest payment date and one-twelfth of its Allocable Portion of the principal and Sinking Fund Installments coming due on the next succeeding July l. See "PART 3 – THE SERIES 2023 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds." Each of the Series 2023 Loan Agreements also obligates the respective Series 2023 Participant to pay, at least 45 days prior to a redemption date of Series 2023 Bonds called for redemption, its Allocable Portion of the amount, if any, required to pay the Redemption Price of such Series 2023 Bonds. See "PART 3 – THE SERIES 2023 BONDS – Redemption Provisions."

Security for the Series 2023 Bonds

General

The Series 2023 Bonds will be secured ratably by the pledge and assignment to the Trustee of the Revenues and DASNY's security interest in the applicable Pledged Revenues, subject to Prior Pledges. See "Appendix A - Description of Series 2023 Participants" for a description of each of the Series 2023 Participants, including their respective Prior Pledges of their respective Pledged Revenues.

The Series 2023 Bonds will also be secured by the proceeds from the sale of such Series 2023 Bonds (until disbursed as provided in the Resolutions) and all funds and accounts authorized by the Resolution and established by the Series 2023 Resolution (with the exception of the Arbitrage Rebate Fund), including the Series 2023 Debt Service Reserve Fund.

Pursuant to the terms of the Resolution, the Series 2023 Bonds are separately secured from all other Series of Bonds. The Holders of a Series of Bonds are not entitled to the rights, benefits and security conferred upon the Holders of any other Series of Bonds.

Pledged Revenues - Intercept Funds

Pursuant to the Act and the respective Series 2023 Loan Agreements, each Series 2023 Participant has pledged and assigned to DASNY its Pledged Revenues in an amount sufficient to satisfy its payment obligations under its Series 2023 Loan Agreement, subject to any Prior Pledges. With respect to each Series 2023 Participant, the Pledged Revenues are all Public Funds attributable to its respective Series 2023 Facilities, including any Intercept Funds. Public Funds are all moneys payable to a Series 2023 Participant by any agency of the State or federal government, a State political subdivision, social services district in the State or any other governmental entity. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities."

All of the Series 2023 Facilities are supported by an OPWDD PPA, which the applicable Series 2023 Participant has received. These PPAs represent OPWDD's pre-approval of the applicable Series 2023 Facilities for reimbursement of certain amounts approximately sufficient to pay the annual principal and interest costs incurred by the related Series 2023 Participant in connection with its financing or refinancing of the acquisition, renovation and furnishing, as applicable, of such Series 2023 Facility, in each case subject to annual appropriation by the State Legislature and so long as such Series 2023 Participant operates the applicable Series 2023 Facility in accordance with certain defined standards. Assuming annual appropriation of sufficient funds and continued compliance with such standards, it is expected by each Series 2023 Participant that the amounts received by such Series 2023 Participant pursuant to its respective PPA or PPAs will be approximately sufficient to pay the annual principal of and interest on its respective Allocable Portion of the Series 2023 Bonds related to such Series 2023 Facilities; any difference between the two amounts is expected to be covered by the Pledged Revenues of such Series 2023 Participant expected to be received from operating and administrative expenses associated with such Series 2023 Facility. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities." Certain of the Series 2023 Facilities may also be supported by additional OPWDD PPAs, but such other OPWDD PPAs were issued with respect to other projects at such Series 2023 Facilities and not those being financed with the Series 2023 Bonds and, therefore, payments under such other PPAs do not constitute Pledged Revenues.

Standby Intercepts

The Act and each Series 2023 Loan Agreement authorize an intercept mechanism whereby public entities responsible for the payment of Pledged Revenues are authorized and required to pay a Series 2023 Participant's Pledged Revenues to DASNY or the Trustee in accordance with a certificate filed by DASNY with such public entity. Under the terms of each Series 2023 Loan Agreement, until the occurrence of an event with respect to a Series 2023 Participant described in clause (a) or (b) below, a Series 2023 Participant's Pledged Revenues subject to such an intercept will be paid directly to such Series 2023 Participant and will be available to be applied towards any of its corporate purposes. However, pursuant to the respective Series 2023 Loan Agreements and the respective Intercept Agreements, upon the occurrence of (a) an event of default under a Series 2023 Participant's Series 2023 Loan Agreement, or an event which with the passage of time or giving of notice, or both, would become an event of default under such Series 2023 Participant's Series 2023 Loan Agreement, or (b) a drawing of funds from the Series 2023 Debt Service Reserve Fund for the benefit of such Series 2023 Participant that has not been repaid by such Series 2023 Participant as required by its Series 2023 Loan Agreement and the Resolutions, DASNY may, in addition to all other remedies available pursuant to such Series 2023 Participant's Series 2023 Loan Agreement, cause such Series 2023 Participant's Pledged Revenues covered by the applicable Intercept Agreement to be deducted, withheld and paid directly to DASNY or the Trustee, as appropriate, up to an amount sufficient to make the payments required by such Series 2023 Participant pursuant to its Series 2023 Loan Agreement. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities." Intercepted Pledged Revenues of one Series 2023 Participant will not be available to satisfy the payment obligations of any other Series 2023 Participant.

There can be no assurance that the amount of any Series 2023 Participant's intercepted Pledged Revenues will be sufficient to satisfy such Series 2023 Participant's payment obligations with respect to its Allocable Portion of the Series 2023 Bonds. In the event that amounts received upon the intercept of a Series 2023 Participant's Pledged Revenues are insufficient to pay all of a Series 2023 Participant's Allocable Portion of the principal of and interest on the Series 2023 Bonds when due, such amounts received will be applied pro rata to such Series 2023 Participant's Allocable Portion of each Subseries of the Series 2023 Bonds.

The ability of each Series 2023 Participant to satisfy its payment obligations under its Series 2023 Loan Agreement with respect to its Allocable Portion of the Series 2023 Bonds and DASNY's ability to realize upon its security interests in the Series 2023 Participant's Pledged Revenues are largely dependent upon the continued operation by the Series 2023 Participant of its Series 2023 Facilities, which may be adversely affected by a number of risk factors. Such risk factors, which may affect the Series 2023

Participants differently, include, but are not limited to, (i) the financial condition of the Series 2023 Participant and its ability to continue to generate sufficient revenues to support all of its facilities, including its Series 2023 Facilities, (ii) the continued compliance by the Series 2023 Participant with State and local operational standards with respect to its Series 2023 Facilities, (iii) the continued commitment of Public Funds to support the programs and facilities operated by the Series 2023 Participant, particularly with respect to the Series 2023 Facilities, and (iv) the continued appropriation by the State legislature of amounts sufficient for OPWDD and other State agencies to make payments, including Pledged Revenues, to the Series 2023 Participant pursuant to its PPA(s) or otherwise. For a more detailed discussion of risk factors affecting the Pledged Revenues and the ability of the Series 2023 Participants to pay amounts owed under their respective Series 2023 Loan Agreements, as well as other risk factors affecting payment on the Series 2023 Bonds, see "PART 11 - BONDHOLDERS' RISKS." See also "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE" and "Appendix A - Descriptions of the Series 2023 Participants," which includes for each Series 2023 Participant a description of its outstanding long-term and short-term indebtedness and credit facilities secured by security interests that are Prior Pledges with respect to its Pledged Revenues.

Debt Service Reserve Fund

The Resolution authorizes, and the Series 2023 Resolution establishes, the Series 2023 Debt Service Reserve Fund, which is required to be maintained in an amount equal to one-half of the greatest amount required in the then current or any future calendar year to pay the sum of (i) interest on the Outstanding Series 2023 Bonds payable during such year, excluding interest accrued thereon prior to July 1 of the next preceding year and (ii) the principal and the Sinking Fund Installments of such Series 2023 Bonds (the "Series 2023 Debt Service Reserve Fund Requirement").

Proceeds of the Series 2023 Bonds will be deposited in separate accounts established in the Series 2023 Debt Service Reserve Fund for each Series 2023 Participant in amounts equal to the respective Series 2023 Participant's Allocable Portion of the Series 2023 Debt Service Reserve Fund Requirement. If, on the fourth Business Day preceding an interest payment date for the Series 2023 Bonds, the amount on deposit in the account established for a Series 2023 Participant in the Debt Service Fund is less than the amount necessary to pay such Series 2023 Participant's Allocable Portion of the principal or Sinking Fund Installments of and interest on the Outstanding Series 2023 Bonds payable on such interest payment date, the Trustee is required to transfer moneys from the applicable account of the Series 2023 Debt Service Reserve Fund to the corresponding account of the Debt Service Fund in an amount sufficient to provide for such payment. Each Series 2023 Loan Agreement requires the respective Series 2023 Participant to restore in full any amount withdrawn from the Series 2023 Debt Service Reserve Fund for its benefit within five days after receiving notice of a withdrawal. Each Series 2023 Loan Agreement also requires the respective Series 2023 Participant to restore in full its Allocable Portion of the Series 2023 Debt Service Reserve Fund Requirement within five days after receiving notice of a deficiency in the Series 2023 Debt Service Reserve Fund resulting from a devaluation of the investments held therein. Each Series 2023 Participant is responsible for only its Allocable Portion of the Series 2023 Debt Service Reserve Fund Requirement. Any money in the Series 2023 Debt Service Reserve Fund in excess of the required amounts shall be applied in accordance with the Resolutions.

Reserve Fund Facilities

In lieu of or in substitution for moneys in the Series 2023 Debt Service Reserve Fund, DASNY may deposit or cause to be deposited with the Trustee a Reserve Fund Facility satisfying the requirements of the Resolutions for all or any part of the Series 2023 Debt Service Reserve Fund Requirement or any Series 2023 Participant's Allocable Portion thereof. See "Appendix F - Summary of Certain Provisions of the Resolutions."

Mortgages

Each Series 2023 Participant's obligations under its Series 2023 Loan Agreement will be additionally secured by its Mortgage granting to DASNY a mortgage lien on all of its owned Series 2023 Facilities (except that DDI will not grant a mortgage with respect to its owned Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York or with respect to its Middle Road Facility Manufactured Home), and by a security interest granted to DASNY in the fixtures, furniture and equipment financed with the proceeds of the Series 2023 Bonds now or hereafter located on the mortgaged property, such mortgage liens and security interests subject to applicable Permitted Encumbrances. In the case of DDI, it will grant to DASNY a mortgage lien and security interest on only two of its four Series 2023 Facilities. See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Alvord Court Facility" for a discussion of why there is no mortgage on DDI's Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York and see "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility" for a discussion of why there is no mortgage on the Middle Road Facility Manufactured Home or the Middle Road Leased Property. In the case of YAI, it will grant to DASNY a mortgage lien and security interest on only one of its two Series 2023 Facilities. See "Appendix A - Description of Series 2023 Participants" for a description of (a) which Series 2023 Participants (i) own or lease their respective Series 2023 Facilities and (ii) will grant mortgages on their respective Series 2023 Facilities and (b) the nature of the mortgages on their respective Series 2023 Facilities.

DASNY may, but has no present intention to, assign all or a portion of any of the Mortgages or such security interests to the Trustee. Upon (a) a withdrawal from an applicable account of the Series 2023 Debt Service Reserve Fund that has not been restored by the respective Series 2023 Participant to its requirement within 30 days from the date of such withdrawal or (b) the occurrence and continuance of an event of default under a Series 2023 Participant's Series 2023 Loan Agreement and the acceleration of the loan thereunder, DASNY is required to assign such Series 2023 Participant's Mortgage and the related security interest in the fixtures, furnishings and equipment financed with the proceeds of the Series 2023 Bonds to the Trustee for the benefit of the Holders of such Series 2023 Participant's Allocable Portion of the Outstanding Series 2023 Bonds. Unless a Mortgage is assigned to the Trustee, none of the Mortgages or the security interests in the related fixtures, furnishings and equipment or any proceeds therefrom will be for the benefit of the Holders of the Series 2023 Bonds. **Each Mortgage secures only the obligations of the Series 2023 Participant granting the Mortgage, and, in the event of a default by a Series 2023 Participant that may lead to the assignment of its Mortgage, only the Mortgage of that defaulting Series 2023 Participant may be assigned**.

Prior to any assignment of a Mortgage to the Trustee, each Series 2023 Loan Agreement provides that DASNY, upon such terms and conditions as it may require and without the consent of the Trustee or the Holders of the applicable Series 2023 Bonds, may (a) consent to the amendment, modification, termination, subordination or satisfaction of such Mortgage and of any related security interest in furniture, fixtures or equipment financed with the proceeds of the Series 2023 Bonds located in or on or used in connection with the property subject to the Mortgage, and (b) release the property subject to such Mortgage or security interest from the liens thereof. Each Series 2023 Participant may incur debt secured on parity with, or subordinate to, the lien of its Mortgage, including debt incurred in connection with the issuance of other Series of Bonds under the Resolution, with the prior consent of DASNY.

The liens and security interest granted to DASNY by a Mortgage are subject to Permitted Encumbrances. The lien of and security interest in each Series 2023 Participant's Series 2023 Facility(ies) as described in its Mortgage may also be limited by certain other factors. See "PART 11- BONDHOLDERS' RISKS" and "Appendix A – Description of Series 2023 Participants."

Collateral Assignment of Leases

In order to secure its obligations under its respective Series 2023 Loan Agreement, each of DDI and YAI will collaterally assign to DASNY pursuant to a Collateral Assignment of Leases its right, title and interest (but not its obligations) in the lease for its respective Series 2023 Leased Facility. Each landlord under each such lease has consented to such collateral assignment. See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to Series 2023 Leased Facilities" and see "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility."

DDI's Middle Road Facility Manufactured Home UCC Financing Statements

DDI owns the Middle Road Facility Manufactured Home, which is located on the Middle Road Leased Property. In order to secure its obligations under its Series 2023 Loan Agreement, DDI will also file Uniform Commercial Code Financing Statements in favor of DASNY with respect to the Middle Road Facility Manufactured Home. See "PART 11—BONDHOLDERS' RISKS—Specific Risks Related to DDI's Middle Road Facility."

Events of Default

Events of Default

The Resolutions provide that events of default thereunder constitute events of default with respect to the Series 2023 Bonds. The following are events of default under the Resolutions:

(i) a default in the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2023 Bonds of any Subseries; *provided, however*, if the failure to make any such payment is caused by a failure of a Series 2023 Participant to timely pay its Allocable Portion of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2023 Bonds pursuant to the terms of its Series 2023 Loan Agreement, then it shall be an event of default under the Resolutions only with respect to the Defaulted Allocable Portion of the Outstanding Series 2023 Bonds, as identified by the Trustee using the method for selection of Bonds upon an extraordinary mandatory redemption thereof as set forth in the Resolution;

(ii) DASNY shall default in the due and punctual performance of its tax covenants contained in the Resolutions with the result that the interest on the Subseries 2023A-1 Bonds shall no longer be excludable from gross income for federal income tax purposes;

(iii) a default by DASNY in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2023 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% in principal amount of Outstanding Series 2023 Bonds); or

(iv) an event of default under a Series 2023 Loan Agreement shall have occurred and is continuing and, as a result thereof, all sums payable by a Series 2023 Participant under such Series 2023 Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled; *provided, however*, that such event of default under a Series 2023 Loan Agreement shall constitute an event of default under the Resolutions only with respect to the Defaulted Allocable Portion of the Series 2023 Bonds.

With respect to an event of default affecting only the Defaulted Allocable Portion of the Series 2023 Bonds and not any other portion of the Series 2023 Bonds, the Trustee will determine such Defaulted Allocable Portion in the manner described in "PART 3 - THE SERIES 2023 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption."

The Series 2023 Bonds are separately secured from all other Series of Bonds which may be issued pursuant to the Resolution. **While an event of default with respect to another Series of Bonds will not necessarily result in an event of default with respect to the Series 2023 Bonds, an event of default by a Series 2023 Participant under a loan agreement entered into in connection with the issuance of another Series of Bonds will result in an event of default under such Series 2023 Participant's Series 2023 Loan Agreement.**

Acceleration; Control of Proceedings

The Resolution provides that if an event of default (other than an event of default described in clause (i) under the first paragraph of the subheading "Events of Default" above resulting from a Series 2023 Participant's failure to timely pay its Allocable Portion of the Series 2023 Bonds or an event as described in clauses (ii) or (iv) under the first paragraph of the subheading "Events of Default") occurs and continues, the Trustee shall, upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Series 2023 Bonds, by a notice in writing to DASNY, declare the principal of and interest on all of the Outstanding Series 2023 Bonds to be due and payable immediately. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable. The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2023 Bonds then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

In the case of a default described in clause (i) under the first paragraph of the subheading "Events of Default" above resulting from a failure of a Series 2023 Participant to timely pay its Allocable Portion of the Series 2023 Bonds pursuant to its Series 2023 Loan Agreement or a default described in clause (iv) under the first paragraph of the subheading "Events of Default" above then and in every such case the Trustee shall, upon the written request of the Holders of not less than 25% in principal amount of the Defaulted Allocable Portion of the Series 2023 Bonds then Outstanding, declare the principal of and interest on the Defaulted Allocable Portion of the Series 2023 Bonds then Outstanding to be due and payable immediately.

At the expiration of 30 days after notice of such declaration has been given, such principal and interest shall become immediately due and payable. The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Defaulted Allocable Portion of the Series 2023 Bonds then Outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

With respect to the Series 2023 Bonds, the Holders of not less than 25% in principal amount of the Outstanding Series 2023 Bonds or 25% in principal amount of Defaulted Allocable Portion of the Series 2023 Bonds then Outstanding, as applicable, or, in the case of a default described in clause (ii) in the first paragraph under the subheading "Events of Default" above, the Holders of not less than a majority in principal amount of the Outstanding Series 2023 Bonds, shall have the right to direct the method and place of conducting all remedial actions to be taken by the Trustee with respect to the Series 2023 Bonds.

Notice of Events of Default

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default actually known to the Trustee to the Holders of the Series 2023 Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice; provided, however, that except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest due on any of the Series 2023 Bonds, the Trustee is protected in withholding such notice thereof to the Holders if and as long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2023 Bonds.

Special Provisions Relating to Defaults

The Resolution provides that upon the happening and continuance of an event of default affecting only a Defaulted Allocable Portion of the Series 2023 Bonds as described in clauses (i) and (iv) above under the subheading "Events of Default," payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on such Defaulted Allocable Portion of Series 2023 Bonds (either by their terms, by acceleration or by the extraordinary mandatory redemption thereof) shall be limited solely to (i) those Revenues received or receivable by DASNY pursuant to the defaulting Series 2023 Participant's Series 2023 Loan Agreement, including such Series 2023 Participant's Pledged Revenues and other amounts derived from the exercise of any remedies under such Series 2023 Loan Agreement and the realization of any security or collateral granted by such defaulting Series 2023 Participant as security for its loan, and (ii) the moneys and securities on deposit in only those accounts established pursuant to the Series 2023 Resolution for the payment of such defaulting Series 2023 Participant's Allocable Portion of the Series 2023 Bonds. Holders of a Defaulted Allocable Portion of the Series 2023 Bonds will have no right to any other Revenues or any other funds held by the Trustee under the Resolution derived from payments made by or on behalf of any other Series 2023 Participant for the payment of the Series 2023 Bonds or any other security pledged by such other non-defaulting Series 2023 Participants as security for their loans.

If, following the exercise of all remedies available to the Trustee under the Resolutions and the realization on all security and collateral available for the payment of a Defaulted Allocable Portion of the Outstanding Series 2023 Bonds, moneys derived from the sources specified above are available to pay only a portion of the principal and interest due on such Defaulted Allocable Portion of the Series 2023 Bonds upon the extraordinary mandatory redemption or acceleration thereof, then after application by the Trustee of all available moneys to the partial payment of such Defaulted Allocable Portion of the Series 2023 Bonds on a pro rata basis in accordance with the Resolution, (i) the remaining Defaulted Allocable Portion of the Series 2023 Bonds shall be cancelled with the same effect as if paid in full and the event of default shall be deemed cured, (ii) all obligations of DASNY and the Trustee under the Resolutions with respect to such Defaulted Allocable Portion of the Series 2023 Bonds shall be deemed to have been discharged and satisfied, and (iii) the Holders of the Defaulted Allocable Portion of the Series 2023 Bonds shall no longer be entitled to the benefits of the Resolutions by virtue of their ownership of such Defaulted Allocable Portion of the Series 2023 Bonds. Upon such payment and/or cancellation of a Defaulted Allocable Portion of the Outstanding Series 2023 Bonds, DASNY shall execute and the Trustee shall authenticate a new Series 2023 Bond or Series 2023 Bonds in a principal amount equal to the Outstanding principal amount of the Series 2023 Bonds of each applicable maturity less the principal amount of the Defaulted Allocable Portion thereof so paid and/or cancelled.

Payments made to Holders of the Series 2023 Bonds of less than all of the principal of and interest on a Defaulted Allocable Portion of the Series 2023 Bonds then Outstanding following an acceleration or extraordinary mandatory redemption of such Defaulted Allocable Portion of the

Series 2023 Bonds and the application by the Trustee of all funds available for the payment thereof as described above, will not be deemed a payment default on the Series 2023 Bonds under the Resolutions.

General

The Series 2023 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power. DASNY has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – DASNY."

PART 3 - THE SERIES 2023 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2023 Bonds. These provisions have been summarized, and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2023 Resolution and the Series 2023 Loan Agreements, copies of which will be on file with DASNY and the Trustee. See also "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements" and "Appendix F - Summary of Certain Provisions of the Resolutions" for a more complete description of certain provisions of the Series 2023 Bonds.

General

The Series 2023 Bonds will be issued pursuant to the Resolutions. The Series 2023 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), pursuant to DTC's Book-Entry-Only System. Purchases of beneficial interests in the Series 2023 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2023 Bonds, payments of principal, Sinking Fund Installments, Redemption Price and interest on the Series 2023 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the Direct Participants (as hereinafter defined) is the responsibility of DTC and disbursement of those payments to the Beneficial Owners of the Series 2023 Bonds is the responsibility of the Direct Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry-Only System is discontinued for the Series 2023 Bonds, the Series 2023 Bonds will be exchangeable for fully registered Series 2023 Bonds in any authorized denominations of the same Subseries and maturity, without charge, except the payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See " - Book-Entry-Only System" and "Appendix F - Summary of Certain Provisions of the Resolutions."

Description of the Series 2023 Bonds

The Series 2023 Bonds will be dated their date of delivery and will bear interest from such date (payable on January 1, 2024, and on each July 1 and January 1 thereafter) at the rates per annum, and will mature on July 1 in each of the years set forth on the inside cover page of this Official Statement. The Series 2023 Bonds will be issuable in fully registered book-entry-only form, without coupons, in denominations of $5,000 or any integral multiple in excess thereof.

Each Subseries of the Series 2023 Bonds may be exchanged for other Series 2023 Bonds of the same Subseries in any other authorized denominations upon payment of a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Resolution.

Redemption Provisions

Optional Redemption

The Series 2023 Bonds maturing on or after July 1, 2034 are subject to redemption, on or after July 1, 2033, as a whole or in part at any time at the option of DASNY, at the Redemption Price of 100% of the unpaid principal amount of the Series 2023 Bonds to be redeemed, plus accrued interest to the redemption date.

Extraordinary Mandatory Redemption

Each Defaulted Allocable Portion of the Series 2023 Bonds is subject to extraordinary mandatory redemption at any time prior to maturity in whole, within 45 days following the realization by the Trustee pursuant to the Resolution on all security and collateral granted by the applicable defaulting Series 2023 Participant as security for its loan upon an acceleration of such loan under its Series 2023 Loan Agreement. The Series 2023 Bonds to be so redeemed shall be redeemed at a redemption price equal to (a) the principal amount of the Outstanding Defaulted Allocable Portion of the Series 2023 Bonds to be redeemed on the redemption date, times the lesser of (i) 100% or (ii) the quotient, expressed as a percentage, obtained by dividing (A) the amount of funds available to the Trustee to pay the principal of and interest on such Defaulted Allocable Portion of the Series 2023 Bonds on the redemption date less the amount of accrued interest to be paid on such Defaulted Allocable Portion of the Series 2023 Bonds on such date, by (B) the principal amount of the Defaulted Allocable Portion of the Series 2023 Bonds to be redeemed, plus (b) accrued interest to the redemption date.

The Trustee shall, as reasonably practicable, determine the Defaulted Allocable Portion of the Series 2023 Bonds to be redeemed based upon the schedule of amortization of the defaulting Series 2023 Participant's loan which has been accelerated. All Series 2023 Bonds of each maturity that correspond to a principal installment of the defaulted loan shall be called for redemption in part. The Trustee shall redeem only that portion of each Series 2023 Bond which represents the quotient obtained by dividing the principal scheduled to be paid on such defaulted loan in the year of maturity of such Series 2023 Bond by the total principal scheduled to be paid in the year of maturity of such Series 2023 Bond on all loans made with the proceeds of the Series 2023 Bonds, including the defaulted loan.

The particular Series 2023 Bonds of each affected maturity to be redeemed will be selected in the manner described below under "- Selection of Series 2023 Bonds to be Redeemed."

Special Redemption

The Series 2023 Bonds are also subject to redemption at the option of DASNY, as a whole or in part, on any interest payment date at 100% of the principal amount thereof, from (a) the proceeds of a condemnation or insurance award, which proceeds are not to be used to repair, restore or replace a Series 2023 Facility of such Series 2023 Participant, (b) from unexpended proceeds of the Series 2023 Bonds upon abandonment of all or a portion of a Series 2023 Facility due to a legal or regulatory impediment and (c) the proceeds of the sale of a Series 2023 Facility.

Mandatory Sinking Fund Redemption

The Subseries 2023A-1 Bonds maturing on July 1, 2038, July 1, 2043 and July 1, 2048 shall be subject to mandatory redemption prior to maturity, in part on July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Subseries 2023A-1 Bonds specified for each such year below:

Subseries 2023A-1 Bonds Maturing July 1, 2038		**Subseries 2023A-1 Bonds Maturing July 1, 2043**		**Subseries 2023A-1 Bonds Maturing July 1, 2048**	
Year	Sinking Fund Installment	Year	Sinking Fund Installment	Year	Sinking Fund Installment
2034	$ 850,000	2039	$1,110,000	2044	$1,185,000
2035	885,000	2040	1,145,000	2045	1,140,000
2036	975,000	2041	1,170,000	2046	1,190,000
2037	1,025,000	2042	1,215,000	2047	1,235,000
2038[†]	1,055,000	2043[†]	1,270,000	2048[†]	1,290,000

[†]Final maturity.

The Subseries 2023A-2 Bonds maturing on maturing on July 1, 2028, July 1, 2038 and July 1, 2048 shall be subject to mandatory redemption prior to maturity, in part on July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Subseries 2023A-2 Bonds specified for each such year below:

Subseries 2023A-2 Bonds Maturing July 1, 2028		**Subseries 2023A-2 Bonds Maturing July 1, 2038**		**Subseries 2023A-2 Bonds Maturing July 1, 2048**	
Year	Sinking Fund Installment	Year	Sinking Fund Installment	Year	Sinking Fund Installment
2024	$430,000	2029	$55,000	2039	$25,000
2025	475,000	2030	60,000	2040	25,000
2026	515,000	2031	60,000	2041	30,000
2027	115,000	2032	70,000	2042	30,000
2028[†]	90,000	2033	70,000	2043	30,000
		2034	75,000	2044	35,000
		2035	75,000	2045	35,000
		2036	20,000	2046	40,000
		2037	25,000	2047	40,000
		2038[†]	25,000	2048[†]	45,000

[†]Final maturity.

The Series 2023 Participants may elect to have the Series 2023 Bonds purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2023 Bonds of the same Subseries and maturity. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Holder's Series 2023 Bonds of the Subseries and maturity so purchased will be reduced for such year.

<u>Selection of Series 2023 Bonds to be Redeemed</u>

In the case of redemptions of Series 2023 Bonds described above under " - Optional Redemption," DASNY will select the maturities of the Allocable Portion of the applicable Subseries of Series 2023 Bonds to be redeemed. In the case of redemption of Series 2023 Bonds described above under " - Special Redemption," Series 2023 Bonds will be redeemed to the extent practicable pro rata among maturities of the Allocable Portion of the Series 2023 Bonds, but only in integral multiples of $5,000 within each maturity. If less than all of the Series 2023 Bonds of a maturity are to be redeemed (pursuant to an optional, special, extraordinary mandatory or mandatory sinking fund redemption), the Series 2023 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

<u>Notice of Redemption</u>

The Trustee is to give notice of the redemption of a Series 2023 Bond in the name of DASNY, which notice shall be given by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2023 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 days prior to the date such notice is to be given. If DASNY's obligation to redeem Series 2023 Bonds is subject to one or more conditions, then such notice must describe the conditions to such redemption. The failure of any owner of a Series 2023 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2023 Bond. If directed in writing by an Authorized Officer of DASNY, the Trustee shall publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2023 Bonds.

If, on the redemption date, moneys for the redemption of the Series 2023 Bonds of like Subseries and maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption has been mailed, then interest on the Series 2023 Bonds of such Subseries and maturity will cease to accrue from and after the redemption date and such Series 2023 Bonds will no longer be considered to be Outstanding under the Resolutions.

For a more complete description of the redemption and other provisions relating to the Series 2023 Bonds, see "Appendix F - Summary of Certain Provisions of the Resolutions."

<u>Purchase in Lieu of Optional Redemption</u>

The Series 2023 Bonds maturing on or after July 1, 2034 are also subject to purchase prior to maturity, at the election of DASNY, on or after July 1, 2033, in any order, in whole or in part at any time, at the prices set forth under " - Optional Redemption" (the "Purchase Price"), plus accrued interest to the date set for purchase (the "Purchase Date") set forth in the notice of purchase to the registered owners of the Series 2023 Bonds to be so purchased.

<u>Notice of Purchase and its Effect</u>

Notice of the purchase of Series 2023 Bonds will be given by DASNY in the name of one or more of the Series 2023 Participants to the registered owners of the Series 2023 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2023 Bonds to be purchased are required to be tendered on the applicable Purchase Date to the Trustee. Series 2023 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. Such purchase shall not operate to extinguish the indebtedness of DASNY evidenced thereby and such Series 2023 Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

DASNY's obligation to purchase a Series 2023 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2023 Bonds to be purchased on such Purchase Date. If sufficient money is available on the applicable Purchase Date to pay the applicable Purchase Price of the Series 2023 Bonds to be purchased, the former registered owners of such Series 2023 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the applicable Purchase Price. If sufficient money is not available on the applicable Purchase Date for payment of the applicable Purchase Price, the Series 2023 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the applicable Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2023 Bonds in accordance with their terms.

In the event not all of the Outstanding Series 2023 Bonds of a Subseries and maturity are to be purchased, the Series 2023 Bonds of such Subseries and maturity to be purchased will be selected by lot in the same manner as Series 2023 Bonds of a Subseries and maturity to be redeemed in part are to be selected.

Book-Entry-Only System

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 Bond certificate will be issued for each maturity of the respective Subseries of Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2023 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2023 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2023 Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2023 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. DASNY and the Trustee shall not have any responsibility or obligation to any Direct Participant or Indirect Participant or any person claiming a beneficial ownership interest in the Series 2023 Bonds under or through DTC or any Direct Participant or Indirect Participant, or any other person which is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; the payment by DTC or any Direct Participant or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2023 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY; or other action taken by DTC as a registered owner.

For every transfer and exchange of beneficial ownership of the Series 2023 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving notice to DASNY and discharging its responsibilities with respect thereto under applicable law, or DASNY may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, DASNY may retain another securities depository for the Series 2023 Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If DASNY directs the Trustee to deliver such bond certificates, such Series 2023 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2023 Bonds in any other authorized denominations and of the same Subseries and maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of DASNY.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection " - Book-Entry-Only System" has been extracted from information given by DTC. None of DASNY, the Trustee or the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds

The following table sets forth the amounts required to be paid by each of the Series 2023 Participants during each twelve-month period ending June 30 of the Bond Years shown for the payment of the interest on the Series 2023 Bonds payable on January 1 of such year and the principal and Sinking Fund Installments of and interest on the Series 2023 Bonds payable on the succeeding July 1.

Total Debt Service by Series 2023 Participant

	Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc.		Developmental Disabilities Institute, Inc.		General Human Outreach in the Community Incorporated	
FY or Period Ending	Principal & Sinking Fund Installments	Interest	Principal & Sinking Fund Installments	Interest	Principal & Sinking Fund Installments	Interest
6/30/2024	$ 75,000	$168,867.15	$ 75,000	$110,542.40	$ 70,000	$127,052.21
6/30/2025	100,000	177,872.50	90,000	115,105.00	80,000	133,085.00
6/30/2026	100,000	172,450.00	95,000	110,247.50	85,000	128,727.50
6/30/2027	110,000	166,962.50	100,000	105,107.50	90,000	124,087.50
6/30/2028	115,000	161,462.50	100,000	100,010.00	95,000	119,587.50
6/30/2029	115,000	155,712.50	100,000	94,912.50	100,000	114,837.50
6/30/2030	125,000	149,962.50	110,000	89,875.00	105,000	109,837.50
6/30/2031	130,000	143,712.50	115,000	84,337.50	110,000	104,587.50
6/30/2032	140,000	137,212.50	130,000	78,550.00	115,000	99,087.50
6/30/2033	140,000	130,212.50	75,000	72,000.00	120,000	93,337.50
6/30/2034	155,000	123,212.50	75,000	68,200.00	125,000	87,337.50
6/30/2035	155,000	117,012.50	80,000	64,950.00	135,000	82,337.50
6/30/2036	160,000	110,812.50	80,000	61,500.00	135,000	76,937.50
6/30/2037	170,000	104,412.50	90,000	58,050.00	145,000	71,537.50
6/30/2038	175,000	97,612.50	90,000	54,137.50	145,000	65,737.50
6/30/2039	185,000	90,612.50	95,000	50,225.00	155,000	59,937.50
6/30/2040	190,000	83,212.50	95,000	45,987.50	165,000	53,737.50
6/30/2041	195,000	75,612.50	100,000	41,750.00	165,000	47,137.50
6/30/2042	205,000	67,812.50	105,000	37,225.00	175,000	40,537.50
6/30/2043	210,000	59,612.50	110,000	32,500.00	185,000	33,537.50
6/30/2044	225,000	51,212.50	105,000	27,575.00	185,000	26,137.50
6/30/2045	230,000	41,650.00	110,000	22,587.50	100,000	18,275.00
6/30/2046	240,000	31,875.00	115,000	17,387.50	105,000	14,025.00
6/30/2047	255,000	21,675.00	120,000	11,900.00	110,000	9,562.50
6/30/2048	255,000	10,837.50	130,000	6,200.00	115,000	4,887.50

Total Debt Service by Series 2023 Participant (continued)

	HASC Center, Inc.		HeartShare Human Services of New York		Ohel Children's Home and Family Services, Inc.	
FY or Period Ending	Principal & Sinking Fund Installments	Interest	Principal & Sinking Fund Installments	Interest	Principal & Sinking Fund Installments	Interest
6/30/2024	$15,000	$24,586.11	$115,000	$196,895.32	$25,000	$65,408.34
6/30/2025	20,000	25,652.50	130,000	205,985.00	35,000	69,087.50
6/30/2026	25,000	24,522.50	125,000	198,932.50	35,000	67,110.00
6/30/2027	25,000	23,110.00	135,000	192,130.00	40,000	65,132.50
6/30/2028	20,000	21,762.50	150,000	185,152.50	40,000	62,872.50
6/30/2029	20,000	20,762.50	155,000	177,425.00	40,000	60,612.50
6/30/2030	20,000	19,762.50	155,000	169,675.00	45,000	58,512.50
6/30/2031	20,000	18,762.50	170,000	161,925.00	45,000	56,150.00
6/30/2032	20,000	17,762.50	180,000	153,425.00	50,000	53,787.50
6/30/2033	30,000	16,762.50	190,000	144,425.00	50,000	51,162.50
6/30/2034	30,000	15,262.50	195,000	134,925.00	55,000	48,537.50
6/30/2035	30,000	14,062.50	205,000	127,125.00	55,000	42,762.50
6/30/2036	30,000	12,862.50	215,000	118,925.00	60,000	42,762.50
6/30/2037	30,000	11,662.50	225,000	110,325.00	65,000	40,362.50
6/30/2038	30,000	10,462.50	230,000	101,325.00	70,000	37,762.50
6/30/2039	30,000	9,262.50	250,000	92,125.00	70,000	34,962.50
6/30/2040	30,000	8,062.50	250,000	82,125.00	75,000	32,162.50
6/30/2041	20,000	6,862.50	265,000	72,125.00	75,000	29,162.50
6/30/2042	20,000	6,062.50	265,000	61,525.00	80,000	26,162.50
6/30/2043	20,000	5,262.50	285,000	50,925.00	80,000	22,962.50
6/30/2044	20,000	4,462.50	170,000	39,525.00	85,000	19,762.50
6/30/2045	20,000	3,612.50	180,000	32,300.00	90,000	16,150.00
6/30/2046	20,000	2,762.50	190,000	24,650.00	95,000	12,325.00
6/30/2047	20,000	1,912.50	190,000	16,575.00	95,000	8,287.50
6/30/2048	25,000	1,062.50	200,000	8,500.00	100,000	4,250.00

Total Debt Service by Series 2023 Participant (continued)

	Young Adult Institute, Inc.	
FY or Period Ending	Principal & Sinking Fund Installments	Interest
6/30/2024	$155,000	$326,148.68
6/30/2025	180,000	342,780.00
6/30/2026	195,000	332,740.00
6/30/2027	205,000	321,852.50
6/30/2028	220,000	311,537.50
6/30/2029	225,000	300,537.50
6/30/2030	235,000	289,287.50
6/30/2031	250,000	277,537.50
6/30/2032	260,000	265,037.50
6/30/2033	280,000	252,037.50
6/30/2034	290,000	238,037.50
6/30/2035	300,000	226,437.50
6/30/2036	315,000	214,437.50
6/30/2037	325,000	201,837.50
6/30/2038	340,000	188,837.50
6/30/2039	350,000	175,237.50
6/30/2040	365,000	161,237.50
6/30/2041	380,000	146,637.50
6/30/2042	395,000	131,437.50
6/30/2043	410,000	115,637.50
6/30/2044	430,000	99,237.50
6/30/2045	445,000	80,962.50
6/30/2046	465,000	62,050.00
6/30/2047	485,000	42,287.50
6/30/2048	510,000	21,675.00

PART 4 - THE SERIES 2023 PARTICIPANTS

Descriptions of the Series 2023 Participants, their operations and the Series 2023 Facilities they will finance or refinance with the proceeds of the Series 2023 Bonds are set forth in Appendix A hereto. Copies of the most recent audited financial statements for each of the Series 2023 Participants are set forth in Appendix B hereto, and copies of recent unaudited financial information for each of the Series 2023 Participants are set forth in Appendix C hereto. Copies of the condominium declaration documents related to DDI's Series 2023 Facility located at 47 Birchwood Drive, Port Jefferson Station, New York (the "Birchwood Drive Facility") and HeartShare's Series 2023 Facility located at 84-29 153rd Avenue, Howard Beach, New York (the "153rd Avenue Facility") are set forth in Appendix I hereto. A copy of the ground lease for DDI's Middle Road Facility is set forth in Appendix J hereto. Prospective purchasers of the Series 2023 Bonds should carefully review Appendix A, Appendix B, Appendix C, Appendix I and Appendix J.

Each of the Series 2023 Participants is a not-for-profit corporation, organized and existing under the laws of the State. All of the Series 2023 Participants have received Section 501(c)(3) designations from the Internal Revenue Service (the "IRS") and as such qualify for exemption from certain federal income taxes. Typically, management of each Series 2023 Participant has as an operational goal the acquisition of sufficient revenues to cover programmatic expenses, including debt service and the provision for capital improvements. When revenues exceed expenses, the excess revenues are reflected in a fund balance (or net assets) category and may be used for any lawful purpose consistent with the Series 2023 Participant's charitable purposes. When revenues are not sufficient to cover expenses, the Series 2023 Participant must cover the deficit from fund reserves or other assets or reduce its services and expenses to match its income. Trustees or members of the Board of Directors of a Series 2023 Participant typically serve without remuneration, though expenses associated with attendance at board meetings or other official board functions may be reimbursed.

Other than Nassau AHRC Foundation, Inc., each of the Series 2023 Participants owns and/or leases and/or operates one or more facilities, including the Series 2023 Facilities as described in Appendix A, in the State, to provide services to individuals who are developmentally disabled or have other special needs. Nassau AHRC Foundation, Inc. operates to publicly solicit and receive funds in support of individuals with intellectual and other disabilities. Each of the Series 2023 Participants has represented that it has the appropriate licenses and authority to provide its services under State statutes. The Series 2023 Participants all currently have one or more contracts or approved reimbursement arrangements with one or more departments of the State, The City of New York or a county in the State. The reimbursement rates for the Series 2023 Participants for such contracts or arrangements are adjusted annually according to a standardized formula set by the State and are subject to annual appropriation by the State Legislature. *No independent investigation or verification has been made of the status of compliance with State, city, county or federal agency standards of licensing and operations of the Series 2023 Participants in order to continue to receive payments of State, city, county, and/or federal funds under such contracts or arrangements, which provide a substantial portion of the total revenues of each of the Series 2023 Participants.* **A careful review should be made of Appendix A, Appendix B, Appendix C, Appendix I and Appendix J to this Official Statement to determine the creditworthiness of each of the Series 2023 Participants**. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE."

The Series 2023 Participants have engaged the Program Facilitator to act as the facilitator for the InterAgency Council Pooled Loan Program. For its services, each Series 2023 Participant will pay the Program Facilitator a fee of .25% of the principal amount of its Allocable Portion of the Series 2023 Bonds at closing for new money loans and an annual fee of .125% of all of its outstanding Allocable

Portion of Series 2023 Bonds. The Program Facilitator fee will not exceed $15,000 per year for any Series 2023 Participant. Each Series 2023 Participant is a member of the Program Facilitator.

All of the Series 2023 Facilities financed by the Series 2023 Bonds are supported by PPAs funded by OPWDD. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities."

All of the Series 2023 Participants have over 30 years of experience providing services. See "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE." Also see "Appendix A - Description of Series 2023 Participants" for descriptions of (i) which Series 2023 Participants have Prior Pledges of their respective Pledged Revenues and (ii) which Series 2023 Participants (a) own and/or lease their Series 2023 Facilities, (b) will grant mortgages (and the nature of such mortgages) on their respective Series 2023 Facilities, (c) will grant Collateral Assignments of Leases on their respective Series 2023 Leased Facilities and (d) will file Uniform Commercial Code Financing Statements on their respective Series 2023 Facilities consisting of a manufactured home.

PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE

General

OPWDD and other State agencies provide a portion of the revenues of the Series 2023 Participants through contracts and reimbursement arrangements for the provision of their services, although the percentage of OPWDD and other State agencies revenues varies among the Series 2023 Participants. See "Appendix A - Description of Series 2023 Participants." Other government funding sources for one or more of the Series 2023 Participants are also described in Appendix A.

New York State Office for People with Developmental Disabilities

The following information concerning OPWDD and the PPA process included in this Part 5 has been provided by the Program Facilitator and is subject to change. The Program Facilitator obtained the information from publicly available information, including OPWDD's website and more specifically, OPWDD By the Numbers available at https://opwdd.ny.gov/data and the OPWDD 2022 data book available at: https://opwdd.ny.gov/system/files/documents/2022/10/opwdd-data-book-sep-2022.pdf (the "OPWDD Data Book") as well as the Enacted Budget Financial Plan of the State for State Fiscal Year 2024, the Enacted Capital Program and Financing Plan of the State for State Fiscal Year 2024 and the Enacted Budget Report of the New York State Comptroller for State Fiscal Year 2023-24. The tables included in this Official Statement that are sourced to the OPWDD Data Book incorporate by reference the notes referenced in each such table which are included in the OPWDD Data Book.

Neither OPWDD nor any other State office, division, department, agency or officer, including the State Division of Budget, has authorized the Program Facilitator to provide the information concerning OPWDD and its operations for inclusion in this Official Statement or otherwise consented to such inclusion or agreed to execute a continuing disclosure agreement with respect to the Series 2023 Bonds described in this Official Statement.

<u>General</u>

OPWDD is one of three autonomous offices within the State Department of Mental Hygiene ("DMH"), the other autonomous offices being the Office of Mental Health ("OMH") and the Office of Addiction Services and Supports ("OASAS"). These three offices function independently within DMH, each with complete responsibilities for planning and administration of their respective programs. Each office is headed by a commissioner appointed by the State Governor with the advice and consent of the State Senate. Also within DMH are the Developmental Disabilities Planning Council and the Justice Center for the Protection of People with Special Needs. OPWDD, OMH and OASAS all provide services directly to their clients through State-operated facilities and indirectly through community-based service providers.

OPWDD is charged with developing a comprehensive, cost-effective, and integrated system to serve the full range of needs of individuals with developmental disabilities. OPWDD operates five regional offices, which oversee the provision of not-for-profit services, and six State operations offices, which are responsible for State-delivered programs and services. The 13 service districts within the State operations offices administer community-based and, where applicable, institutionally-based service programs for persons with developmental disabilities within regional catchment areas. Institutional programs offer residential care and habilitative services in campus settings, informally known as developmental centers, and at special population units located throughout the State. The community-based service programs, funded and regulated by OPWDD, reflect the cooperative efforts of local governments, not-for-profit service providers, including the Series 2023 Participants, and OPWDD as a provider of services. Community programs include State- and not-for-profit-operated residential and day services, as well as a variety of support services to families and individuals living in their own homes, including respite and crisis intervention, which help prevent unnecessary and costly out-of-home placement. OPWDD is responsible for the regulation and licensing of residential facilities such as the Series 2023 Facilities financed with the proceeds of the Series 2023 Bonds. Such regulation and licensing include determining the need for the facility, review of plans and specifications for construction for the facility, inspections and audits, and the establishment of a reimbursement rate for services.

OPWDD coordinates both residential and non-residential services for New Yorkers with developmental disabilities, including intellectual disabilities, cerebral palsy, Down syndrome, autism spectrum disorders, Prader-Willi syndrome and other neurological impairments. It provides services directly (referred to above as "State-operated services") and through a network of approximately 600 not-for-profit service providing agencies, with about 80% of services provided by the not-for-profit service provider agencies and 20% provided directly by the State.

OPWDD's community services system using private not-for-profit agencies continues to grow, which reflects the needs of the State's residents, subject to the funds available in the OPWDD budget. The 2023-24 budget for OPWDD projects $167 million for Capital Projects, which represents an increase of $53 million from the 2022-23 budget. The year-to-year increase is primarily due to additional support for OPWDD's residential and day programs to meet safety standards and the development of new community-based settings. OPWDD will utilize this funding to support a comprehensive system of care that serves nearly 131,000 New Yorkers and their families. The budget continues the State's pledge to support individuals with developmental disabilities in the most appropriate community-based settings.

Funding for OPWDD is subject to appropriation by the State legislature, and there is no assurance that there will be continued appropriations by the State legislature in amounts sufficient for OPWDD to make payments to the Series 2023 Participants pursuant to their respective PPAs.

Utilization of OPWDD Medicaid Services

The following table demonstrates the global trends for the utilization of OPWDD Medicaid Services for the years ending June 2016 through June 2021:

Year	Total Individuals Served	Medicaid Expenditures	Average Payment/Individual
2016	113,559	$7,108,754,745	$62,600
2017	115,574	7,323,363,374	63,365
2018	117,934	7,631,358,737	64,709
2019	119,843	8,227,408,602	68,652
2020	121,914	8,510,878,450	69,811
2021	123,953	8,028,364,355	64,769

Source: Table 1 Utilization of OPWDD Medicaid Services Global Trends (YE June 2016-YE June 2021), page 6, OPWDD Data Book

Utilization of Certified Residential Services

The following table demonstrates the utilization of certified residential services based upon both fee for service and managed care cases for the years ending June 2016 through June 2021:

Service Recipient Counts Year Ending June						
Age Groups	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Children (00-20)	1,337	1,334	1,264	1,238	1,137	1,097
Adults (21-39)	10,735	10,721	10,792	10,773	10,608	10,592
Adults (40-59)	17,556	17,111	16,660	16,208	15,709	15,209
Seniors (60+)	10,486	10,937	11,297	11,639	11,898	11,964
Grand Total	38,613	38,546	38,475	38,277	37,825	37,290

Source: Table S-1B Utilization of Certified Residential Services (FFS&MC) by Age Group (YE June 2016-YE June 2021), page 25, OPWDD Data Book

Historical Total State Funding

The actual expenditures made for the operations and costs of OPWDD for State Fiscal Years 2017-2018 through 2022-2023 are as follows:

Year	**State Operations**	**Aid to Localities**	**Total Operations**	**Capital**
2017-2018	$2,149,400,000	$2,272,796,000	$4,422,196,000	$ 86,000,000
2018-2019	2,197,639,000	2,405,835,000	4,603,474,000	96,400,000
2019-2020	2,244,027,000	2,487,307,000	4,731,334,000	99,400,000
2020-2021	2,244,149,000	2,649,722,000	4,893,871,000	108,600,000
2021-2022	2,261,037,000	2,675,487,000	4,936,524,000	108,600,000
2022-2023	2,299,683,000	4,821,118,000	7,120,801,000	112,600,000

Sources:
https://www.budget.ny.gov/pubs/archive/fy18archive/exec/agencyPresentations/appropData/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy19/exec/agencies/appropData/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy20/exec/agencies/appropData/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy21/exec/agencies/appropdata/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy22/ex/agencies/appropdata/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy23/ex/agencies/appropdata/PeoplewithDevelopmentalDisabilitiesOfficefor.html
https://www.budget.ny.gov/pubs/archive/fy24/ex/agencies/appropdata/PeoplewithDevelopmentalDisabilitiesOfficefor.html

The funding received by the Series 2023 Participants from OPWDD is appropriated through Aid to Localities appropriations.

State Fiscal Year 2023-24 Enacted Budget*

The Enacted State Fiscal Year 2023-24 Budget includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including additional funding to expand independent living opportunities, provide choice in service options and support the return to pre-pandemic utilization levels. The Enacted State Fiscal Year 2023-24 Budget reflects an increase in annual spending of approximately 7.7% and 7.6% for residential services and day programs, respectively. The Enacted State Fiscal Year 2023-24 Budget also includes cost-of-living adjustments of 4 percent for human services providers in order to assist the health care providers in achieving fiscal and operational stability.

*Sources: Enacted Budget Financial Plan of the State for State Fiscal Year 2024 and the Enacted Budget Report of the New York State Comptroller for State Fiscal Year 2023-24.

Prior Property Approval Process

Prior to initiating the development of a capital project to serve intellectually and developmentally disabled individuals, a not-for-profit provider is required under Title 14, New York State Codes, Rules and Regulations Part 620 to complete a Certificate of Need ("CON") process. The CON application is reviewed by the OPWDD Developmental Disabilities Services Office in the provider's region for compliance with local government and general State plans for needed development as to the type of individuals to be served and the program to be provided.

If CON approval is received and an appropriate program site is identified, a PPA proposal that details the capital costs associated with the development of the site is prepared by the provider and regional Developmental Disabilities Services Office. The PPA process was developed to satisfy the regulatory requirement for OPWDD and the approval process of capital costs for program sites for the New York State Division of the Budget and to facilitate the capital financing of such sites. The PPA identifies funding and financing sources for capital costs and the level and method of reimbursement for such costs.

Securing PPA approval establishes commitments of the voluntary provider, as well as OPWDD. The provider commits to develop the program to serve a specific number of individuals in a specific type of facility and program. OPWDD commits to support the development and operation of the project if it is completed within the approved budget in conformance with the PPA, subject to annual appropriation of sufficient moneys by the State Legislature. As long as the provider continues to meet the requirements of the operating certificate, the provider is eligible for such reimbursement. Certain capital costs are not subject to the PPA process.

PPA Regulatory Compliance Process

OPWDD imposes additional restrictions on certain projects under applicable regulations. These projects (the "New PPA Lien Projects") are fee-owned sites for which OPWDD funding is sought for (a) new acquisition, renovation and development, or (b) "substantial renovation" of an existing OPWDD-regulated site, with "substantial renovation" defined as renovation expenses that exceed 75% of the fair market value of the site as determined from the applicable municipal assessment rolls. Except as set forth in the next two sentences, all of the fee-owned Series 2023 Facilities that have PPAs are New PPA Lien Projects. DDI's Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York and HASC's Series 2023 Facilities located at 918 50th Street, Brooklyn, New York and 3521 Avenue L, Brooklyn, New York are not New PPA Lien Projects. For the avoidance of doubt, DDI's Middle Road

Facility which consists in part of the Middle Road Facility Manufactured Home, being a 28x56 1986 Virginia Manufactured Home, is not a New PPA Lien Project although the Middle Road Facility Manufactured Home is owned by DDI and located on Middle Road Leased Property.

For New PPA Lien Projects, OPWDD requires that the provider applicant execute a Regulatory Compliance Contract and a Capital Component Security and Lien Agreement. The Regulatory Compliance Contract requires that the provider operate an OPWDD-regulated program at the site for 40 years, and that the provider otherwise comply with all applicable OPWDD regulations.

In order to secure performance of the Regulatory Compliance Contract, the Capital Component Security and Lien Agreement grants OPWDD a first lien on the facility to which the PPA relates and the furniture, fixtures and equipment thereon, which lien also secures any amounts in the future paid by OPWDD to satisfy any mortgage, capital expenditures or operating and maintenance expenses, and professional services and other expenses, incurred by OPWDD.

The Capital Component Security and Lien Agreement also requires the provider to covenant to operate its program, comply with all laws, maintain insurance, construct, renovate and maintain the facility, and comply with certain other covenants and conditions. The Capital Component Security and Lien Agreement restricts transfer and mortgaging of the facility in question, and contains a purchase option, exercisable by OPWDD, in the amount of the greater of (i) the fair market value of the property less OPWDD capital contributions or (ii) the principal balance of any Approved Mortgage (as defined therein).

Finally, for New PPA Lien Projects, OPWDD has approved a form of Subordination Agreement in which the rights of OPWDD under the Regulatory Compliance Contract and the Capital Component Security and Lien Agreement are subordinate to the lien of any Approved Mortgage. The Mortgages granted on the Series 2023 Facilities are Approved Mortgages.

Commissioner’s Ability to Appoint a Temporary Operating Receiver for a Facility; Security Interests

Pursuant to the State’s Mental Hygiene Law, the State Commissioner of OPWDD (the “Commissioner”) has the authority to appoint a Temporary Operating Receiver (“TOR”) when OPWDD determines that a temporary operator is necessary to ensure continuity of services at a facility, such as the Series 2023 Facilities. The Commissioner may appoint a TOR to assume sole responsibility for the operations of the facility for a limited period of time in the event that (i) the established operator is seeking extraordinary financial assistance; (ii) OPWDD demonstrates that the established operator is experiencing serious financial instability issues; (iii) OPWDD demonstrates that the established operator's board of directors or administration is unable or unwilling to ensure the proper operation of the program; or (iv) OPWDD indicates there are conditions that seriously endanger or jeopardize continued access to necessary services within the community. In addition, the established operator may at any time request the Commissioner to appoint a TOR.

The TOR is a provider of services that has been established and issued an operating certificate (an “Operating Certificate”) for a facility, such as the Series 2023 Facilities, that (a) agrees to provide services on a temporary basis in the best interests of the individuals served by the program operating in the facility, (b) has a history of compliance with applicable law, rules and regulations and a record of providing care of good quality, as determined by the Commissioner and (c) prior to appointment as a TOR, develops a plan determined to be satisfactory by the Commissioner to address the program’s deficiencies. The TOR shall use its best efforts to implement the plan deemed satisfactory by the Commissioner to correct or eliminate any deficiencies in the program and to promote the quality and accessibility of services in the community served by the provider of services. During the term of appointment, the TOR shall have the authority to direct the staff of the established operator as necessary to appropriately provide services for individuals. The initial term of the appointment of the TOR shall not exceed ninety days. After ninety days, if the Commissioner determines that termination of the TOR would cause significant deterioration of the quality of, or access to, care in the community or that reappointment is necessary to correct the deficiencies that required the appointment of the TOR, the Commissioner may authorize an additional ninety-day term. However, such authorization shall include the Commissioner's requirements for conclusion of the temporary operatorship to be satisfied within the additional term. Notwithstanding the appointment of a TOR, the established operator shall remain obligated for the continued provision of services.

The Mental Hygiene Law provides that no security interest in any real or personal property comprising the facility, contained within the facility or in any fixture of the facility, shall be impaired or diminished in priority by the TOR.

OPWDD Rights With Respect to Series 2023 Facilities

In addition to the statutory receivership remedy described above, each Series 2023 Loan Agreement provides for a contractual remedy upon the failure of a Series 2023 Participant to operate its Series 2023 Facilities in accordance with regulatory standards. Each Series 2023 Participant has covenanted and agreed in its Series 2023 Loan Agreement that in the event that it fails to operate a certified program for the developmentally disabled at one or more of its Series 2023 Facilities in accordance with the valid operating certificate issued by OPWDD for such Series 2023 Facility, in addition to any other legal remedies OPWDD may have, OPWDD shall have the right (after written notice and a request to remedy such failure and without resort to judicial proceedings) to use, possess and occupy such Series 2023 Facility for the remaining term during which such Series 2023 Participant has agreed to operate such certified program at the Series 2023 Facility and, further, may assign such rights to another operator. In such event, OPWDD or any assignee will be required to make the payments owed by the Series 2023 Participant under its Series 2023 Loan Agreement with respect to such Series 2023 Facility as they become due and owing. See "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements" for further details of OPWDD's rights with respect to the Series 2023 Facilities and DASNY's remedy upon an event of default by a Series 2023 Participant under its Series 2023 Loan Agreement to request OPWDD to exercise such rights.

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PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of proceeds of the Series 2023 Bonds:

	Subseries 2023A-1 Bonds	Subseries 2023A-2 Bonds
Estimated Sources of Funds		
Proceeds of Series 2023 Bonds	$22,240,000.00	$2,495,000.00
Net Original Issue Premium (Discount)	52,925.40	(35,493.70)
Total Sources of Funds	$22,292,925.40	$2,459,506.30
Estimated Uses of Funds		
Deposit to Project Loan Fund	$20,772,411.24	$1,218,318.74
Deposit to Series 2023 Debt Service Reserve Fund	803,420.82	70,484.19
Deposit to Series 2023 Account of Debt Service Fund	21,234.84	0.00
Underwriter's Discount	445,858.50	220,851.70
Costs of Issuance	250,000.00	949,851.67
Total Uses of Funds	$22,292,925.40	$2,459,506.30

PART 7 – DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as the State University of New York, the City University of New York, the Department of Health, the New York State Education Department, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Addiction Services and Supports, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), the State University of New York, the Workers' Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes, and to lend funds to such institutions. As of June 30, 2023, DASNY had approximately $55.6 billion aggregate principal amount of bonds and notes outstanding.

DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement, which are payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). All DASNY's outstanding bonds and notes, both fixed and variable rate, are special limited obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special limited obligations were issued. DASNY has no obligation to pay its special limited obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special limited obligations are solely dependent upon payments made by the DASNY client for which the particular special limited obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental, and not-for-profit institutions in the areas of project planning, design, and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects, and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money, and adopt a program of self-insurance.

DASNY has a staff of approximately 475 employees located in four main offices (Albany, New York City, Buffalo and Rochester) and at approximately 39 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly, and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State, and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries, and Assistant Treasurers.

The current members of DASNY are as follows:

LISA A. GOMEZ, *Chair*, Pelham.

Lisa A. Gomez was appointed as a Member of DASNY by the Governor on June 2, 2022. Ms. Gomez is CEO of L+M Development Partners, LLC (L+M). She previously served as Chief Operating Officer. L+M develops, builds and manages affordable housing with local agencies such as the New York City Department of Housing Preservation and Development and the New York City Housing Authority. Prior to joining L+M, Ms. Gomez held positions in the Bloomberg and Dinkins Administrations as well as with JP Morgan Chase & Co. and Silverstein Properties. Ms. Gomez has a B.A. from Louisiana State University.

GERARD ROMSKI, ESQ., *Vice-Chair*, Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

BERYL L. SNYDER, J.D., *Secretary*, New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

ROBERT J. RODRIGUEZ, Sleepy Hollow.

Robert J. Rodriguez was appointed as a Member of DASNY by the Governor on June 10, 2023. Mr. Rodriguez serves as New York's Secretary of State. He previously served as a member of the New York State Assembly for 11 years representing Assembly District 68. He was Co-Chair of the Legislative Task Force on Demographic Research and Reapportionment, founding Chair of the Assembly Sub-committee on Infrastructure and Member of Committees on Ways and Means, Housing, Labor, Banking, Corporations and Authorities, and Mental Health. Mr. Rodriguez also held positions at Public Financial Management, A.C. Advisory, Inc and Bloomberg L.P. Mr. Rodriguez has Bachelor of Arts in History and Political Science from Yale University and received his MBA in Finance from New York University Stern Business School.

ALFONSO L. CARNEY, JR., New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc., and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expired on March 31, 2020 and by law he continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the State Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

JANICE McKINNIE, Buffalo.

Janice McKinnie was appointed as a Member of DASNY by the Speaker of the Assembly on June 12, 2020. Ms. McKinnie is the Executive Director of True Community Development Corporation where she has led various housing rehabilitation and development projects and has formed strategic alliances with local and regional community groups to promote affordable housing and economic growth within the area of Buffalo. She is also the owner of Developments By JEM, LLC, a construction and project development consulting firm and a State certified M/WBE business. Ms. McKinnie is a graduate of the State University College of Buffalo and holds a Master's degree in organizational leadership from Medaille College.

BETTY A. ROSA, *Commissioner of Education of the State of New York*, Bronx; ex-officio.

Dr. Betty A. Rosa was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective February 8, 2021. Previously Dr. Rosa assumed the role of Interim Commissioner of Education and President of the University of the State of New York from August 14, 2020 through February 7, 2021. Dr. Rosa had served as a member of the Board of Regents and as Chancellor thereof from March 2016 through August 2020. She started her career with the NYC Department of Education as a paraprofessional and later served as a teacher, assistant principal, principal in the Bronx and, upon appointment, assumed the responsibilities of Superintendent of Community School District 8 then Senior Superintendent of the Bronx. Dr. Rosa is a nationally recognized education leader who has over 30 years of instructional and administrative experience with an expertise in inclusive education, cooperative teaching models, student achievement and policy implementation. She received a B.A. in psychology from the City College of New York and an Ed. M. and Ed. D. in Administration, Planning and Social Policy from Harvard University as well as two other Master of Science in Education degrees, one in Administration and Supervision and the other in Bilingual Education from the City College of New York and Lehman College respectively.

ROBERT MEGNA, *Budget Director of the State of New York,* Albany; *ex-officio*.

Robert Megna was appointed Budget Director by the Governor on February 28, 2023. Prior to his appointment, Mr. Megna served as President of the Rockefeller Institute of Government and Senior Advisor to the Chancellor of the State University of New York (SUNY). Prior to that, Mr. Megna served as Senior Vice Chancellor and Chief Operating Officer of SUNY. He joined SUNY from Stony Brook University, where he served as Senior Vice President for Finance and Administration. Mr. Megna also served as Executive Director of the New York State Thruway Authority and New York State Canal Corporation and Commissioner of the Department of Taxation and Finance as well as numerous other governmental positions in New York State and Virginia. In addition, Mr. Megna served as Budget Director previously from 2009 to 2015. Mr. Megna received an M.S. in Economics from the London School of Economics and Political Science at the University of London and received both his B.A. in Economics and M.P.A. from Fordham University.

JAMES MCDONALD, M.D., *Commissioner of Health of the State of New York*, Albany; ex-officio.

James McDonald, M.D., was named Acting Commissioner starting January 1, 2023 and confirmed as Commissioner by the State Senate on June 10, 2023. Prior to that, Dr. McDonald served as the Medical Director of the State Department of Health's Office of Public Health and Interim Director of the Center for Community Health, part of the Office of Public Health. Before joining the State Department of Health, Dr. McDonald worked for 10 years at the Rhode Island Department of Health, most recently as Interim Director/Commissioner. Dr. McDonald earned his medical degree from Loyola Stritch School of Medicine in Chicago. He earned his MPH from the University of North Carolina in Chapel Hill. Dr. McDonald is board certified in pediatrics as well as preventive medicine.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than $75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

PAUL G. KOOPMAN is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and Investment Units followed by management positions in the Construction Division including Managing Senior Director of Construction where he was the primary relationship manager for some of DASNY's largest clients and provided oversight of DASNY's construction administration functions. Most recently, Mr. Koopman served as Managing Director of Executive Initiatives of DASNY where he worked closely with executive staff on policy development, enterprise risk management, and strategic planning. His career in public service began in 1985 with the State Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, University at Albany.

KIMBERLY A. ELLIS is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Ellis is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, payroll and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Prior to her appointment to Chief Financial Officer and Treasurer, Ms. Ellis served in numerous senior positions within the Finance Division of DASNY, including as Deputy Financial Officer and Assistant Director of Investments, where she had direct involvement with the management of DASNY's financial operations, including DASNY's overall investment portfolio and the coordination and development of DASNY's annual operating budget and capital plans. Ms. Ellis holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo.

R. NADINE FONTAINE is General Counsel to DASNY. Ms. Fontaine is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. Ms. Fontaine is licensed to practice law in the States of New York and Connecticut, as well as the United States District Courts for the Southern District of New York, the Eastern District of New York, and the District of Connecticut. She has over twenty-seven years of combined legal experience in the private and public sector. Ms. Fontaine most recently served as First Assistant Counsel to the Governor and, prior thereto, served as Assistant Counsel to the Governor for Economic Development, Public Finance & Procurement and Assistant Counsel for Human Services. She holds a Bachelor of Arts degree from the State University of New York at Stony Brook University and a Juris Doctor degree from Pace University School of Law.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. Prior to that, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CHARLIE WILLIAMS is the Managing Director for Executive Direction. Mr. Williams coordinates policy and operations across all DASNY business lines and serves as chief advisor on all DASNY operational matters. He is also responsible for communications, marketing and intergovernmental affairs at DASNY. Mr. Williams previously served as Deputy Budget Director for the State Division of Budget where he oversaw the budgets of approximately 125 state agencies and authorities in the areas of economic development, human services, housing, energy, environment, education, arts, agriculture, parks, mental hygiene, developmental disabilities, addiction services and public protection. He holds a Bachelor of Arts degree from the State University of New York at Plattsburgh and a Master's degree in Public Administration from the Rockefeller College of the University at Albany.

SARA POTTER RICHARDS, Esq. is the Chief of Staff of DASNY. Ms. Richards works with all Members of the Executive Management team to coordinate policy and operations across DASNY business lines. She is responsible for coordinating the work of the DASNY Board of Directors and overseeing the Grants Administration Unit and the Office of Environmental Affairs. Ms. Richards began her DASNY career in the Office of General Counsel and has held a variety of positions of increasing responsibility, most recently serving as Managing Senior Director of Governance and Administration. She holds a Bachelor of Science degree in Broadcast Journalism from Ithaca College and a Juris Doctor degree from Albany Law School.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

There is not now pending any litigation against DASNY (i) restraining or enjoining the issuance or delivery of the Series 2023 Bonds nor (ii) challenging the validity of the Series 2023 Bonds or the proceedings and authority under which DASNY will issue the Series 2023 Bonds.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2023. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 - LEGALITY OF THE SERIES 2023 BONDS FOR INVESTMENT AND DEPOSIT

Under State law, the Series 2023 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2023 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 - NEGOTIABLE INSTRUMENTS

The Series 2023 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution, the Series 2023 Resolution and the Series 2023 Bonds.

PART 10 - TAX MATTERS

Subseries 2023A-1 Bonds

Opinion of Co-Bond Counsel

In the opinion of Barclay Damon LLP, Co-Bond Counsel to DASNY, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by DASNY, the Series 2023 Participants, as applicable, and others, interest on the Subseries 2023A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Barclay Damon LLP is further of the opinion that interest on the Subseries 2023A-1 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, for tax years beginning after December 31, 2022, interest on the Subseries 2023A-1 Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Barclay Damon LLP is also of the opinion that, under existing law, interest on the Subseries 2023A-1 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York and the City of Yonkers).

Barclay Damon LLP expresses no opinion regarding any other federal, state or local tax consequences with respect to the Subseries 2023A-1 Bonds. The opinion of Barclay Damon LLP speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of DASNY or any Series 2023 Participant or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. In addition, Barclay Damon LLP expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Subseries 2023A-1 Bonds from gross income for federal income tax purposes. See "Appendix H – Forms of Approving Opinions of Co-Bond Counsel."

General

The Code imposes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Subseries 2023A-1 Bonds in order that interest on the Subseries 2023A-1 Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the use of proceeds of the Subseries 2023A-1 Bonds and the facilities financed or refinanced by such proceeds, restrictions on the investment of such proceeds and other amounts and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with such requirements may cause interest on the Subseries 2023A-1 Bonds to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Subseries 2023A-1 Bonds irrespective of the date on which such noncompliance occurs. DASNY, each of the Series 2023 Participants, as applicable, and others have made certain representations, certifications of fact, and statements of reasonable expectations and DASNY and each of the Series 2023 Participants, as applicable, have given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Subseries 2023A-1 Bonds from gross income under Section 103 of the Code. The opinion of Barclay Damon LLP assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations. In addition, Barclay Damon LLP has relied on the opinion of counsel to the Series 2023 Participants regarding, among other matters, the current status of the Series 2023 Participants as organizations described in Section 501(c)(3) of the Code.

In the event of the inaccuracy or incompleteness of any such representations, certifications of fact or statements of reasonable expectations, or of the failure by DASNY or any Series 2023 Participant to comply with any such covenants, the interest on the Subseries 2023A-1 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance and delivery of the Subseries 2023A-1 Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Subseries 2023A-1 Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of a Subseries 2023A-1 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of a Subseries 2023A-1 Bond and such Beneficial Owner's other items of income, deduction or credit. Barclay Damon LLP expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Subseries 2023A-1 Bonds.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Subseries 2023A-1 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Subseries 2023A-1 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Subseries 2023A-1 Bonds. Barclay Damon LLP expresses no opinion regarding any such collateral federal income tax consequences.

Original Issue Discount

The excess of the principal amount of a maturity of a Subseries 2023A-1 Bond over the issue price of such maturity of a Subseries 2023A-1 Bond (a "Tax-Exempt Discount Bond") constitutes "original issue discount," the accrual of which, to the extent properly allocable to the Beneficial Owner thereof, constitutes "original issue discount" which is excluded from gross income for federal income tax purposes to the same extent as interest on such Tax-Exempt Discount Bond. For this purpose, the issue price of a maturity of Subseries 2023A-1 Bonds is the first price at which a substantial amount of each such maturity of Subseries 2023A-1 Bonds is sold to the public. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Tax-Exempt Discount Bond and the basis of such Tax-Exempt Discount Bond acquired at such initial offering price by an initial purchaser of each Tax-Exempt Discount Bond will be increased by the amount of such accrued discount. Beneficial Owners of Tax-Exempt Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Discount Bonds.

Bond Premium

The Subseries 2023A-1 Bonds purchased, whether at original issuance or otherwise, at prices greater than the respective stated principal amount thereof are "Tax-Exempt Premium Bonds." Tax-Exempt Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the Beneficial Owner of Tax-Exempt Premium Bonds may realize taxable gain upon disposition of such Tax-Exempt Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Tax-Exempt Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that a Beneficial Owner of Tax-Exempt Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Beneficial Owners of Tax-Exempt Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Premium Bonds.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Subseries 2023A-1 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Subseries 2023A-1 Bonds and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Subseries 2023A-1 Bonds, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Subseries 2023A-1 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Subseries 2023A-1 Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Subseries 2023A-1 Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Subseries 2023A-1 Bonds may occur. Prospective purchasers of the Subseries 2023A-1 Bonds should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Barclay Damon LLP expresses no opinion. The opinion of Barclay Damon LLP is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Barclay Damon LLP as to the proper treatment of the Subseries 2023A-1 Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Post Issuance Events

Barclay Damon LLP's engagement with respect to the Subseries 2023A-1 Bonds ends with the issuance of the Subseries 2023A-1 Bonds and, unless separately engaged, Barclay Damon LLP is not obligated to defend DASNY, the Series 2023 Participants or the Beneficial Owners regarding the tax-exempt status of interest on the Subseries 2023A-1 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY and its appointed counsel, including the Series 2023 Participants and the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Subseries 2023A-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Subseries 2023A-1 Bonds, and may cause DASNY, the Series 2023 Participants, as applicable, or the Beneficial Owners to incur significant expense.

Prospective purchasers of the Subseries 2023A-1 Bonds should consult their own tax advisors regarding the foregoing matters.

Subseries 2023A-2 Bonds

Opinion of Co-Bond Counsel

In the opinion of Barclay Damon LLP, Co-Bond Counsel to DASNY, interest on the Subseries 2023A-2 Bonds is not excluded from gross income for federal income tax purposes and is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York and the City of Yonkers).

Barclay Damon LLP expresses no opinion regarding any other federal, state or local tax consequences with respect to the Subseries 2023A-2 Bonds. The opinion of Barclay Damon LLP speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of DASNY, any Series 2023 Participant or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the IRS. See "Appendix H – Forms of Approving Opinions of Co-Bond Counsel."

General

The following discussion is a brief summary of certain United States federal income tax consequences of the acquisition, ownership and disposition of Subseries 2023A-2 Bonds by original purchasers of the Subseries 2023A-2 Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Subseries 2023A-2 Bonds will be held as "capital assets;" and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Subseries 2023A-2 Bonds as a position in a "hedge" or "straddle," holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Subseries 2023A-2 Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Subseries 2023A-2 Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Subseries 2023A-2 Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Subseries 2023A-2 Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

As used herein, the term "U.S. Holder" means a Beneficial Owner of a Subseries 2023A-2 Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Interest on the Subseries 2023A-2 Bonds

Interest on the Subseries 2023A-2 Bonds that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments on the Subseries 2023A-2 Bonds.

Original issue discount with respect to a Subseries 2023A-2 Bond is equal to the excess of the stated redemption price at maturity of a Subseries 2023A-2 Bond over the initial offering price thereof to the public at which price a substantial amount of all Subseries 2023A-2 Bonds with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally ¼% of the product of the stated redemption price of a bond at maturity and the number of complete years from its issue date to its maturity) (a "Taxable Discount Bond"). The stated redemption price at maturity of a Taxable Discount Bond is the sum of all scheduled amounts payable on the Taxable Discount Bond (other than qualified stated interest). A U.S. Holder of Taxable Discount Bonds must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Original issue discount accrues actuarially on a constant yield basis over the term of each Taxable Discount Bond and the basis of such Taxable Discount Bond acquired at such initial offering price by an initial purchaser of each Taxable Discount Bond will be increased by the amount of such accrued discount. U.S. Holders of any Taxable Discount Bonds should consult with their own tax advisors with respect to the tax consequences of ownership of such Taxable Discount Bond.

In general, if a U.S. Holder purchases a Subseries 2023A-2 Bond at a price greater than the principal amount payable at maturity, such U.S. Holder will be considered to have purchased the Subseries 2023A-2 Bond at a premium (the "Taxable Premium Bond"), and generally may elect to amortize the premium as an offset to interest income otherwise required to be included in respect of a Taxable Premium Bond during a taxable year, using a constant-yield method, over the remaining term of the Taxable Premium Bond. If a U.S. Holder makes the election to amortize the premium, it generally will apply to all taxable debt instruments held by such U.S. Holder at the beginning of the first taxable year to which the election applies, as well as any debt instruments that are subsequently acquired by such U.S. Holder. In addition, a U.S. Holder may not revoke the election without the consent of the IRS. If such U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its tax basis in the Taxable Premium Bond by the amount of the premium amortized during the holding period of the U.S. Holder. If a U.S. Holder does not elect to amortize the premium and holds the Taxable Premium Bond to maturity, the premium will decrease the amount of gain or increase the amount of loss otherwise recognized on the disposition of such Taxable Premium Bond. If a Taxable Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules for determining the amount of amortizable bond premium may apply. U.S. Holders of any Taxable Premium Bonds should consult with their own tax advisors with respect to the tax consequences of ownership of Taxable Premium Bonds.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their net investment income, which generally will include interest on the Subseries 2023A-2 Bonds and any net gain recognized upon a disposition of a Subseries 2023A-2 Bond. U.S. Holders should consult with their tax advisors regarding the applicability of this tax.

Disposition and Defeasance

Upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Subseries 2023A-2 Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Subseries 2023A-2 Bond.

U.S. Holders should be aware that, for federal income tax purposes, DASNY may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Subseries 2023A-2 Bonds to be deemed to be no longer outstanding under the General Resolution (a "defeasance"). (See "Appendix F - Summary of Certain Provisions of the Resolutions"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for federal income tax purposes, the character and timing of receipt of payments on the Subseries 2023A-2 Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Subseries 2023A-2 Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for federal income tax purposes and for state and local purposes.

Backup Withholding and Information Reporting

In general, interest paid on taxable obligations is subject to information reporting to the IRS. Interest on the Subseries 2023A-2 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Subseries

2023A-2 Bonds and will be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Subseries 2023A-2 Bonds, if other than the registered owner).

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions must comply with information reporting rules with respect to their U.S. account holders and investors or be required to withhold tax on certain payments on, and proceeds from the sale or disposition of, obligations that produce U.S. source income to foreign financial institutions.

Legislation

Legislation considered by the Federal government, or the New York State Legislature, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Subseries 2023A-2 Bonds under state law and could affect the market value or marketability of the Subseries 2023A-2 Bonds.

Prospective purchasers of the Subseries 2023A-2 Bonds should consult their own tax advisors regarding the foregoing matters.

PART 11 - BONDHOLDERS' RISKS

General

The Series 2023 Bonds involve a certain degree of risk. Prospective investors in the Series 2023 Bonds should carefully review all of the information in this Official Statement, including the Appendices, as well as information incorporated herein by reference, prior to purchasing any of the Series 2023 Bonds. This Official Statement contains only summaries of the Resolution, the Series 2023 Resolution, the Series 2023 Loan Agreements and the related documents. Prospective investors are urged to read such documents in their entirety prior to investing in the Series 2023 Bonds. Copies of such documents may be obtained from the Underwriter prior to the issuance of the Series 2023 Bonds. See Appendix A for a discussion of the financial condition and results of operations of the Series 2023 Participants, Appendix B for copies of the audited financial statements of the Series 2023 Participants, and Appendix C for copies of recent unaudited financial information for each of the Series 2023 Participants.

Set forth below are certain risk factors affecting an investment in the Series 2023 Bonds, including, among others, risk factors that could adversely affect a Series 2023 Participant's operations, revenues and expenses, including those relating to its Series 2023 Facilities, to an extent which cannot be determined at this time. Such risk factors should be considered before any investment in the Series 2023 Bonds is made. These risk factors should not be considered definitive or exhaustive.

Special, Limited Obligations of DASNY

The Series 2023 Bonds are special, limited obligations of DASNY payable solely from revenues expected to be received by DASNY from the Series 2023 Participants pursuant to their respective Series 2023 Loan Agreement and from amounts held in the funds established pursuant to the Resolutions (other than the Arbitrage Rebate Fund). The Series 2023 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

Several Obligations of Series 2023 Participants

The obligations of each Series 2023 Participant under its Series 2023 Loan Agreement are independent of the obligations of each other Series 2023 Participant under their respective Series 2023 Loan Agreements. A failure by a Series 2023 Participant to timely pay its obligations under its Series 2023 Loan Agreement might result in an event of default under the Resolutions with respect to such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds. Upon the happening and continuance of an event of default affecting only a Defaulted Allocable Portion of the Series 2023 Bonds, payment on such Defaulted Allocable Portion of Series 2023 Bonds will be limited to amounts received from or payable by or on behalf of such Series 2023 Participant and amounts derived upon the realization of any security or collateral granted by such defaulting Series 2023 Participant. With respect to Series 2023 Bonds comprising part of a Defaulted Allocable Portion of the Series 2023 Bonds, Holders of such Series 2023 Bonds will have no right to any other Revenues or any other funds held by the Trustee under the Resolution derived from payments made by or on behalf of any other Series 2023 Participant for the payment of other Series 2023 Bonds or any other security pledged by such other non-defaulting Series 2023 Participants as security for their loans. The Series 2023 Bonds that comprise a Defaulted Allocable Portion of the Series 2023 Bonds will be selected by the Trustee in the same manner as Series 2023 Bonds selected for extraordinary mandatory redemption as described in the Resolution. See "PART 1 - INTRODUCTION - Limitations on Payment and Security Upon the Occurrence of Certain Events of Default," "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Events of Default - Special Provisions Relating to Defaults," "PART 3 - THE SERIES 2023 BONDS - Redemption Provisions" and "Appendix F - Summary of Certain Provisions of the Resolutions."

Reliance on Credit of the Series 2023 Participants

The Series 2023 Bonds are being issued without credit enhancement in the form of a letter of credit or bond insurance. While the amounts payable to the Series 2023 Participants pursuant to their respective PPAs are expected to provide moneys approximately sufficient to pay annual debt service on their respective loans for the Series 2023 Facilities supported by such PPA or PPAs (with any difference between the two amounts covered by the Pledged Revenues of such Series 2023 Participant expected to be received for operating and administrative expenses associated with such Series 2023 Facility), there can be no assurance that the funds received by a particular Series 2023 Participant pursuant to its PPA or PPAs (or by DASNY or the Trustee upon the intercept of such OPWDD Intercept Funds) will be sufficient for the repayment of such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds attributable to the Series 2023 Facilities to which the PPA or PPAs relate (whether because of non-appropriation of funds by the State, failure of a Series 2023 Participant to operate its Series 2023 Facility or Facilities in accordance with operational standards, a prior pledge of such PPA or otherwise).

The payment obligations of the Series 2023 Participants are several, not joint. The Holders of the Series 2023 Bonds must therefore rely upon the credit of each Series 2023 Participant for the payment of the Series 2023 Bonds (and not the credit of DASNY, the Trustee, the Underwriter, the Program Facilitator, the State or any municipality or agency of the State). See "PART 1 - INTRODUCTION - Additional Security - Pledged Revenues and Standby Intercepts," "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Security for the Series 2023 Bonds," and "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities." For the purposes of a Series 2023 Loan Agreement delivered by more than one entity, the payment obligations for a Series 2023 Participant shall be joint and several with respect to the entities comprising such Series 2023 Participant.

Except for YAI, each Series 2023 Participant covenants in its Series 2023 Loan Agreement that it has maintained in its current Fiscal Year and it will maintain in each Fiscal Year subsequent to the date of delivery of its Series 2023 Loan Agreement Total Net Revenues Available for Debt Service sufficient to produce in each Fiscal Year a Total Debt Service Coverage Ratio of not less than 1.00 to 1.00 (YAI covenants in its Series 2023 Loan Agreement that it will maintain in each Fiscal Year beginning with its Fiscal Year end June 30, 2024 Total Net Revenues Available for Debt Service sufficient to produce in each Fiscal Year a Total Debt Service Coverage Ratio of not less than 1.00 to 1.00); provided, however, that failure by a Series 2023 Participant in any Fiscal Year to demonstrate compliance with the Total Debt Service Coverage Ratio shall not constitute an Event of Default under the Series 2023 Loan Agreement if such Series 2023 Participant delivers to DASNY, the Underwriter and the Trustee, by the last day of the next succeeding Fiscal Year, a certificate of an Authorized Officer of such Series 2023 Participant along with a schedule or schedules demonstrating compliance with the Total Debt Service Coverage Ratio for a rolling 12-month period ending no earlier than 90 days after the end of the Fiscal Year for which such Series 2023 Participant is unable to demonstrate compliance.

HeartShare and YAI have each failed to produce Total Net Revenues Available for Debt Service sufficient to produce in its last Fiscal Year (Fiscal Year ended June 30, 2022 for each) a Total Debt Service Coverage Ratio of 1.00 to 1.00. See "Appendix A - Description of Series 2023 Participants" for further information on the failure of each of HeartShare and YAI to meet the 1.00 to 1.00 Total Debt Service Coverage Ratio for its Fiscal Year 2022 and the steps being taken by each of HeartShare and YAI to be compliant with the 1.00 to 1.00 Total Debt Service Coverage Ratio as soon as possible, currently expected to be for Fiscal Year 2023 for HeartShare and Fiscal Year 2024 for YAI.

Revenues of Series 2023 Participants

Future revenues of each Series 2023 Participant are dependent upon, among other things, legislative appropriations, federal and State policy, the outcome of current and potential litigation and other conditions that are unpredictable, some of which are discussed below. The ability to pay principal of and interest on the Series 2023 Bonds depends upon the receipt by the Trustee of the Loan Repayments under the Series 2023 Loan Agreements. Some of the risks that could affect the ability of one or more of the Series 2023 Participants to pay such amounts are failure of (i) the legislature of the State, or any of the counties or cities in which Series 2023 Participants operate, to approve sufficient appropriations for the purchase of services from the Series 2023 Participants; (ii) the State or various county and city departments to make timely payments to the Series 2023 Participants of appropriated amounts caused by revenue short falls or other State or local fiscal considerations; (iii) the Series 2023 Participants to fulfill their obligations which entitle them to receive payments, including payments under their respective PPAs; (iv) the Series 2023 Participants to maintain the appropriate certifications from the required licensing or certifying entity(ies) to provide services as required; and (v) the Series 2023 Participants to obtain the renewal of their contracts to provide services.

In addition, a Series 2023 Participant's license and/or certification may be revoked for failure to comply with standards of operation applicable to such Series 2023 Participant, or a Series 2023 Participant may cease operations of its respective Series 2023 Facility due to insolvency. In such events, OPWDD may not be able to timely identify and install a replacement operator to assume the operation of the applicable Series 2023 Facility, and thus there may be insufficient revenues to pay principal and interest on the Series 2023 Bonds. See generally "PART 5—SOURCES OF SERIES 2023 PARTICIPANT REVENUE—New York State Office for People with Developmental Disabilities - Commissioner's Ability to Appoint a Temporary Operating Receiver for a Facility; Security Interests" and " - OPWDD Rights with Respect to Series 2023 Facilities." For the purposes of a Series 2023 Loan Agreement delivered by more than one entity, only certain of such entities comprising such Series 2023 Participant may receive revenues as described in this section. See Appendix A for further details.

Further, the enactment of additional legislation imposing new regulatory challenges, increasing costs of operation or reducing reimbursement rates could adversely affect the financial condition of Series 2023 Participants. Any one of such adverse events may result in insufficient revenues to pay the principal and interest on the Series 2023 Bonds.

Payment Defaults May Affect More Than One Series of Bonds Issued Under the Resolution

Upon the issuance of any other Series of Bonds for the benefit of one or more of the Series 2023 Participants, the applicable Series 2023 Participant and DASNY shall enter into one or more separate loan agreements. The Series 2023 Bonds are separately secured from all other Series of Bonds and the Holders of any Series of Bonds other than the Series 2023 Bonds are not entitled to the rights, benefits and security conferred upon the Holders of the Series 2023 Bonds. While an event of default with respect to another Series of Bonds will not necessarily result in an event of default with respect to the Series 2023 Bonds, an event of default by a Series 2023 Participant under a loan agreement entered into in connection with the issuance of another Series of Bonds will result in an "Event of Default" under such Series 2023 Participant's Series 2023 Loan Agreement. See "PART 1 - INTRODUCTION - Authorization of Issuance" and " - Security for the Series 2023 Bonds" and "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS."

Enforceability of Remedies; Effect of Bankruptcy of a Series 2023 Participant

The Series 2023 Bonds are payable from the sources and are secured as described in this Official Statement. The practical realization of value from the collateral for the Series 2023 Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Resolutions, the respective Series 2023 Loan Agreements, the respective Mortgages, if any, or other security agreements, if applicable, and the then-value of the collateral and other regulatory approvals. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Resolutions, the Series 2023 Loan Agreements and the Mortgages may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

The rights and remedies of the Holders of the Series 2023 Bonds are subject to various provisions of Title 11 of the United States Code (the "Bankruptcy Code"). If a Series 2023 Participant were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against such Series 2023 Participant and its property, including the commencement of foreclosure proceedings under its Mortgage, if applicable. Such Series 2023 Participant would not be permitted or required to make payments of principal or interest under its Series 2023 Loan Agreement unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent DASNY from intercepting the Series 2023 Participant's Intercept Funds pursuant to the applicable Intercept Agreement or the Trustee from applying amounts on deposit in the accounts established with respect to such Series 2023 Participant under the Resolutions from being applied in accordance with the provisions of the Resolutions and the application of such amounts to the payment of principal of, and interest on, such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds. Moreover, any motion for an order terminating the automatic stay and permitting such intercept or accounts to be applied in accordance with the provisions of the Resolutions would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of such Series 2023 Participant, which could affect the likelihood or timing of obtaining such relief. In addition, if the Mortgage of such defaulting Series 2023 Participant is assigned by DASNY to the Trustee as described herein and the value of the related Mortgaged Property is less than the principal amount of such Series 2023 Participant's total Loan Repayment obligation at the time of a bankruptcy proceeding, the security interest of the Trustee in such property is subject to the claims of creditors that the mortgaged indebtedness in excess of the then-fair market value of the Mortgaged Property is unsecured and, therefore, to the extent of such excess is not entitled to a secured priority position in the administration of the bankruptcy estate.

A Series 2023 Participant could file a plan for the adjustment of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the plan and would discharge all claims against such Series 2023 Participant provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Mortgages

Mortgages Not Currently Security for Series 2023 Bonds

The Mortgages do not presently provide any security for the Series 2023 Bonds. However, under certain circumstances described herein, one or more of the Mortgages may be assigned to the Trustee. Prior to any assignment of a Mortgage to the Trustee, each Series 2023 Loan Agreement provides that (a) DASNY, without the consent of the Trustee or the Holders of the Series 2023 Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of such Mortgage and of any security interest in furniture, fixtures or equipment financed with the proceeds of the Series 2023 Bonds located in or on or used in connection therewith and (b) the property subject to such Mortgage or security interest may be released from the lien thereof. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Security for the Series 2023 Bonds – Mortgages."

Pledge of Property Under Mortgages

The security interest in the Mortgaged Property granted under a Mortgage may be affected by various matters, including, (i) rights arising in favor of the United States of America or any agency thereof, (ii) present or future prohibitions against assignment in any applicable federal or state statutes or regulations, (iii) constructive trusts, equitable liens or other rights imposed or conferred by any state or federal court in the exercise of its equitable jurisdiction and rights of donors of property, (iv) claims that might obtain priority if continuation statements are not filed in accordance with applicable laws, (v) the rights of holders of prior perfected security interests in equipment and other goods owned by a Series 2023 Participant and included in the Mortgaged Property and the proceeds of sale of such property, (vi) statutory liens and other liens arising as a matter of law, (vii) the rights of parties secured by other liens or encumbrances permitted by the applicable Series 2023 Loan Agreements or the applicable Mortgages and (viii) claims by creditors that the mortgaged indebtedness in excess of the then-fair market value of the Mortgaged Property is unsecured to the extent of such excess.

Insufficiency of Mortgage Foreclosure; Environmental Impairment of Property

One of the options under each Series 2023 Participant's Series 2023 Loan Agreement, and one of the options under the Resolution, is to institute foreclosure proceedings to enforce the lien on and sell such Series 2023 Participant's Mortgaged Property, if any, in the event of a default under its Series 2023 Loan Agreement, its Mortgage(s) or the Resolutions. However, due to the limited uses for which a Series 2023 Participant's Mortgaged Property may be utilized, none of DASNY, the Program Facilitator, the Trustee, the applicable Series 2023 Participant, or the Underwriter makes any assurance or representation that DASNY or the Trustee will be able to effect a sale of a Series 2023 Participant's Mortgaged Property or, if such Mortgaged Property is sold, that the proceeds received upon a foreclosure or other sale, along with all moneys of such Series 2023 Participant on deposit in the various funds established under the Resolution, will be sufficient to pay in full the principal of, or interest on, the Allocable Portion of the Series 2023 Bonds attributable to such defaulting Series 2023 Participant.

In exercising the rights of foreclosure under a Mortgage, DASNY or the Trustee, as the case may be, in accordance with current commercial lending practices, may perform a Phase I Environmental Audit to determine the presence or likely presence of a release or a substantial threat of a release of any hazardous materials at, on, to, or from the Mortgaged Property. If the audit indicates the existence of hazardous materials with respect to the Mortgaged Property, the Trustee or DASNY, as applicable, may conclude that it is not in the best interests of the Bondholders to foreclose on such property due to liability for removal of hazardous materials. In such an event, the Trustee or DASNY may decline to exercise foreclosure with respect to Mortgaged Property under a Mortgage without specific instructions from Bondholders and receipt of funds, security and/or indemnity from the Bondholders reasonably satisfactory to such party to pay the costs, expenses, and liabilities which might be incurred by its compliance with such instructions. Consequently, the existence, post-acquisition, of hazardous materials with respect to any Mortgaged Property could severely limit the ability, due to the economic liability associated with removal of such materials, to foreclose on such property and/or obtain the market value for such property in security for the Series 2023 Bonds that would otherwise have been available absent the existence of such hazardous materials.

Another option under a Series 2023 Participant's Series 2023 Loan Agreement is to institute proceedings to enforce the lien on and sell the Series 2023 Participant's Equipment (as defined in each Mortgage) in the event of a default under its Series 2023 Loan Agreement, its Mortgage(s) or the Resolutions. However, due to the limited uses for which a Series 2023 Participant's Equipment may be utilized, none of DASNY, the Program Facilitator, the Trustee, the applicable Series 2023 Participant, or the Underwriter makes any assurances or representations that DASNY or the Trustee will be able to sell a Series 2023 Participant's Equipment or, if such Equipment is sold, that the proceeds received upon a sale, along with all moneys on deposit in the various funds of the Series 2023 Participant established under the Resolution, would be sufficient to pay in full the principal of, or interest on, the Series 2023 Bonds attributable to such defaulting Series 2023 Participant.

No Approval by New York State Supreme Court

Section 510 of the New York Not-For-Profit Corporation Law ("NFPCL") requires State Supreme Court approval of any "sale, lease, exchange or other disposition" of "all, or substantially all, the assets" of a not-for-profit corporation such as the Series 2023 Participants. Such approval was not sought in connection with the execution, delivery and performance by the Series 2023 Participants of the Mortgages or the pledges of assets and revenues that are contemplated by the Resolutions and the Series 2023 Loan Agreements. It is the opinion of counsel to the Series 2023 Participants that such actions do not require approval pursuant to NFPCL §510. However, absent court decisions definitively resolving this issue, it cannot be ruled out that a defendant in a foreclosure action may raise as an affirmative defense the failure to obtain NFPCL §510 court approval.

Release of Series 2023 Facilities from Lien of Mortgages

Each Series 2023 Loan Agreement, each Mortgage and the Resolutions provide a Series 2023 Participant the ability to prepay a portion of its loan attributable to a Series 2023 Facility and, upon the redemption or defeasance of the related Series 2023 Bonds, to have such Series 2023 Facility released from the lien of the applicable Mortgage. There is no assurance that the security, if any, provided by the remaining Series 2023 Facilities subject to the lien of such Mortgage, if any, will be sufficient to pay the then outstanding principal and interest (or other amounts due) with respect to such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds. In the event of a default by a Series 2023 Participant, none of DASNY, the Trustee, the Program Facilitator or any Bondholder will have any recourse to, claim against or right of contribution from any other non-defaulting Series 2023 Participant.

In view of the foregoing, investors should rely on their own examination of the creditworthiness and financial condition of each of the Series 2023 Participants and the terms of this offering, including, without limitation, the merits and risks involved and the uncertainties associated with the possible limitations or inability to enforce the remedies set forth in the Mortgages, in the event that the Mortgages are assigned to the Trustee by DASNY.

Non-Appropriation of State, County and City Departments' Funds

The Series 2023 Participants are subject to Federal, State and local actions, including, among others, actions by the various State, county and city departments. The Series 2023 Bonds are payable from operating revenues of the Series 2023 Participants, which depend in large measure upon the appropriations of the State for the funds of the various State, county and city departments that have contracts with the Series 2023 Participants. HOWEVER, THE OBLIGATION OF THE VARIOUS STATE, COUNTY AND CITY DEPARTMENTS TO RENEW SUCH CONTRACTS IS SUBJECT TO ANNUAL REEVALUATION BY THE DEPARTMENT OBTAINING THE CONTRACT AS PART OF ITS ANNUAL BUDGET APPROPRIATION PROCESS. EACH YEAR THE STATE LEGISLATURE, WHICH HAS THE RESPONSIBILITY OF APPROPRIATING AND ALLOCATING STATE RESOURCES AMONG THE STATE'S VARIOUS DEPARTMENTS, HAS THE RIGHT, IN ITS SOLE DISCRETION, EITHER (I) TO APPROPRIATE SUFFICIENT FUNDS, FROM WHATEVER SOURCE, TO FUND IN WHOLE OR IN PART THE VARIOUS DEPARTMENTS' BUDGETS FROM WHICH THE CONTRACTS PROCURED FOR THE NEXT FISCAL YEAR ARE TO BE PAID, OR (II) TO APPROPRIATE INSUFFICIENT FUNDS TO MAKE SUCH PAYMENTS OR (III) NOT TO APPROPRIATE ANY FUNDS FOR THE VARIOUS DEPARTMENTS' BUDGETS FROM WHICH CONTRACTS ARE TO BE PROCURED AND PAID.

In particular, the ability of the State, county, and city departments to disburse Medicaid reimbursements, and other State, county and city departments to fund contracts of the Series 2023 Participants, is limited in part by the amount of revenues collected, as well as the amount of appropriations authorized, by the State for such fiscal year. Failure of the State to receive sufficient revenues to fund appropriations for such fiscal year and/or the failure of the Series 2023 Participants to generate sufficient revenues from other sources (or have access to sufficient fund balances) to make the scheduled Loan Repayments that are to be used by the Trustee to repay the Series 2023 Bonds, will materially adversely affect a Series 2023 Participant's ability to make its Loan Repayments and, consequently, the repayment of the Series 2023 Bonds attributable to such Series 2023 Participant.

Federal Medicaid Reform

A majority of the Public Funds (including the Intercept Funds) are received from Medicaid. Future Medicaid reform may materially adversely affect the Public Funds received by the Series 2023 Participants. Various federal legislative proposals have recently been made in connection with health care reform that could, among other things, reduce or unfavorably restructure Medicaid funding. Management of the Series 2023 Participants cannot predict whether any such proposals will become law. If enacted into law, such proposals could adversely affect the Public Funds received by, and the revenues available to, Series 2023 Participants and therefore, their ability to pay debt service on their Allocable Portion of the Series 2023 Bonds.

Completion of the Projects; Zoning; Certificate of Occupancy

The acquisition of all of the Series 2023 Facilities are complete. Except for YAI's Series 2023 Facility located at 600 Deer Park Avenue, Babylon, New York, each of the Series 2023 Facilities has received a certificate of occupancy from the applicable local jurisdiction. Updated certificates of occupancy, certificates of compliance or letters of completion are required for all of the Series 2023 Facilities except for CSSC's Series 2023 Facility located at 3 Jeanne Road, Lake Grove, New York and GHO's Series 2023 Facilities located at 118-14 193rd Street, St. Albans, New York and 188-52 120th Road, St. Albans, New York.

Each Series 2023 Facility may require special use permits or certificates of compliance or other zoning approval (each, a "Certificate") from the applicable municipality. Failure of a Series 2023 Participant to obtain an appropriate Certificate where the same is required could materially adversely affect the financial position of such Series 2023 Participant. Moreover, the failure of a Series 2023 Participant's Series 2023 Facilities to receive a Certificate when required could materially adversely impact either the Series 2023 Participant's, the Trustee's or another party's right to use or occupy the Series 2023 Facility, before or after the exercise of default remedies.

OPWDD operating certificates, which permit the Series 2023 Participants to operate their Series 2023 Facilities for their intended purposes, have been issued by OPWDD for each of the Series 2023 Facilities except for Citizen's Series 2023 Facility located at 1341 Saxon Avenue, Bay Shore, New York, HeartShare's Series 2023 Facility located at 79 Glascoe Avenue, Staten Island, New York, and YAI's Series 2023 Facility located 600 Deer Park Avenue, Babylon, New York.

Additional Indebtedness

Under its Series 2023 Loan Agreement, each Series 2023 Participant has the ability to incur additional debt. An event of default by a Series 2023 Participant under a loan agreement entered into with DASNY in connection with the issuance of another Series of Bonds will result in an "Event of Default" under such Series 2023 Participant's Series 2023 Loan Agreement. See "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements."

Prior Pledges of Pledged Revenues

The Series 2023 Bonds are secured by the pledge and assignment to the Trustee of DASNY's security interest in the Pledged Revenues granted by each of the Series 2023 Participants to DASNY pursuant to its Series 2023 Loan Agreement, subject to Prior Pledges. Certain of the Series 2023 Participants have previously pledged their Public Funds (a portion of which consists of the Pledged Revenues) to DASNY or an industrial development agency to secure other obligations. Certain of the Series 2023 Participants have pledged their accounts receivable, including Public Funds, to banks or other financial institutions as security for their obligations in connection with lines of credit. Additionally, certain Series 2023 Participants may, with the prior written consent of DASNY (such consent not to be unreasonably withheld or delayed), hereafter secure a line of credit with a Prior Pledge. The pledge of the Pledged Revenues securing such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds is subject, and subordinate, to such Prior Pledges in all respects. See "Appendix A - Description of Series 2023 Participants" for a description of each of the Series 2023 Participants, including a description of outstanding indebtedness and credit facilities secured by security interests which include Prior Pledges of their respective Pledged Revenues.

Grant of Additional Security Interests

Subject to the limitations set forth in its Series 2023 Loan Agreement, a Series 2023 Participant may grant security interests in its Accounts Receivable, and the proceeds thereof, in favor of banks or other financial institutions in order to secure a line of credit for working capital purposes, whether by entering into a new credit facility or amending, modifying or extending an existing credit facility. The incurrence of such indebtedness and the granting of such security interests could materially adversely affect the financial position of a Series 2023 Participant and its ability to satisfy its Loan Repayment obligations. See "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements."

A Series 2023 Participant may also grant a subordinate mortgage as security for bonds issued by DASNY after the date of issuance of the Series 2023 Bonds, in an amount up to the amount approved by OPWDD pursuant to the PPA process, for the purpose of financing the cost of renovating, constructing, equipping or completing a Series 2023 Facility, and any loan agreement, or amendment to the applicable Series 2023 Loan Agreement, between DASNY and such Series 2023 Participant, in each case in connection with such financing.

Effect of Changes in Tax-Exempt Status; Continued Legal Requirements of Tax-Exempt Status

As an entity qualified under Section 501(c)(3) of the Code, each Series 2023 Participant is subject to various requirements affecting its operation. The failure of a Series 2023 Participant to maintain its tax-exempt status may affect the Series 2023 Participant's ability to receive funds from State and federal sources, which could adversely affect its ability to pay its principal Loan Repayments under its Series 2023 Loan Agreement. Further, a loss of a Series 2023 Participant's status as a Section 501(c)(3) organization, failure of a Series 2023 Participant to comply with certain legal requirements of the Code, or adoption of amendments to the Code applicable to such Series 2023 Participant that restrict the use of tax-exempt bonds for facilities, such as one or more of its Series 2023 Facilities, could cause interest on the Subseries 2023A-1 Bonds to be included in the gross income of the Bondholders or former Bondholders for federal income tax purposes, and such inclusion could be retroactive to the date of issuance of the Subseries 2023A-1 Bonds. The opinion of Barclay Damon LLP and the description of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Subseries 2023A-1 Bonds are issued. No assurance can be given that such laws or the interpretation thereof will not change or that new provisions of law will not be enacted or promulgated at any time while the Subseries 2023A-1 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Subseries 2023A-1 Bonds. See "PART 10 - TAX MATTERS." The Subseries 2023A-1 Bonds are not subject to redemption, nor will the interest rate on the Subseries 2023A-1 Bonds be changed, if interest on the Subseries 2023A-1 Bonds is included in the gross income of the Bondholders or former Bondholders.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Subseries 2023A-1 Bonds.

Risk of Review by State and Federal Agencies

Various State and federal agencies, including without limitation, OPWDD, the Office of Medicaid Inspector General, the Office of State Controller, the Department of Health, the State Attorney General, the United States Attorney's Office, the United States Office of Inspector General, and the State Commission on Quality of Care, have ongoing programs of reviewing the services provided by, and the claims for payment submitted by, service provider agencies, such as the Series 2023 Participants, to determine compliance with State and/or federal laws and regulations. Such reviews, if adversely determined, may affect the ability of the service provider agency to provide its services and receive payments therefor. No assurances can be given as to whether or not any State or federal agency will commence a review of any Series 2023 Participant and the effect of any such review on such Series 2023 Participant's ability to make its payments under its Series 2023 Loan Agreement.

Specific Risks Related to DDI's Alvord Court Facility

DDI will not grant a mortgage to DASNY on its Series 2023 Facility located at 18 Alvord Court, Greenlawn, New York in order to secure DDI's Allocable Portion of the Series 2023 Bonds. Such Series 2023 Facility is already pledged to other lenders securing DDI's debt to such lenders in an aggregate original principal amount of $5,602,000. See "Appendix A— Description of Series 2023 Participants" for further details.

Specific Risks Related to DDI's Birchwood Drive Facility

With respect to DDI's Birchwood Drive Facility, the land and the then-existing building and improvements on the land (collectively, the "Birchwood Premises") have been subjected to a condominium form of ownership pursuant to that certain Declaration Establishing a Plan for Condominium Ownership dated July 16, 1973 (the "Birchwood Declaration"). DDI and each other condominium owner, with the purchase of a condominium unit, has acquired a percentage of the fee and common area as set forth in the Birchwood Declaration. The Birchwood Declaration has a requirement that that all condominium units shall be used for single family residence purposes only. DDI has obtained the consent of the Board of Managers of the condominium to its use of the Birchwood Drive Facility for other than single family residence purposes. DDI's failure to comply with its obligations in the Birchwood Declaration or the Board of Managers consent may require DDI to relinquish any claim to the Birchwood Drive Facility, which may adversely affect DDI's ability to pay its loan payments required under the Loan Agreement. See "Appendix I – Copies of the Condominium Declaration Documents."

Specific Risks Related to DDI's Middle Road Facility

With respect to DDI's Middle Road Facility, DDI does not have fee title to the Middle Road Leased Property upon which the Middle Road Facility Manufactured Home is located. The Middle Road Leased Property is subject to the terms of a lease (the "Middle Road Facility Ground Lease") with Hometown Foxwood Village, LLC in a community for adults age 55 and over. The Middle Road Facility Ground Lease commenced on April 28, 2021 and has a forty-five (45) year term. The rent under the

Middle Road Facility Ground Lease may be increased annually as provided by New York State law. See "Appendix J – Copy of the Middle Road Facility Ground Lease" for the full terms of the Middle Road Facility Ground Lease and see "PART 11 – BONDHOLDERS' RISKS - Specific Risks Related to Series 2023 Leased Facilities."

With respect to DDI's Middle Road Facility Manufactured Home, DDI owns the Middle Road Facility Manufactured Home and will grant DASNY a security interest in the Middle Road Facility Manufactured Home in accordance with the New York State Uniform Commercial Code, but will not grant a mortgage lien to DASNY on the Middle Road Facility Manufactured Home or the Middle Road Leased Property. DDI's obligations under its Series 2023 Loan Agreement with respect to the Middle Road Facility will not be secured by any mortgage or real property security interest.

Specific Risks Related to HeartShare's 153rd Avenue Facility

With respect to HeartShare's 153rd Avenue Facility, the land and the then-existing building and improvements on the land (collectively, the "153rd Avenue Premises") have been subjected to a condominium form of ownership pursuant to that certain Declaration of General Apartment Corporation Condominium dated June 18, 1965 (the "153rd Avenue Declaration"). HeartShare and each other condominium owner, with the purchase of a condominium unit, has acquired a percentage of the fee and common area as set forth in the 153rd Avenue Declaration. The 153rd Avenue Declaration has a requirement that that each of the condominium units is intended to be used as a private residence and shall be occupied by one family only. The 153rd Avenue Declaration also prohibits the owner from mortgaging its condominium unit or any interest therein without first obtaining the approval of the Board of Managers of the condominium, except a first mortgage to a bank, life insurance company or savings and loan association. HeartShare has obtained the consent of the Board of Managers of the condominium to its use of the 153rd Avenue Facility for other than private residence purposes and occupied by one family and the approval of the Board of Managers of the condominium to mortgage the 153rd Avenue Facility to DASNY. HeartShare's failure to comply with its obligations in the 153rd Avenue Declaration or the Board of Managers consent may require HeartShare to relinquish any claim to the 153rd Avenue Facility, which may adversely affect HeartShare's ability to pay its loan payments required under the Loan Agreement. See "Appendix I – Copies of the Condominium Declaration Documents."

Specific Risks Related to Series 2023 Leased Facilities

In order to secure its obligations under its respective Series 2023 Loan Agreement, each of DDI and YAI will collaterally assign to DASNY pursuant to a Collateral Assignment of Leases its right, title and interest (but not its obligations) in the respective lease for its Series 2023 Leased Facility (each, a "Lease"). Each landlord under each Lease has consented to such collateral assignment. Upon and during an uncured Event of Default under such Series 2023 Participant's Series 2023 Loan Agreement, DASNY may further assign the applicable Lease to a financially sound State-approved not-for-profit corporation selected by DASNY (each a "Replacement Tenant") for purposes of operating a State-approved program within such Series 2023 Facility similar to the program currently operated therein by such Series 2023 Participant. The applicable Replacement Tenant would assume such Series 2023 Participant's liabilities and obligations under the applicable Lease on terms acceptable to the applicable landlord. Notwithstanding its Collateral Assignment of Leases, each such Series 2023 Participant shall remain liable under its respective Lease to perform all of its obligations thereunder. Certain practical and legal considerations, however, including, but not limited to, bankruptcy risks, could inhibit or materially delay the ability to locate a Replacement Tenant for any of such Series 2023 Leased Facilities, or otherwise preclude the receipt of sufficient revenues to repay such Series 2023 Participant's Allocable Portion of the Series 2023 Bonds.

Potential Impact of Coronavirus

The COVID-19 pandemic has affected travel, commerce, and financial markets globally, in the United States and in New York State. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed. The Biden administration has announced plans to let the coronavirus public health emergency expire in May 2023. The full impact that COVID-19 may have on the finances and operations of the Series 2023 Participants and/or the State may not be known for some time. Any resurgence of COVID-19 or a subsequent outbreak could have a material adverse effect on the State, the Series 2023 Participants and their respective financial and operational performance.

Cautionary Statements Regarding Forward-Looking Statements in this Official Statement

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget," "intend," "projection" or other similar words. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. Readers are cautioned not to place undue reliance on any such forward-looking statements. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE SERIES 2023 PARTICIPANTS. PURCHASERS SHOULD NOT EXPECT TO RECEIVE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS IF OR WHEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Certain Other Risks

The following factors, among others, may also adversely affect a Series 2023 Participant to an extent that cannot be determined at this time:

(1) changes in key management personnel and inability to hire new personnel for management or operations as needed to operate its Series 2023 Facilities;

(2) future legislation and regulations affecting facilities, such as its Series 2023 Facilities;

(3) increased costs of attracting and retaining or decreased availability of a sufficient number of personnel or increased costs resulting from unionization of the employees of such Series 2023 Participant or the utilization by a non-union employee of such Series 2023 Participant of proceedings available under the National Labor Relations Act;

(4) increases in costs, including costs associated with, among other things, salaries, wages and fringe benefits, supplies, technology and equipment, insurance, energy and other utilities, compliance with or violation of environmental laws and regulations and other costs that could result in a sizable increase in expenditures without a corresponding increase in revenues;

(5) the occurrence of natural disasters, including floods, hurricanes, tornadoes and earthquakes, or the occurrence of criminal or terrorist acts or other calamities that could damage the facilities of such Series 2023 Participant, interrupt utility service or otherwise impair the operations of the facilities of such

Series 2023 Participant and the generation of revenues from such facilities, any losses resulting from the occurrence of any such event that is not covered by insurance covering such Series 2023 Participant and any insufficiency in available insurance to cover any losses resulting from the occurrence of any such event; and

(6) an outbreak, continuation or escalation of an infectious disease such as COVID-19, the Zika virus, the Ebola virus or another similar disease in such Series 2023 Participant's service areas that could result in reduced demand for services such as its Series 2023 Facilities, increased regulatory requirements pertaining to screening of employees, visitors and/or residents or otherwise impair operations or the generation of revenues from such Series 2023 Facilities.

Regulatory and other changes resulting from the factors mentioned above, among others, or the occurrence of other unanticipated events, could have a material adverse effect on the Series 2023 Participants.

PART 12 - STATE NOT LIABLE ON THE SERIES 2023 BONDS

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes or bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2023 Bonds are not a debt of the State and that the State is not liable on them.

PART 13 - COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with DASNY and with the holders of DASNY's notes or bonds.

PART 14 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2023 Bonds by DASNY are subject to the approval of Barclay Damon LLP, Albany, New York, and Lewis & Munday, A Professional Corporation, New York, New York, Co-Bond Counsel to DASNY, whose approving opinions will be delivered with the Series 2023 Bonds. The proposed forms of Co-Bond Counsel's opinions are set forth in Appendix H hereto.

Certain legal matters will be passed upon for the Series 2023 Participants by Cullen and Dykman LLP, Garden City, New York and for the Underwriter by McCarter & English, LLP, New York, New York and Newark, New Jersey.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2023 Bonds or questioning or affecting the validity of the Series 2023 Bonds or the proceedings and authority under which they are to be issued.

See “Appendix A - Description of Series 2023 Participants” for a description of any litigation which may have a material adverse effect on the Series 2023 Participants.

PART 15 - CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), each Series 2023 Participant will enter into a written agreement (collectively, the “Continuing Disclosure Agreements”) for the benefit of the Holders of the Series 2023 Bonds with Digital Assurance Certification L.L.C. (“DAC”), as disclosure dissemination agent, and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached as Appendix G hereto.

For information about the Series 2023 Participants’ compliance with their continuing disclosure undertakings made pursuant to Rule 15c2-12, see “Appendix A - Description of Series 2023 Participants.”

PART 16 - UNDERWRITING

The Series 2023 Bonds are being purchased by Municipal Capital Markets Group, Inc. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2023 Bonds from DASNY at a purchase price of $24,085,721.50 and to make a public offering of the Series 2023 Bonds at prices not in excess public offering prices set forth on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all Series 2023 Bonds if any Series 2023 Bonds are purchased. The Series 2023 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2023 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Series 2023 Participants have agreed to indemnify the Underwriter and DASNY with respect to certain liabilities, including certain liabilities under the federal securities laws.

PART 17 - RATING

The Series 2023 Bonds have been rated “Aa2” by Moody’s. The rating on the Series 2023 Bonds is based upon the obligation of the Series 2023 Participants under the Series 2023 Loan Agreements to make certain payments from the Revenues, and on the security interest in the Pledged Revenues granted by such Series 2023 Participants to DASNY under the Series 2023 Loan Agreements. An explanation of the significance of the rating should be obtained from Moody’s. There is no assurance that such rating will prevail for any given period of time or that it will not be changed or withdrawn by Moody’s if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2023 Bonds.

PART 18 - INDEPENDENT PUBLIC ACCOUNTANTS

Citizens and DDI have provided their financial statements as of and for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 and the other Series 2023 Participants have provided their respective financial statements as of and for the years ended June 30, 2022, June 30, 2021 and June 30, 2020. The financial statements included in Appendix B to this Official Statement have been audited by independent certified public accounting firms as stated in their respective reports appearing therein. Notwithstanding the receipt of any consents to append the financial statements to this Official Statement, none of the auditors performed any procedures relating to any of the information contained in this Official Statement.

PART 19 - MISCELLANEOUS

References in this Official Statement to the Act, the Resolutions, the Series 2023 Loan Agreements, the Mortgages and the Collateral Assignment of Leases do not purport to be complete. Refer to the Act, the Resolutions, the Series 2023 Loan Agreements, the Mortgages, the Collateral Assignment of Leases and the Manufactured Home UCC Financing Statements for full and complete details of their provisions. Copies of the Resolutions, the Series 2023 Loan Agreements, the Mortgages, the Collateral Assignment of Leases and the Manufactured Home UCC Financing Statements will be on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2023 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2023 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2023 Bonds.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized.

The information regarding the Series 2023 Participants and their respective Series 2023 Facilities contained in this Official Statement has, in each case, been furnished by the Series 2023 Participants. DASNY believes that this information is reliable, but DASNY makes no representations or warranties as to the accuracy or completeness of such information.

The information regarding the Program Facilitator and OPWDD in this Official Statement has, in each case, been furnished by the Program Facilitator. DASNY believes that this information is reliable, but DASNY makes no representations or warranties as to the accuracy or completeness of such information.

The information regarding DTC and DTC's book-entry-only system has been furnished by DTC. DASNY believes that this information is reliable, but makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

"Appendix A - Description of Series 2023 Participants," "Appendix B - Audited Financial Statements of Series 2023 Participants" and "Appendix C - Unaudited Financial Information of Series 2023 Participants" were supplied by the Series 2023 Participants.

"Appendix D - Certain Definitions," "Appendix E - Summary of Certain Provisions of the Series 2023 Loan Agreements," "Appendix F - Summary of Certain Provisions of the Resolutions," and "Appendix H - Forms of Approving Opinions of Co-Bond Counsel" have been prepared by Barclay Damon LLP, Albany, New York, and Lewis & Munday, A Professional Corporation, New York, New York, Co-Bond Counsel to DASNY.

"Appendix G – Form of Continuing Disclosure Agreement" has been prepared by McCarter & English, LLP, New York, New York and Newark, New Jersey, counsel to the Underwriter.

"Appendix I – Copies of the Condominium Declaration Documents" has been prepared by Cullen and Dykman LLP, Garden City, New York, counsel to the Series 2023 Participants.

"Appendix J – Copy of the DDI Middle Road Facility Ground Lease" has been prepared by Cullen and Dykman LLP, Garden City, New York, counsel to the Series 2023 Participants.

Each Series 2023 Participant has reviewed the parts of this Official Statement describing such Series 2023 Participant, its Series 2023 Facilities, its Mortgages, its Collateral Assignment of Leases, if any, its Manufactured Home UCC Financing Statements, if any, including, without limitation, "PART 1 – INTRODUCTION" (but solely with respect to the headings "The Series 2023 Participants," "Additional Security – Pledged Revenues and Standby Intercepts," "The Mortgages," "Collateral Assignment of Leases" and "DDI's Middle Road Facility Manufactured Home UCC Financing Statements"), "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Security for the Series 2023 Bonds" (but solely with respect to the subheadings "- Pledged Revenues - Intercept Funds," "- Standby Intercepts," "- Mortgages," "- Collateral Assignment of Leases" and "-DDI's Middle Road Facility Manufactured Home UCC Financing Statements"), "PART 3 – THE SERIES 2023 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2023 Bonds," "PART 4 - THE SERIES 2023 PARTICIPANTS," "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE," "PART 6 – ESTIMATED SOURCES AND USES OF FUNDS," "PART 11 - BONDHOLDERS' RISKS," "PART 15 – CONTINUING DISCLOSURE," and "PART 18 – INDEPENDENT PUBLIC ACCOUNTANTS," and the information relating to it contained in Appendices A, B, C, I and J. It is a condition to the sale and delivery of the Series 2023 Bonds that each Series 2023 Participant certify as of the dates of sale and delivery of the Series 2023 Bonds that such parts and such information do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in light of the circumstances under which the statements are made, not misleading.

Each Series 2023 Participant has agreed to indemnify DASNY and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph with respect to such Series 2023 Participant.

The Program Facilitator has reviewed the parts of this Official Statement describing itself and the information contained in "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE," and "PART 11 - BONDHOLDERS' RISKS." It is a condition to the sale and delivery of the Series 2023 Bonds that the Program Facilitator certify as of the dates of sale and delivery of the Series 2023 Bonds that such parts and such information do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which the statements were made, not misleading.

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The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by DASNY.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: /s/ Reuben R. McDaniel, III
Authorized Officer

APPENDIX A

DESCRIPTION OF SERIES 2023 PARTICIPANTS

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CITIZENS OPTIONS UNLIMITED, INC.,
COMMUNITY SERVICES SUPPORT CORPORATION
AND NASSAU COUNTY AHRC FOUNDATION, INC.

General Operations. Citizens Options Unlimited, Inc. ("Citizens") supports people to live the life they choose through family and community engagement. Recognized as a leading agency in the field, Citizens provides quality supports and services to people with intellectual and developmental disabilities in the areas of residential opportunities (ICFs and IRAs), family support services (Camp Loyaltown, family reimbursement and recreation programs), crisis respite services and self-directed services to include housing subsidies. Citizens also works closely with The Advantage Care Diagnostic and Treatment Center, a non-controlled affiliate organization, to provide coordinated medical, psychiatric and dental care. Since May 2011, OPWDD recognizes Citizens as a COMPASS agency; one of only four agencies in New York State to achieve this title. COMPASS is an OPWDD initiative that recognizes and promotes provider agencies that have progressed beyond minimal regulatory compliance and have achieved excellence in service delivery. In September of 2012, Citizens began the process of Council on Quality and Leadership (CQL) accreditation and began working toward person centered excellence. In February of 2014, Citizens became accredited in "Person Centered Excellence" by CQL and in February of 2018 received a higher accreditation "Person Centered Excellence with Distinction." This re-accreditation along with its COMPASS status makes Citizens one of the premier agencies in the field. Citizens is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

Community Services Support Corporation ("CSSC") was organized and formed for the primary purpose of holding title to properties and maintaining and leasing those properties for various programs such as residential facilities for persons with developmental disabilities. CSSC holds title to and maintains properties for programs operated by certain associated and/or related entities, including Citizens. CSSC is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

Nassau County AHRC Foundation, Inc. (the "Foundation") was formed to publicly solicit and receive funds for the benefit of providing programs supporting adults and children with intellectual and developmental disabilities. The Foundation also provides education, public communication and advocacy for program development. The Foundation's primary support is derived from contributions and special events. The Foundation is the sole member of Citizens and CSSC. The Foundation is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

Citizens, CSSC and the Foundation will together receive the loan proceeds as co-obligors of the Series 2023 Bonds. The financial statements of Citizens are prepared on a consolidating basis among Citizens and its affiliate, MRCS V. Inc. The financial statements of CSSC are prepared solely for that entity. The financial statements of the Foundation are prepared on a consolidating basis among the Foundation and its affiliates, including but not limited to Citizens and CSSC. Unless otherwise indicated, the financial information contained in this Appendix presents the combined, aggregate financial results for Citizens, CSSC and the Foundation, and not other related affiliates, as only those three entities comprise the Series 2023 Participant described herein. The affiliate of Citizens and the affiliates of the Foundation, other than Citizens and CSSC, will not have any obligation to make payments under the Loan Agreement.

Citizen's funding sources for the year ended December 31, 2022 ("Year 2022") were: OPWDD (approximately 90%) and miscellaneous other sources (approximately 10%). CSSC's funding sources for Year 2022 were: rental income from tenants (approximately 99%) and miscellaneous other sources (approximately 1%). The Foundation's funding sources for Year 2022 were: revenues from special events (approximately 12%) and miscellaneous other sources (approximately 88%).

Description of Facilities and Financing Plan. DASNY will lend Citizens, CSSC and the Foundation $4,155,000 from the proceeds of the Series 2023 Bonds ("Citizens, CSSC and the Foundation's Allocable Portion"). Such amount will be used to refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "10 Village Drive Facility" is an approximately 2,650 square-foot, 2-story building located at 10 Village Drive Facility, Medford, New York. Approximately $1,328,177 will be used to finance the "10 Village Drive Project," which consists of the acquisition and rehabilitation of the 10 Village Drive Facility for use as a residence for six adults with developmental disabilities.

- The "1341 Saxon Avenue Facility" is an approximately 2,610 square-foot, 2-story building located at 1341 Saxon Avenue, Bay Shore, New York. Approximately $1,073,156 will be used to finance the "1341 Saxon Avenue Project," which consists of the acquisition and rehabilitation of the 1341 Saxon Avenue Facility for use as a residence for six adults with developmental disabilities.

- The "3 Jeanne Road Facility" (together with the 10 Village Drive Facility and the 1341 Saxon Avenue Facility, the "Facilities") is an approximately 2,500 square-foot, 2-story building located at 3 Jeanne Road, Lake Grove, New York. Approximately $1,294,404 will be used to finance the "3 Jeanne Road Project" which consists of the acquisition and rehabilitation of the 3 Jeanne Road Facility for use as a residence for six adults with developmental disabilities.

The remainder of Citizens, CSSC and Foundation's Allocable Portion in the amount of approximately $459,263 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which Citizens has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The Facilities are New PPA Lien Projects. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

Certificates of Occupancy or temporary Certificates of Occupancy have been received from the applicable local jurisdictions for all of the Facilities. Citizens has received Operating Certificates from OPWDD for the 10 Village Drive Facility and the 3 Jeanne Road Facility. Citizens has not received an Operating Certificate from OPWDD for the 1341 Saxon Avenue Facility. The Operating Certificate for the 1341 Saxon Avenue Facility is pending completion of a pre-opening survey scheduled for July 13, 2023. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

CSSC owns the Facilities. CSSC will grant DASNY a mortgage on the real property with respect to each of the Facilities, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the Facilities, and a lien on the Public Funds attributable to each of the Facilities in order to secure Citizens, CSSC and the Foundation's Allocable Portion of the Series 2023 Bonds.

Other Properties. Citizens leases 19 other residential, intermediate care and day habilitation programs facilities in Nassau and Suffolk Counties from CSSC and a Citizens affiliate. CSSC owns 119 other properties in Nassau and Suffolk Counties. The Foundation does not own or lease any properties.

Employees. Citizens, CSSC and the Foundation collectively employ approximately 494 full-time and 285 part-time employees in Nassau and Suffolk Counties.

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Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement among DASNY, Citizens, CSSC and the Foundation, the Actual Debt Service Coverage Ratio of Citizens, CSSC and the Foundation for Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes Citizens, CSSC and the Foundation's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	2022 Pro Forma
Revenues	$84,277,482	$84,277,482
Expenses	79,661,955	79,661,955
Net Income (after adj.)	4,615,527	4,615,527
Less Extraordinary Revenue Items	7,330,000	7,330,000
Plus Extraordinary Expense Items	5,660,308	5,660,308
Plus Depreciation and Amortization	1,740,391	1,740,391
Plus Current Interest Expense	1,057,684	1,057,684
New PPA Revenues (unaudited)	0	276,962
Cash Flow for Debt Service	5,743,910	6,020,872
Maximum Annual Debt Service	3,074,295	3,351,257
Debt Service Coverage Ratio (DSCR)	1.868	1.797

Financials. Audited financial statements for each of Citizens (and its affiliate), CSSC and the Foundation (and its affiliates), separately, for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 were prepared by BDO USA, LLP and are attached as Appendix B-I. Interim unaudited financial information for Citizens, CSSC and the Foundation prepared by their Management, respectively, covering the period from January 1, 2023 through March 31, 2023 is attached as Appendix C-I. Significant accounting policies are contained in the notes to the audited financial statements, as well as in Consolidating Statements for Citizens and its affiliate and for the Foundation and its affiliates.

Management's Summary of Financial Information and Results of Operations.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a combined summary of financial information for Citizens (excluding its affiliate), CSSC, and the Foundation (excluding its affiliates) for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by Citizen's, CSSC's, and the Foundation's Management, respectively, and derived from each of Citizen's, CSSC's and the Foundation's respective audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-I; audited financial statements for the Fiscal Years ended December 31, 2018 and December 31, 2019 are available upon request. Note that the operations of Citizens' affiliate and the Foundation's affiliates, other than Citizens and CSSC as aforementioned, have been excluded from the presentation below, which may present differences from the reported figures in the audited financial statements.

	Fiscal Year Ended December 31,				
	2018	2019	2020	2021	2022
Current Assets	$42,925,629	$56,717,679	$61,067,798	$75,569,725	$68,320,471
Net Fixed Assets	38,901,229	10,742,707	10,235,597	10,461,346	8,506,214
Other	8,108,078	29,627,800	28,338,467	26,571,236	27,061,391
Total	89,934,936	97,088,186	99,641,862	112,602,307	103,888,076
Current Liabilities	10,594,837	17,133,901	23,843,987	23,185,297	19,110,215
Other Liabilities	24,111,411	28,741,404	26,223,398	35,231,698	25,977,022
Net Assets	55,228,688	51,212,881	49,574,477	54,185,312	58,800,839
Total	89,934,936	97,088,186	99,641,862	112,602,307	103,888,076
Operating Revenue:					
Program Revenue	44,825,106	50,594,100	54,352,089	57,207,058	72,404,418
Nonprogram Revenue	1,607,939	2,369,716	4,621,908	3,817,498	2,205,996
Total	46,433,045	52,963,816	58,973,997	61,024,556	74,610,414
Operating Expenses	45,572,498	52,525,504	63,021,002	59,820,021	79,661,955
Change in Net Assets	860,547	438,312	(4,047,005)	1,204,535	(5,051,541)
Non-Operating Changes	(798,116)	(4,454,119)	2,408,601	3,406,300	9,667,068
Net Assets, Beginning of Year	55,166,257	55,228,688	51,212,881	49,574,477	54,185,312
Net Assets, End of Year	55,228,688	51,212,881	49,574,477	54,185,312	58,800,839
Cash & Equivalents	10,953,747	15,383,233	18,457,634	23,833,998	21,988,481

M*anagement Discussion of Results of Operations.*

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, Citizens, CSSC and the Foundation will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $2.5 million in annual revenues of Citizens, CSSC and the Foundation.

(2) Sources of Liquidity: (a) Internal - Citizens, CSSC and the Foundation had current assets of $68,320,471 and $75,569,725 at the end of Fiscal Years 2022 and 2021, respectively, (b) External – Citizens has available a $2 million line of credit with HSBC Bank ("HSBC") for working capital. CSSC has available a $5 million line of credit with HSBC for acquisition of property and/or renovation of residences.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: Citizens, CSSC and the Foundation are not aware of any trends or uncertainties that have had or are reasonably likely to have a material impact on Citizens', CSSC's or the Foundation's revenue or income.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were $1,718,497 and $2,095,564, respectively. See Appendix C-I for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by Citizen's, CSSC's and the Foundation's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of December 31, 2022 and December 31, 2021, Citizens, CSSC and the Foundation had $21,988,481 and $23,833,998 in combined unrestricted cash and cash equivalents and $10,106,211 and $9,668,325 in combined net accounts receivable, respectively.

As of March 31, 2023, Citizens had available an unsecured line of credit of $2 million with HSBC. The proceeds of the line of credit are to be used for working capital. There was no outstanding balance as of March 31, 2023.

As of March 31, 2023, CSSC had available a line of credit of $5 million with HSBC. The proceeds of the line of credit are to be used for acquisition of property and/or renovation of residences. The line of credit is secured by a lien on all of CSSC's assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Citizens and the Foundation additionally guarantee the line of credit. The outstanding balance as of March 31, 2023 was $3,621,084.

Long-Term Debt. As of December 31, 2022 and December 31, 2021, Citizens, CSSC and the Foundation had $13,268,295 and $16,674,762, respectively, in outstanding long-term indebtedness including mortgages, bonds and loans, some of which debt is secured by a security interest in Citizens', CSSC's and the Foundation's Public Funds.

Prior Pledges. CSSC's line of credit for $5 million with HSBC is secured by a lien on all of CSSC's assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Of Citizens', CSSC's and the Foundation's total, aggregate outstanding long-term debt as of December 31, 2022 and December 31, 2021, $20,268,295 and $23,674,792 is secured by a security interest in certain receivables of and real properties owned by Citizens, CSSC and the Foundation, which may include Citizens', CSSC's and the Foundation's Public Funds, and thus constitutes a Prior Pledge as to such funds. Citizen's, CSSC's and the Foundation's total Prior Pledges (including short term and long term debt) as of March 31, 2023 amount to $19,572,408.

Contingencies; Pending or Potential Litigation. According to Citizens', CSSC's and the Foundation's Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of Citizens, CSSC or the Foundation to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of Citizens', CSSC's and the Foundation's Management, materially adversely affect the ability of Citizens, CSSC and the Foundation to carry out the transactions contemplated in the Loan Agreement, the Mortgages and the Intercept Agreements.

Management.

Directors and Officers - Citizens: The business affairs of Citizens are governed by a Board of Directors of not more than nineteen. The officers are comprised of: Hallie Klein, President, Patrick Broderick, Vice President, and Ellen Moore, Secretary. Other members of the Board are: Joseph Bosnack Jr., Michael Famiglietti, Kathleen Maggi, Edward Perlow and Devon Rivera. The Board meets at least annually, and a presence of a majority of the members of the Board constitutes a quorum. The members of the Board serve without compensation.

Directors and Officers - CSSC: The business affairs of CSSC are governed by a Board of Directors of not less than three. The officers and members of the Board are comprised of: Victor LaPoma, President, Robert Molloy, Vice President, Thomas McCauley, Secretary, and Lloyd Groveman, Treasurer. Andy Tarquinio serves as Director. Thomas McCauley and Robert Molloy also serve on the Board as Directors. The Board meets at least annually, and a presence of a majority of the members of the Board constitutes a quorum. The members of the Board serve without compensation.

Directors and Officers - Foundation: The affairs of the Foundation are governed by a Board of Directors of not more than nineteen. The officers are comprised of: Thomas Rosicki, President, Robert Pascucci, Treasurer, and John Chase, Secretary. Other members of the Board are: Martin Boorstein,, Rady Bruell, Jack Garofalo, Robert Griffith, Lloyd Groveman, Katheen Maggi, Thomas Moore, Ex-Officio, David Nagler, Jack Posner, Michael Ross, Daniel Serota, Harrietta Traversa and Edward Yardeni. The Board meets at least annually, and a presence of a majority of the members of the Board constitutes a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers – Citizens, CSSC and Foundation: Stanfort Perry is the Chief Executive Officer of Citizens, CSSC and the Foundation. Mr. Perry has served in leadership positions with agencies serving persons with intellectual and developmental disabilities for over thirty years. Previously, Mr. Perry served as the Executive Director of the Onondaga Chapter of NYSARC, Inc. He holds a Master of Science in Human Service Management from Buffalo State College and a Bachelor of Science in Psychology from the State University of New York at Stony Brook. Citizens has several other key executive management personnel including Willard T. Derr, Chief Financial Officer, Barry Donowitz, Chief Administrative Officer and Christopher O'Connor, Chief Operating Officer.

Continuing Disclosure.

As described in this paragraph, during the past five years, Citizens failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with their previous continuing disclosure undertakings. Such failures include incorrect filing of Annual Information in place of Citizen's audited financial statements for its Fiscal Year ended December 31, 2018. The Foundation filed a draft form of its statement for its Fiscal Year ended December 31, 2020. Citizens and the Foundation have adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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DEVELOPMENTAL DISABILITIES INSTITUTE, INC.

General Operations. Developmental Disabilities Institute, Inc. ("DDI") was founded in 1961 to address the special needs of children with autism and other developmental disabilities and provide therapeutic intervention. Today, DDI is a nonprofit, multisite agency serving over 1,500 children and adults with autism and related disorders, providing educational, residential, day habilitation and vocational services, as well as medical and dental services to over 5,000 patients across Long Island, New York. DDI has grown to include 5 main campuses located in Smithtown, Huntington, Medford, Riverhead and Ronkonkoma, New York, as well as 30 residential and day habilitation sites. Through more than 60 years of sustained effort, DDI has become the largest provider of services and programs for children and adults with autism on Long Island. The goal of DDI is to recognize the needs of each individual, while maintaining the highest standards of teaching and training for its children, their families and its staff. DDI prides itself on being in the forefront of the most effective methods in use today for the treatment of autism and related disorders. DDI is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

The financial statements of DDI for years prior to the Fiscal Year ending December 31, 2019 were prepared on a consolidated basis among DDI and its affiliate. However, the financial information contained in this Appendix is limited to the operations of DDI, as the affiliate of DDI will not have any obligation to make payments under the Loan Agreement. The Series 2023 Participant is only DDI.

DDI's funding sources for its 2021 Fiscal Year were: OPWDD (approximately 68%), New York States Department of Health (approximately 1%), State Department of Education (approximately 30%) and miscellaneous other sources (approximately 1%).

Description of Facilities and Financing Plan. DASNY will lend DDI $2,490,000 from the proceeds of the Series 2023 Bonds ("DDI's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "47 Birchwood Drive Facility" is an approximately 1,140 square-foot, 2-story condominium unit located at 47 Birchwood Drive, Unit 47, Port Jefferson Station, New York. Approximately $516,745 will be used to finance the "47 Birchwood Drive Project," which consists of the acquisition and rehabilitation of the 47 Birchwood Drive Facility for use as a residence for three adults with developmental disabilities.

- The "242 Chestnut Street Facility" is an approximately 1,860 square-foot, 2-story building located at 242 Chestnut Street, Port Jefferson Station, New York. Approximately $1,156,720 will be used to finance the "242 Chestnut Street Project," which consists of the acquisition and rehabilitation of the 242 Chestnut Street Facility, for use as a residence for six adults with developmental disabilities.

- The "1407-09 Middle Road Facility" is an approximately 1,560 square-foot, 1-story manufactured home located on a leased parcel of land at 1407-09 Middle Road, Calverton, New York. Approximately $362,513 will be used to finance the "1407-09 Middle Road Project," which consists of the rehabilitation of the 1407-09 Middle Road Facility, for use as a residence for three adults with developmental disabilities.

- The "18 Alvord Court Facility" (together with the 47 Birchwood Drive Facility, the 242 Chestnut Street Facility and the 1407-09 Middle Road Facility, the "Facilities") is an approximately 2,500 square-foot, 2-story building located at 18 Alvord Court, Greenlawn, New York. Approximately $146,010 will be used to finance the 18 Alvord Court Project," which consists of rehabilitation of the 18 Alvord Court Facility, for use as an intermediate care facility for six adults with developmental disabilities.

The remainder of DDI's Allocable Portion in the amount of approximately $308,012 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which DDI has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The 47 Birchwood Drive Facility and 242 Chestnut Street Facility are New PPA Lien Projects. The 1407-09 Middle Road Facility and 18 Alvord Court Facility are not New PPA Lien Projects. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

Certificates of Occupancy or temporary Certificates of Occupancy have been received from the applicable local jurisdictions for all of the Facilities, and DDI has received Operating Certificates from OPWDD for all of the Facilities. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

DDI owns the Facilities, except for the Middle Road Leased Property (as herein after defined). DDI will grant a mortgage to DASNY on its 47 Birchwood Drive Facility and 242 Chestnut Street Facility in order to secure DDI's Allocable Portion of the Series 2023 Bonds. DDI will not grant a mortgage with respect to its 18 Alvord Court Facility. The 18 Alvord Court Facility is already pledged to other lenders securing DDI's debt to such lenders in an aggregate original principal amount of $5,602,000. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS – Specific Risks Related to DDI's Alvord Court Facility." With respect to the 1407-09 Middle Road Facility, a portion consists of a manufactured home (the "Middle Road Facility Manufactured Home") and the remaining portion consists of land leased by DDI pursuant to a ground lease (the "Middle Road Leased Property"). DDI owns the Middle Road Facility Manufactured Home and will grant DASNY a security interest in the Middle Road Facility Manufactured Home in accordance with the New York State Uniform Commercial Code, but will not grant a mortgage lien or real property security interest to DASNY on the Middle Road Facility Manufactured Home or the Middle Road Leased Property. DDI's obligations under its Series 2023 Loan Agreement with respect to the 1407-09 Middle Road Facility will not be secured by any mortgage or real property security interest. In order to secure its obligations under its respective Series 2023 Loan Agreement, DDI will collaterally assign to DASNY pursuant to a Collateral Assignment of Leases its right, title and interest (but not its obligations) in the lease for the Middle Road Leased Property and grant DASNY a lien on the Public Funds attributable to the 1407-09 Middle Road Facility. The landlord under the lease for the Middle Road Leased Property has consented to such collateral assignment. The term of the lease together with all lease renewal options available to DDI for the Middle Road Leased Property exceeds the term of DDI's Allocable Portion of the Series 2023 Bonds with respect to the Middle Road Leased Property.

Other Properties. DDI also owns 48 other properties and leases 8 other residential and day program properties throughout Long Island.

<u>Employees</u>. DDI employs 1,185 full-time and 347 part-time employees, plus an additional 651 per diem employees, in Nassau County and Suffolk County, New York. DDI does not expect that the operation of the Facilities will require it to employ additional personnel.

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Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and DDI, the Actual Debt Service Coverage Ratio of DDI for Fiscal Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes DDI's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	2022 Pro Forma
Revenues	$146,092,337	$146,092,337
Expenses	145,480,051	145,480,051
Net Income (after adj.)	612,286	612,286
Less Extraordinary Revenue Items	0	0
Plus Extraordinary Expense Items	0	0
Plus Depreciation and Amortization	3,588,879	3,588,879
Plus Current Interest Expense	1,020,347	1,020,347
New PPA Revenues (unaudited)	0	205,247
Cash Flow for Debt Service	5,221,512	5,426,759
Maximum Annual Debt Service	4,785,101	5,027,960
Debt Service Coverage Ratio (DSCR)	1.09	1.08

Financials. Audited financial statements for DDI for the Fiscal Years ended December 31, 2022, December 31, 2021, and December 31, 2020, were audited by BDO USA, LLP and are attached as Appendix B-II. Interim unaudited financial information for DDI prepared by DDI's Management covering the period from January 1, 2023 through March 31, 2023 is attached as Appendix C-II. Significant accounting policies are contained in the notes to the audited financial statements.

Management's Summary of Financial Information and Results of Operations.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a summary of financial information for DDI for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by DDI's Management and derived from DDI's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-II; audited financial statements for the Fiscal Years ended December 31, 2018 and December 31, 2019 are available upon request. Note that only the operations of DDI are presented below, which results may differ from the reported figures in the audited financial statements respecting DDI and its affiliate for Fiscal Year ended December 31, 2018.

	Fiscal Year Ended December 31,				
	2018	**2019**	**2020**	**2021**	**2022**
Current Assets	$35,960,758	$33,856,993	$37,731,875	$47,387,447	$44,914,875
Net Fixed Assets	30,337,735	33,822,622	34,531,929	33,775,974	32,215,192
Other	5,113,346	15,113,902	13,675,096	13,573,406	13,806,777
Total	71,411,839	82,793,517	85,938,900	94,736,827	90,936,844
Current Liabilities	20,532,639	17,672,259	21,785,923	20,202,658	18,695,342
Other Liabilities	21,364,508	34,391,267	32,831,769	41,119,451	28,218,868
Net Assets	29,514,692	30,729,991	31,321,208	33,414,718	44,022,634
Total	71,411,839	82,793,517	85,938,900	94,736,827	90,936,844
Operating Revenue:					
Program Revenue	102,954,678	107,535,896	111,865,709	117,686,342	143,549,677
Nonprogram Revenue	0	0	0	0	0
Total	102,954,678	107,535,896	111,865,709	117,686,342	143,549,677
Operating Expenses	103,926,196	108,826,544	112,518,105	116,942,722	145,480,051
Change in Net Assets	(971,518)	(1,290,648)	(652,396)	743,620	(1,930,374)
Non-Operating Changes	5,166,779	2,505,947	1,243,613	1,349,890	12,423,111
Net Assets, Beginning of Year	25,319,431	29,514,692	30,729,991	31,321,208	33,414,718
Net Assets, End of Year	29,514,692	30,729,991	31,321,208	33,414,718	44,022,634
Cash & Equivalents	9,948,712	14,539,414	17,873,027	30,434,071	20,447,836

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Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, DDI will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $3.1 million in annual revenues of DDI.

(2) Sources of Liquidity: (a) Internal - DDI had current assets of $44,914,875 and $47,387,447 at the end of Fiscal Years 2022 and 2021, respectively, (b) External – DDI has available a $20 million revolving line of credit with TD Bank, N.A. for operating or capital expenses.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: DDI is not aware of any trends or uncertainties that have had or are reasonably likely to have a material impact on DDI's revenue or income.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were $465,847 and $407,221, respectively. See Appendix C-II for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by DDI's total operations has not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of December 31, 2022 and December 31, 2021, DDI had $20,447,836 and $30,434,071 in unrestricted cash and cash equivalents and $22,313,029 and $14,352,499 in net accounts receivable, respectively.

As of March 31, 2023, DDI had an available revolving line of credit of $20 million with TD Bank, N.A. The proceeds of the line of credit may be used for operating or capital expenses. The line of credit is secured by a lien on DDI's accounts receivable, subject to certain subordination agreements, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. There was a $5,416,837 outstanding balance on such line of credit as of March 31, 2023. DDI has also entered into an irrevocable letter of credit amounting to $3,816,837 in conjunction with DDI's workers' compensation policy.

Long-Term Debt. As of December 31, 2022 and December 31, 2021, DDI had $20,095,256 and $21,971,771 respectively, in outstanding long-term indebtedness including mortgages, bonds, loans and capital lease obligations, some of which debt is secured by a security interest in DDI's Public Funds. See Notes 9, 11 and 12 of DDI's Audited Financial Statement for Fiscal Year ending December 31, 2022 under the titles of "Finance Lease Obligations," "Mortgages and Loans Payable" and "Bonds Payable." DDI has not incurred additional long-term debt subsequent to December 31, 2022.

Prior Pledges. DDI's line of credit for $20 million with TD Bank, N.A. is secured by a lien on DDI's accounts receivable, subject to certain subordination agreements, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Of DDI's total outstanding long-term debt as of December 31, 2022 and December 31, 2021, $20,095,256 and $21,971,771 is secured by a security interest in certain receivables of and real properties owned by DDI, which may include DDI's Public Funds, and thus constitutes a Prior Pledge as to such funds. DDI's total Prior Pledges (including short term and long term debt) as of March 31, 2023 amount to $41,220,535.

Contingencies; Pending or Potential Litigation. According to DDI Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of DDI to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of DDI Management, materially adversely affect the ability of DDI to carry out the transactions contemplated in the Loan Agreement, the Collateral Assignment of Leases, the Mortgages and the Intercept Agreements.

Management.

Directors and Officers: The affairs of DDI are governed by a Board of Directors of up to eighteen persons. The officers are comprised of: Russell Snaith, Chairperson, Kevin Long, Vice Chairperson, Philip Veneziano, Treasurer and Linda Namias, Secretary. Other members of the Board are: Larry Boone, Rocco Cirigliano, Pamela Frank, James Fogarty, Adam Guttell, Joseph Napolitano, Melissa Negrin-Wiener, Peter Pierri, Robert Sheppard and Victoria Shoaf. The Board of Directors meets at least six times a year. A majority of the members of the Board constitute a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers: Kim Kubasek is the Executive Director of DDI. She holds a Master of Business Administration in Health Care Administration from Bernard M. Baruch College, Mount Sinai School of Medicine in New York City. Prior to working at DDI, Ms. Kubasek served as Vice President, Administration at both Staten Island University Hospital and St. Charles Hospital in Port Jefferson, New York. DDI has several other key employees including Jozette Prescott, Chief Program and Quality Officer and Sophia Samuel, Chief Financial Officer.

Continuing Disclosure.

As described in this paragraph, during the past five years, DDI failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with its previous continuing disclosure undertakings. Such failures include (i) late filing of its audited financial statements with respect to its Fiscal Year ended December 31, 2018; (ii) late filing of its Annual Information with respect to its Fiscal Year ended December 31, 2019 (DDI's Annual Information was timely filed with respect to its Fiscal Year ended December 31, 2019 but was labeled incorrectly by the responsible dissemination agent); and (iii) late filing of its audited financial statement with respect to its Fiscal Year ended December 31, 2020. DDI has adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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GENERAL HUMAN OUTREACH IN THE COMMUNITY INCORPORATED

General Operations. General Human Outreach in the Community Incorporated ("GHO") was founded in 1992. GHO provides a wide range of in-home and residential services to the developmentally disabled community of New York City. GHO's mission is to provide the best in human services to the members of its greater community, without discrimination or social bias and with a special attention to the needs of the underserved Asian-American peoples in its society. In order to achieve its mission, GHO provides services to: assist individuals to develop to their fullest level of independence; allow individuals choice in determining what their lives will be like; and help families stay together by providing relief, training and support of caregivers. GHO's primary funding source is OPWDD. GHO is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law.

GHO's funding sources for its 2022 Fiscal Year were: OPWDD (approximately 99%) and other miscellaneous sources (approximately 1%).

Description of Facilities and Financing Plan. DASNY will lend GHO $3,115,000 from the proceeds of the Series 2023 Bonds ("GHO's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, capitalized interest, costs of issuance and debt service reserve requirements.

- The "188-52 120th Road Facility" is an approximately 2,940 square-foot, 2-story building located at 188-52 120th Road, St. Albans, New York. Approximately $1,160,619 will be used to finance the "188-52 120th Road Project," which consists of the acquisition and rehabilitation of the 188-52 120th Road Facility for use as a residence for eight adults with developmental disabilities.

- The "118-14 193rd Street Facility" (together with the 188-52 120th Road Facility, the "Facilities") is an approximately 2,950 square-foot, 2-story building located at 118-14 193rd Street, St. Albans, New York. Approximately $1,610,642 will be used to finance the "118-14 193rd Street Project," which consists of the acquisition and rehabilitation of the 118-14 193rd Street Facility for use as a residence for twelve adults with developmental disabilities.

The remainder of GHO's Allocable Portion in the amount of approximately $343,739 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which GHO has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The Facilities are New PPA Lien Projects. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

GHO has received Certificates of Occupancy for the Facilities from the City of New York. GHO has received Operating Certificates for the Facilities from OPWDD. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

GHO owns the Facilities. GHO will grant DASNY a mortgage on the real property with respect to the Facilities, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the Facility, and a lien on the Public Funds attributable to the Facilities in order to secure GHO's Allocable Portion of the Series 2023 Bonds.

Other Properties. GHO also owns 7 other properties and leases 2 other residential and day program properties in the Boroughs of New York City and Kings and Queens Counties.

Employees. GHO employs 106 full-time and 89 part-time employees. GHO does not expect that the operation of the Facilities will require it to employ additional personnel.

Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and GHO, the Actual Debt Service Coverage Ratio of GHO for Fiscal Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes GHO's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	2022 Pro Forma
Revenues	$12,177,672	$12,177,672
Expenses	11,930,893	11,930,893
Net Income (after adj.)	246,779	246,779
Less Extraordinary Revenue Items	0	0
Plus Extraordinary Expense Items	0	0
Plus Depreciation and Amortization	288,375	288,375
Plus Current Interest Expense	162,722	162,722
New PPA Revenues (unaudited)		120,412
Cash Flow for Debt Service	697,876	818,288
Maximum Annual Debt Service	472,386	592,798
Debt Service Coverage Ratio (DSCR)	1.477	1.380

Financials. Audited financial statements for GHO for the Fiscal Years ended June 30, 2020, June 30, 2022 and June 30, 2021 were prepared by Cerini & Associates, LLP and are attached as Appendix B-III. Interim unaudited financial information for GHO prepared by GHO's Management covering the period from July 1, 2022 through March 31, 2023 is attached as Appendix C-III. Significant accounting policies are described in the notes to the audited financial statements.

Management's Summary of Financial Information and Results of Operations.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a summary of financial information for GHO for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by GHO's Management and derived from GHO's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-III; audited financial statements for the Fiscal Years ended June 30, 2018 and June 30, 2019 are available upon request.

	Fiscal Year Ended June 30,				
	2018	**2019**	**2020**	**2021**	**2022**
Current Assets	$8,051,727	$5,805,902	$7,158,891	$7,549,872	$7,912,156
Net Fixed Assets	3,606,003	5,132,559	4,868,652	5,845,426	6,014,638
Other	376,836	135,133	864,305	2,727,795	1,382,230
Total	12,034,566	11,073,594	12,891,848	16,123,093	15,309,024
Current Liabilities	1,058,400	970,922	1,243,165	1,453,588	1,884,784
Other Liabilities	1,221,384	1,186,245	2,411,911	5,090,459	3,598,415
Net Assets	9,754,782	8,916,427	9,236,772	9,579,046	9,825,825
Total	12,034,566	11,073,594	12,891,848	16,123,093	15,309,024
Operating Revenue:					
Program Revenue	8,255,917	8,187,225	9,749,494	9,277,576	9,544,721
Nonprogram Revenue	102,744	264,851	334,122	545,249	2,632,951
Total	8,358,661	8,452,076	10,083,616	9,822,825	12,177,672
Operating Expenses	9,178,162	9,290,431	9,763,271	9,480,551	11,930,893
Change in Net Assets	(819,501)	(838,355)	320,345	342,274	246,779
Net Assets, Beginning of Year	10,574,283	9,754,782	8,916,427	9,236,772	9,579,046
Net Assets, End of Year	9,754,782	8,916,427	9,236,772	9,579,046	9,825,825
Cash & Equivalents	3,010,820	442,680	2,460,229	3,984,653	3,934,002

Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, GHO will receive a 4% COLA on all of its OPWDD funded programs to

be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $450,000 in annual revenues of GHO.

(2) Sources of Liquidity: (a) Internal – GHO had current assets of $7,912,156 and $7,549,872 at the end of Fiscal Years 2022 and 2021, respectively. (b) External – GHO has available a $400,000 revolving line of credit with Webster Bank, N.A. for operating or capital expenses.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: GHO is not aware of any trends or uncertainties that have had or are reasonably likely to have a material impact on GHO's revenue or income.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were $38,571 and $192,875, respectively. See Appendix C-III for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by GHO's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of June 30, 2022 and June 30, 2021, GHO had $3,862,294 and $3,912,945 in unrestricted cash and cash equivalents and $1,591,990 and $2,221,087 in net accounts receivable, respectively.

As of March 31, 2023, GHO had available a secured line of credit of $400,000 with Webster Bank, N.A. The proceeds of the line of credit are to be used for working capital. The line of credit is secured by a lien on the IRA program location purchased during the year ended June 30, 2018 and the condominiums purchased during the year ended June 30, 2019. There was no outstanding balance as of March 31, 2023.

Long-Term Debt. As of June 30, 2022 and June 30, 2021, GHO had $3,598,415 and $5,090,459, respectively, in outstanding long-term indebtedness including bonds payable, some of which debt is secured by a security interest in GHO's Public Funds. GHO has not incurred any long-term debt subsequent to June 30, 2022.

Prior Pledges. Of GHO's total outstanding long-term debt as of June 30, 2022 and June 30, 2021, $3,374,642 and $3,505,814 is secured by a security interest in certain receivables of and real properties owned by GHO, which may include GHO's Public Funds, and thus constitutes a Prior Pledge as to such funds. GHO's total Prior Pledges as of March 31, 2023 amount to $3,252,234.

Contingencies; Pending or Potential Litigation. According to GHO Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of GHO to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of GHO Management, materially adversely affect the ability of GHO to carry out the transactions contemplated in the Loan Agreement, the Mortgages and the Intercept Agreements.

Management.

Directors and Officers: The affairs of GHO are governed by a Board of Directors of 3 members. The officers are comprised of: Kenneth Rozsahegyi, President, Carol Kuo, Treasurer and Charles Browning, Secretary. The Board of Directors meets at least once a year. A majority of the members of the Board constitute a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers: Freeman Tsui is the Executive Director. Mr. Tsui is a business executive with significant experience in managed health care. Over his career, Mr. Tsui has worked closely with many different managed care organizations where he has acquired particular expertise relating to Medicare and Medicaid. GHO has several other key employees including Vicki Chan, Assistant Executive Director, Robert Tong, Deputy Director, and Jose Garriga, Director of Finance.

Continuing Disclosure.

As described in this paragraph, during the past five years, GHO has failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with its previous continuing disclosure undertakings. Such failures include (i) one day late filing of its audited financial statements with respect to its Fiscal Year ended June 30, 2021; and (ii) one day late filing of its Annual Information with respect to its Fiscal Year ended June 30, 2021. GHO has adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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HASC CENTER, INC.

General Operations. HASC Center, Inc. ("HASC Center") was founded in 1963. Operating out of 20 facilities, HASC Center provides a wide range of day and residential services to the developmentally disabled community of Brooklyn. The mission of HASC Center is to assist people with developmental disabilities to improve the quality of their lives in the community. To achieve this mission, HASC Center provides quality housing, habilitative and rehabilitative services to people with disabilities. HASC Center operates within a philosophy of encouraging independence, individualization, inclusion and productivity for its consumers. HASC Center is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

The financial statements of HASC Center are prepared on a consolidated basis among HASC Center and its subsidiary. However, the financial information in this Appendix is limited to the operations of HASC Center, as the subsidiary of HASC Center will not have any obligation to make payments under the Loan Agreement. The Series 2023 Participant is only HASC Center.

HASC Center's funding sources for its 2022 Fiscal Year were: OPWDD (approximately 90%) and miscellaneous other sources (approximately 10%).

Description of Facilities and Financing Plan. DASNY will lend HASC Center $590,000 from the proceeds of the Series 2023 Bonds ("HASC Center's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "918 50th Street Facility" is an approximately 1,370 square-foot, 2-story building located at 918 50th Street, Brooklyn, New York. Approximately $305,694 will be used to finance the "918 50th Street Project," which consists of the rehabilitation of the 918 50th Street Facility for use as a residence for ten adults with developmental disabilities.

- The "3521 Avenue L Facility" (together with the 918 50th Street Facility, the "Facilities") is an approximately 5,220 square-foot, 2-story building located at 3521 Avenue L, Brooklyn, New York. Approximately $170,866 will be used to finance the "3521 Avenue L Project," which consists of the rehabilitation of the 918 50th Street Facility for use as a residence for eleven adults with developmental disabilities.

The remainder of HASC Center's Allocable Portion in the amount of approximately $113,440 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which HASC Center has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the construction, renovation, furnishing and/or equipping of the Facilities and financing or refinancing costs incurred in connection therewith.

The Facilities are not New PPA Lien Projects. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

HASC Center has received Certificates of Occupancy for the Facilities, and HASC Center has received Operating Certificates from OPWDD for the Facilities. See the information in this Official

Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

HASC Center owns the Facilities. HASC Center will grant DASNY a mortgage on the real property with respect to the Facilities, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the Facilities, and a lien on the Public Funds attributable to the Facilities in order to secure HASC Center's Allocable Portion of the Series 2023 Bonds.

Other Properties. HASC Center also owns 16 other properties and leases 25 other residential and day program properties in the County of Kings, New York.

Employees. HASC Center employs 357 full-time and 193 part-time employees. HASC Center expects that the operation of the Facilities will not require it to employ additional personnel.

Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and HASC Center, the Actual Debt Service Coverage Ratio of HASC Center for Fiscal Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes HASC Center's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	**2022 Pro Forma**
Revenues	$77,316,772	$77,316,772
Expenses	76,585,330	76,585,330
Net Income (after adj.)	731,442	731,442
Less Extraordinary Revenue Items	0	0
Plus Extraordinary Expense Items	0	0
Plus Depreciation and Amortization	1,310,035	1,310,035
Plus Current Interest Expense	449,679	449,679
New PPA Revenues (unaudited)	0	49,552
Cash Flow for Debt Service	2,491,156	2,540,708
Maximum Annual Debt Service	1,323,926	1,373,478
Debt Service Coverage Ratio (DSCR)	1.882	1.850

Financials. Audited financial statements for HASC Center and its subsidiary for the Fiscal Years ended June 30, 2022, June 30, 2021, and June 30, 2020 were prepared by J. Gliksman CPA P.C. and are attached as Appendix B-IV. Interim unaudited financial information for HASC Center prepared by HASC Center's Management covering the period from July 1, 2022 through March 31, 2023 is attached as Appendix C-IV. Significant accounting policies are contained in the notes to the audited financial statements, as well as in Consolidating Statements for HASC Center and its affiliate.

Management's Summary of Financial Information and Results of Operations.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a summary of financial information for HASC Center for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by HASC Center's Management and derived from HASC Center's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-IV; audited financial statements for the Fiscal Years ended June 30, 2018 and June 30, 2019 are available upon request. Note that only the operations of HASC Center are presented below, which results may differ from the reported figures in the audited financial statements respecting HASC Center and its subsidiary.

	Fiscal Year Ended June 30,				
	2018	**2019**	**2020**	**2021**	**2022**
Current Assets	$34,191,030	$33,638,425	$36,881,355	$49,117,243	$55,962,060
Net Fixed Assets	23,326,925	24,515,998	23,706,926	21,527,257	21,619,944
Other	3,683,296	4,685,109	5,185,178	5,867,984	5,763,553
Total	61,201,251	62,839,532	65,773,459	76,512,484	83,345,557
Current Liabilities	4,885,671	5,728,605	8,309,758	9,726,615	12,412,980
Other Liabilities	15,520,536	15,127,108	13,756,137	18,710,539	19,535,368
Net Assets	40,795,044	41,938,819	43,707,564	48,075,330	51,397,212
Total	61,201,251	62,839,532	65,773,459	76,512,484	83,345,560
Operating Revenue:					
Program Revenue	45,830,155	49,686,049	48,825,222	54,157,414	68,096,690
Nonprogram Revenue	1,346,934	1,176,815	1,567,560	4,722,403	9,220,082
Total	47,177,089	50,862,864	50,392,782	58,879,817	77,316,772
Operating Expenses	44,090,150	49,674,088	48,669,037	54,512,052	73,994,889
Change in Net Assets	3,086,939	1,188,776	1,723,745	4,367,765	3,321,883
Non-Operating Changes	0	0	0	0	0
Net Assets, Beginning of Year	37,708,105	40,795,044	41,983,820	43,707,564	48,075,329
Net Assets, End of Year	40,795,044	41,983,820	43,707,565	48,075,329	51,397,212
Cash & Equivalents	4,296,630	1,328,777	664,673	8,083,858	15,307,574

Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, HASC Center will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $2.6 million in annual revenues of HASC Center.

(2) Sources of Liquidity: (a) Internal – HASC Center had current assets of $55,962,060 and $49,117,243 at the end of Fiscal Years 2022 and 2021, respectively, (b) External - HASC Center has available with JP Morgan Chase Bank a $5.0 million revolving line of credit for operating expenses.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: HASC Center is not aware of any trends or uncertainties that have had or are reasonably likely to have a material impact on HASC Center's revenue or income.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were $530,844 and $707,724, respectively. See Appendix C-IV for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by HASC Center's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of June 30, 2022 and June 30, 2021, HASC Center had $15,307,574 and $8,083,858 in unrestricted cash and cash equivalents and $9,890,330 and $946,611 in net accounts receivable, respectively.

As of March 31, 2023, HASC Center had an available revolving line of credit of $5.0 million with JP Morgan Chase Bank. The proceeds of the line of credit are to be used for capital or operating expenses. The line of credit is secured by a lien on HASC Center's accounts receivable and other business assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. The outstanding balance on such line of credit as of March 31, 2023 was $2.0 million.

Long-Term Debt. As of June 30, 2022 and June 30, 2021, HASC Center had $19,535,368 and $18,710,539, respectively, in outstanding long-term indebtedness including mortgages, bonds and loans, some of which debt is secured by a security interest in HASC Center's Public Funds. See Notes H, I, and J of HASC Center's Audited Financial Statement for Fiscal Year ending June 30, 2022 under the titles of "Bonds Payable," "Mortgages Payable" and "Loans Payable," respectively. HASC Center has not incurred additional long-term debt subsequent to June 30, 2022.

Prior Pledges. HASC Center's line of credit in the aggregate amount of $5 million with JPMorgan Chase Bank, N.A. is secured by a lien on HASC Center's accounts receivable and other business assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Of HASC Center's total outstanding long-term debt as of June 30, 2022 and June 30, 2021, $6,498,301 and $7,359,600 is secured by a security interest in certain receivables of and real properties owned by HASC Center, which may include HASC Center's Public Funds, and thus constitutes a Prior Pledge as to such funds. HASC Center's total Prior Pledges (including short term and long term debt) as of March 31, 2023 amount to $12,640,860.

Contingencies; Pending or Potential Litigation. According to HASC Center Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of HASC Center to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of HASC Center Management, materially adversely affect the ability of HASC Center to carry out the transactions contemplated in the Loan Agreement, the Mortgages, and the Intercept Agreements.

Management.

Directors and Officers: The affairs of HASC Center are governed by a thirteen member Board of Directors. The officers are comprised of: Abe Eisner, President, Shloimie Goldner, Secretary, and Chaim Lefkowitz, Vice President. The other members of the Board of Directors are: Fishel Beigel, Rabbi Chaim Israel, Aaron Kahn, Mordechai Perlstein, Avromi Schonfeld, Rabbi Yeshaya Schwartz, Itchie Toder, Yanky Neuhoff and Israel Zyskind. The Board of Directors meets at least four times a year. A majority of the members of the Board constitute a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers: Samuel Kahn is the Executive Director of HASC Center. Mr. Kahn founded HASC Center in 1981 and has been fundamental in creating some of HASC Center's most successful programs, including CAMP HASC, a summer camp experience for children with developmental disabilities. He holds a Bachelor of Arts in Talmudic Studies from Chasan Sofer Rabbinical College and a Masters of Arts in Business Administration from Adelphi University. HASC Center has several other key employees including Rabbi Wakslak, Clinical Director and Shimson Sheinfil, Controller.

Continuing Disclosure.

As described in this paragraph, during the past five years, HASC Center has failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with its previous continuing disclosure undertakings. Such failures include (i) late filing of its audited financial statement with respect to its Fiscal Year ended June 30, 2020; HASC Center has adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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HEARTSHARE HUMAN SERVICES OF NEW YORK

General Operations. HeartShare Human Services of New York ("HeartShare") was founded in 1914 to assist orphaned teens find housing and jobs and currently serves to nurture and empower children and adults with intellectual and developmental disabilities, including Autism Spectrum Disorders, through education, life skills and vocational training, employment, residential, case management, recreational, individual and family supports and health care services. HeartShare affiliates include The HeartShare School, which offers quality education and therapies to children with autism, HeartShare Wellness, which provides therapies and counseling, as well as case management to those with developmental disabilities and people with chronic conditions, and HeartShare St. Vincent's Services ("HSVS"), which supports children, adults and families living in crisis due to experiences with poverty. Since its founding, HeartShare has expanded its reach to over 100 program sites in Brooklyn, Queens and Staten Island, New York, as well as to 60 of the 62 New York counties through energy grants to low-income families. HeartShare is proud that 90% of all its revenues are used directly for its programs and services. HeartShare is accredited by the Council on Accreditation of Services for Families and Children and is a Better Business Bureau Accredited Charity. HeartShare is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

The financial statements of HeartShare are prepared on a consolidated basis among HeartShare and its affiliates. However, the financial information in this Appendix is limited to the operations of HeartShare, as the affiliates of HeartShare will not have any obligation to make payments under the Loan Agreement. The Series 2023 Participant is only HeartShare.

HeartShare's funding sources for its 2022 Fiscal Year were: OPWDD (approximately 61%), the City of New York City (approximately 15%), the New York State Education Department (approximately 14%), New York State Department of Health (approximately 2%) and miscellaneous other sources (approximately 8%).

Description of Facilities and Financing Plan. DASNY will lend HeartShare $4,820,000 from the proceeds of the Series 2023 Bonds ("HeartShare's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "172-07 35th Avenue Facility" is an approximately 2,296 square-foot, 2-story building located at 172-07 35th Avenue, Flushing, New York. Approximately $1,217,142 will be used to finance the "172-07 35th Avenue Project," which consists of the acquisition and rehabilitation of the 172-07 35th Avenue Facility for use as a residence for six adults with developmental disabilities.

- The "79 Glascoe Avenue Facility" is an approximately 2,300 square-foot, 2-story building located at 79 Glascoe Avenue, Staten Island, New York. Approximately $1,605,604 will be used to finance the "79 Glascoe Avenue Project," which consists of the acquisition and rehabilitation of the 79 Glascoe Avenue Facility for use as a residence for seven adults with developmental disabilities.

- The "84-29 153rd Avenue Facility" is an approximately 1,600 square-foot, 1-story condominium unit located in a condominium building located at 84-29 153rd Avenue, Unit 2CD, Howard Beach, New York. Approximately $535,777 will be used to finance the "84-29 153rd Avenue Project," which consists of the acquisition and rehabilitation of the 84-29 153rd Avenue Facility for use as a residence for three adults with developmental disabilities.

- The "246 Clarke Avenue Facility" (together with the 172-07 35th Avenue Facility, the 79 Glascoe Avenue Facility and the 84-29 153rd Avenue Facility, the "Facilities") is an approximately 2,000 square-foot, 2-story building located at 246 Clarke Avenue, Staten Island, New York. Approximately $924,900 will be used to finance the "246 Clarke Avenue Project," which consists of the acquisition and rehabilitation of the 246 Clarke Avenue Facility for use as a residence for five adults with developmental disabilities.

The remainder of HeartShare's Allocable Portion in the amount of approximately $536,577 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which HeartShare has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The Facilities are all New PPA Lien Projects. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

Certificates of Occupancy or temporary Certificates of Occupancy have been received from the applicable local jurisdictions for all of the Facilities. HeartShare has received Operating Certificates from OPWDD for all the Facilities except for the 79 Glascoe Avenue Facility. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

HeartShare owns the Facilities and will grant a mortgage to DASNY on the real property with respect to the Facilities, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the Facilities, and a lien on the Public Funds attributable to the Facilities in order to secure HeartShare's Allocable Portion of the Series 2023 Bonds.

The 153rd Avenue Declaration prohibits the owner from mortgaging its condominium unit or any interest therein without first obtaining the approval of the Board of Managers of the condominium, except a first mortgage to a bank, life insurance company or savings and loan association. HeartShare has obtained the consent of the Board of Managers of the condominium to its use of the 153rd Avenue Facility for other than private residence purposes and occupied by one family and the approval of the Board of Managers of the condominium to mortgage the 153rd Avenue Facility to DASNY. See the information in this Official Statement entitled "PART 11 – BOND HOLDERS' RISKS - Specific Risks Related to HeartShare's 153rd Avenue Facility."

Other Properties. HeartShare also owns 37 other properties and leases 67 other residential and day program properties throughout Brooklyn, Queens and Staten Island, New York.

Employees. HeartShare employs 1,010 full-time and 172 part-time employees in Brooklyn, Queens and Staten Island, New York. HeartShare expects that the operation of the Facilities will require it to employ 35 additional personnel.

Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and HeartShare, the Actual Debt Service Coverage Ratio of HeartShare for Fiscal Year 2022 and the Pro

Forma Debt Service Coverage Ratio (which includes HeartShares's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	**2022 Pro Forma**
Revenues	$118,439,820	$118,439,820
Expenses	121,380,091	121,380,091
Net Income (after adj.)	(2,940,271)	(2,940,271)
Less Extraordinary Revenue Items	0	0
Plus Extraordinary Expense Items	0	0
Plus Depreciation and Amortization	2,997,552	3,399,197
Plus Current Interest Expense	885,886	1,208,538
New PPA Revenues (unaudited)	0	215,374
Cash Flow for Debt Service	1,667,463	1,882,837
Maximum Annual Debt Service (unaudited)	3,218,971	3,434,345
Debt Service Coverage Ratio (DSCR)*	0.4343	0.5482

*See "Management's Summary of Financial Information and Results of Operations - *Management Discussion of Results of Operations* – (3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income" below for further information on the failure of HeartShare to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio for its Fiscal Year 2022 and the steps being taken by HeartShare to be compliant with the 1:00 to 1:00 Total Debt Service Coverage Ratio as soon as possible, currently expected to be for Fiscal Year 2023.

Financials. Consolidated financial statements for HeartShare and its affiliates for the Fiscal Years ended June 30, 2022, June 30, 2021 and June 30, 2020 were audited by BDO USA, LLP and are attached as Appendix B-V. Interim unaudited financial information for HeartShare prepared by HeartShare's Management covering the period from July 1, 2022 through March 31, 2023 is attached as Appendix C-V. Significant accounting policies are contained in the notes to the audited financial statements. Consolidating Statements for HeartShare and its affiliates are included in the audited financial statements for Fiscal Years ended June 30, 2022, June 30, 2021 and June 30, 2020, but not for Fiscal Years ended June 30, 2019 and June 30, 2018.

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Management's Summary of Financial Information and Results of Operations.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a summary of financial information for HeartShare for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by HeartShare's Management and derived from HeartShare's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-V; audited financial statements for the Fiscal Years ended June 30, 2018 and June 30, 2019 are available upon request. Note that only the operations of HeartShare are presented below, which results may differ from the reported figures in the audited financial statements respecting HeartShare and all its affiliates.

	Fiscal Year Ended June 30,				
	2018 (Restated)	**2019**	**2020**	**2021**	**2022**
Current Assets	$20,377,227	$20,436,270	$27,119,287	$30,161,792	$28,930,983
Net Fixed Assets	23,598,837	26,026,457	26,540,828	26,776,810	26,494,506
Other	7,720,816	9,755,636	12,093,479	78,088,757	73,767345
Total	51,696,880	56,218,363	65,753,594	135,027,359	129,192,834
Current Liabilities	15,217,418	19,106,010	32,680,189	32,148,383	32,168,007
Other Liabilities	25,100,884	26,037,546	21,832,958	89,308,773	86,395,263
Net Assets	11,378,578	11,074,807	11,240,447	13,570,203	10,629,564
Total	51,696,880	56,218,363	65,753,594	135,027,359	129,192,834
Operating Revenue:					
Program Revenue	90,152,662	91,149,613	93,181,017	93,893,889	94,446,057
Nonprogram Revenue	8,386,457	11,277,650	13,348,841	10,043,424	22,093,763
Total	98,539,119	102,427,263	106,529,858	103,937,313	116,539,820
Operating Expenses	98,789,045	102,815,902	106,683,116	107,294,416	121,380,091
Change in Net Assets Before Other Changes	(249,926)	(388,639)	(153,168)	2,592,564	(4,840,271)
Non-Operating Changes	(471,970)	84,868	318,808	(262,816)	(368)
Net Assets, Beginning of Year	12,100,474	11,378,578	11,074,807	11,240,447	13,570,203
Net Assets, End of Year	11,378,578	11,074,807	11,240,447	13,570,203	10,629,564
Cash & Equivalents	3,305,067	1,178,983	3,712,656	2,827,835	6,223,374

Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, HeartShare will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $3.5 million in annual revenues.

(2) Sources of Liquidity: (a) Internal - HeartShare had current assets of $28,930,983 and $30,470,369 at the end of Fiscal Years 2022 and 2021, respectively, (b) External – HeartShare has available with HSBC Bank two available revolving lines of credit of $9.5 million for capital expansion and a $15 million for operating expenses. As of March 31, 2023, there was no outstanding balance on the $15 million credit line and a $3,362,795 outstanding balance on the $9.5 million credit line.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: In Fiscal Year 2022, HeartShare experienced certain expenses that had a negative effect on its operations. HeartShare faced challenges in recruiting and retaining staff, and the lingering effects of Covid-19 creating lower participation in programs and transportation that were not reimbursed by OPWDD. In Fiscal Year 2022 Federal support that was instrumental in bridging gaps in Fiscal Year 2021 and 2020 ended, but many of the challenges remained. While HeartShare failed to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio for its Fiscal Year 2022, during Fiscal Year 2023 HeartShare made operational changes to consolidate certain operations and cut expenses. HeartShare expects to return to compliance with its 1:00 to 1:00 Total Debt Service Coverage Ratio at the end of Fiscal Year 2023.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were $1,204,900 and $3,435,280, respectively. See Appendix C-V for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by HeartShare's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of June 30, 2022 and June 30, 2021, HeartShare had $6,223,374 and $2,827,835 in unrestricted cash and cash equivalents and $19,320,866 and $23,395,851 in net accounts receivable, respectively.

As of March 31, 2023, HeartShare had available with HSBC Bank USA, National Association ("HSBC Bank") two revolving lines of credit of $9.5 million and $15 million. The proceeds of the lines of credit are to be used for capital expansion and operating expenses, respectively. The lines of credit are secured by a lien on HeartShare's accounts receivable and other business assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. The aggregate outstanding balance on such lines of credit as of March 31, 2023 was $3,362,795.

Long-Term Debt. As of June 30, 2022 and June 30, 2021, HeartShare had $11,918,900 and $12,643,301, respectively, in outstanding long-term indebtedness including mortgages, some of which debt is secured by a security interest in HeartShare's Public Funds. See Note 11 of HeartShare's Audited Financial Statement for Fiscal Year ending June 30, 2022 under the title of "Long-Term Debt."

Prior Pledges. HeartShare's two lines of credit in the aggregate amount of $24.5 million with HSBC Bank are secured by a lien on HeartShare's accounts receivable and other business assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Of HeartShare's total outstanding long-term debt as of June 30, 2022 and June 30, 2021, $11,418,900 and $12,643,301 is secured by a security interest in certain receivables of and real properties owned by HeartShare, which may include HeartShare's Public Funds, and thus constitutes a Prior Pledge as to such funds. HeartShare's total Prior Pledges (including short term and long term debt) as of March 31, 2023 amount to $36,324,068.

Contingencies; Pending or Potential Litigation. According to HeartShare Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of HeartShare to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of HeartShare Management, materially adversely affect the ability of HeartShare to carry out the transactions contemplated in the Loan Agreement, the Mortgages, the Collateral Assignment of Leases and the Intercept Agreements.

Management.

Directors and Officers: The affairs of HeartShare are governed by a Board of Directors of sixteen members. The officers are comprised of: Paul Torre, Chair, Arleen Baez, First Vice Chair, Angelo Del Giudice, Second Vice Chair, Joseph Malone, Treasurer, and Christine Strehle, Secretary. Other members of the Board are: Joseph Benfante, Michael Castellano, Rev. Patrick Flanagan, Jim Kerr, Matthew Lipsky, Frank Maresca, Renee McClure, Kenneth Nolan, Rev. Thomas Pettei, Peter Pisapia, and Mitchell Scott, Jr. The Board of Directors meets at least four times a year. A majority of the Directors in office constitutes a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers: Dawn Saffayeh was named President and Chief Executive Officer of HeartShare in 2023. Ms. Saffayeh joined the non-profit human services agency in 2014, when HeartShare affiliated with St. Vincent's Services to become one of the largest child-welfare agencies in New York City. She has served as Executive Director of HSVS since 2014. Ms. Saffayeh's leadership has been the key to HeartShare's success. Ms. Saffayeh earned a Master of Public Administration degree from New York University. Other key employees include Justin Nardilla, Chief Finance Officer, Hayley Cowitt, Chief Compliance Officer and General Counsel and Evelyn Alvarez, Chief Program Officer.

Continuing Disclosure.

HeartShare is in compliance with all of its continuing disclosure undertakings made pursuant to Rule 15c2-12.

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OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

General Operations. Ohel Children's Home and Family Services, Inc. ("Ohel") was founded in 1969 as a foster care agency. In 2004, Ohel became the successor entity in a merger with Bais Ezra Inc. Today, Ohel is a multi-faceted social service agency providing a range of services including foster care, day and residential mental health programs, employment training and placement services, community outreach, advocacy and a children's sleep-away camp. Ohel is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law.

The financial statements of Ohel are prepared on a consolidated basis among Ohel and its affiliates. Unless otherwise indicated, the financial information contained in this Appendix includes Ohel and its affiliates, notwithstanding that the Series 2023 Participant is only Ohel. The affiliates of Ohel will not have any obligations to make payments under the Loan Agreement.

Ohel's funding sources for its 2022 Fiscal Year were: OPWDD (approximately 54%), OMH (approximately 19%) and miscellaneous other sources (approximately 27%).

Description of Facilities and Financing Plan. DASNY will lend Ohel $1,555,000 from the proceeds of the Series 2023 Bonds ("Ohel's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facility and Project described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "226 Caryl Court Facility" (the "226 Caryl Court Facility" or the "Facility") is an approximately 2,440 square-foot, 2-story building located at 226 Caryl Court, Lawrence, New York. Approximately $1,325,065 will be used to finance the "226 Caryl Court Facility Project," which consists of the acquisition and rehabilitation of the 226 Caryl Court Facility for use as a residence for six adults with developmental disabilities.

The remainder of Ohel's Allocable Portion in the amount of approximately $229,935 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facility is OPWDD and the Facility is supported by a PPA, which Ohel has received. This means that the Facility is pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facility and financing or refinancing costs incurred in connection therewith.

The governmental funding source for the Facility is OPWDD and the Facility is supported by a PPA, which Ohel has received. This means the Facility is pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The Facility is a New PPA Lien Project. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

Certificate of Occupancy or temporary Certificate of Occupancy has been received from the applicable local jurisdictions for the Facility. Ohel has received an Operating Certificate from OPWDD for the Facility, including for the programs which will be relocated to the 226 Caryl Court Facility once the renovations at such facilities have been completed. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy.

Ohel owns the Facility. Ohel will grant DASNY a mortgage on the real property with respect to the Facility, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the Facility, and a lien on the Public Funds attributable to the Facility in order to secure Ohel's Allocable Portion of the Series 2023 Bonds.

Other Properties. Ohel owns 22 other properties facilities and leases 164 other properties in New York City, Long Island and upstate New York.

Employees. Ohel employs over 1,500 employees, including approximately 615 full-time, 1,062 part-time and 219 temporary employees in the State of New York. Ohel does not expect that the project at the Facility will require it to employ additional personnel.

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Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and Ohel, the Actual Debt Service Coverage Ratio of Ohel for Fiscal Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes Ohel's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	**2022 Pro Forma**
Revenues	$92,069,392	$92,069,392
Expenses	86,079,722	86,079,722
Net Income (after adj.)	5,989,670	5,989,670
Less Extraordinary Revenue Items	0	0
Plus Extraordinary Expense Items	2,012,203	2,012,203
Plus Depreciation and Amortization	3,394,212	3,394,212
Plus Current Interest Expense	1,152,445	1,152,445
New PPA Revenues (unaudited)	0	107,325
Cash Flow for Debt Service	12,548,530	12,655,855
Maximum Annual Debt Service (unaudited)	4,836,406	4,943,731
Debt Service Coverage Ratio (DSCR)	2.595	2.560

Financials. Financial statements for Ohel and its affiliate for the Fiscal Year ended June 30, 2020 was audited by Mazars USA LLP, and the financial statements for Ohel and its affiliate for the Fiscal Years ended June 30, 2021 was audited by BKD, LLP and the financial statement for Ohel and its affiliate for the Fiscal Year ended June 30, 2022 was audited by Forvis, LLP. The audited financial statements for Fiscal Years ended June 30, 2022, June 30, 2021 and June 30, 2020 are attached as Appendix B-VI. Interim unaudited financial information for Ohel and its affiliate prepared by Ohel's Management and covering the period from July 1, 2022 through March 31, 2023, is attached as Appendix C-VI. Significant accounting policies are contained in the audited financial statements. A Consolidating Statement for Ohel and its affiliate is included in the audited financial statements.

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Management's Summary of Financial Information and Results of Operations.

Summary of Financial Information for Prior Five Fiscal Years – All Funds

The following is a combined summary of financial information for Ohel and its affiliates for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by Ohel's Management and derived from Ohel's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-VI; audited financial statements for the Fiscal Years ended June 30, 2018 and June 30, 2019 are available upon request.

Fiscal Year Ended June 30,

	2018	**2019**	**2020**	**2021**	**2022**
Current Assets	$24,786,940	$23,758,849	$21,752,510	$24,414,009	$22,449,702
Net Fixed Assets	68,024,076	68,105,611	65,046,542	61,902,554	60,295,281
Other	1,494,936	1,434,487	1,507,374	7,359,071	5,796,741
Total	94,305,952	93,298,947	88,296,426	93,675,634	88,541,724
Current Liabilities	37,637,739	36,799,586	18,332,983	33,753,019	24,817,078
Other Liabilities	26,431,573	27,841,391	41,366,909	29,441,184	27,253,545
Net Assets	30,236,640	28,657,970	28,596,534	30,481,431	36,471,101
Total	94,305,952	93,298,947	88,296,426	93,675,634	88,541,724
Operating Revenue:					
Program Revenue	61,638,229	73,783,583	65,442,889	55,460,106	61,030,793
Nonprogram Revenue	10,605,388	3,092,000	7,187,863	14,968,563	31,038,599
Total	72,243,617	76,875,583	72,630,752	70,428,669	92,069,392
Operating Expenses	72,715,983	77,814,239	71,790,603	70,036,629	84,067,519
Other Items, Net	(411,477)	(640,014)	(901,584)	1,492,856	(2,012,203)
Change in Net Assets	(883,843)	(1,578,670)	(61,435)	1,884,896	5,989,670
Net Assets, Beginning of Year	31,120,483	30,236,640	28,657,970	28,596,535	30,481,431
Net Assets, End of Year	30,236,640	28,657,970	28,596,535	30,481,431	36,471,101
Cash & Equivalents	7,586,991	6,602,372	6,380,004	10,843,802	9,138,606

Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, Ohel will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $1.8 million in annual revenues.

(2) Sources of Liquidity: (a) Internal - Ohel had current assets of $22,449,702 and $24,414,009 at the end of Fiscal Years ending 2022 and 2021 respectively. (b) External – Ohel has available a $6,000,000 revolving line of credit with Webster Bank, N.A. and another $2,750,000 revolving line of credit with Webster Bank, N.A. Ohel had outstanding approximately $2,750,000 of the lines on June 30, 2022.

(3) Known Trends or Uncertainties Likely to Have Impact on Revenue or Income: Ohel is not aware of any trends or uncertainties that have had or are reasonably likely to have a material impact on Ohel's revenue or income.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund raising, membership dues, and interest/investment for Fiscal Years 2022 and 2021 was $31,038,599 and $14,968,563, respectively. See Appendix C-VI for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally effects the revenue of this program. The number of persons served by Ohel's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of June 30, 2022 and June 30, 2021, Ohel had $9,138,606 and $10,843,802 in unrestricted cash and cash equivalents and $6,450,144 and $7,247,742 in net program receivable, respectively.

As of June 30, 2022, Ohel had an available line of credit of $6,000,000 with Webster Bank, N.A., carrying a rate of interest of 5.25% and a $2,750,000 revolving line of credit with Webster Bank, N.A. carrying a rate of interest of 5.25%. $2,750,000 was outstanding on the line of credit as of June 30, 2022 The line of credit is secured by a security interest in all revenues, accounts and receipts of Ohel, which includes Public Funds, which constitutes a Prior Pledge as to such funds.

Long-Term Debt. As of June 30, 2022 and June 30, 2021, Ohel had $22,006,251 and $25,074,742, respectively, in outstanding long-term indebtedness including mortgages, notes and bonds payable, some of which debt is secured by a security interest in Ohel's Public Funds. See Note 11 of Ohel's Audited Financial Statement for Fiscal Years ending June 30, 2022 and June 30, 2021 under the title of "Mortgages and Bonds Payable." Ohel has not incurred additional long-term debt subsequent to June 30, 2022.

Prior Pledges. Ohel's line of credit for $2,750,000 with Webster Bank, N.A. is secured by a security interest in all revenues, accounts and receipts of Ohel, which includes Public Funds, which constitutes a Prior Pledge as to such funds. Of Ohel's total outstanding long-term debt as of June 30, 2022 and June 30, 2021 $19,835,399 and $21,123,705, respectively, is secured by a security interest in certain receivables of and real properties owned by Ohel, which may include Ohel's Public Funds, and thus constitutes a Prior Pledge as to such funds. Ohel's Prior Pledges as of March 31, 2023 amount to $19,239,000.

Contingencies; Pending or Potential Litigation. Except as set forth in the next paragraph, in the opinion of Ohel Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of Ohel to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might materially adversely affect the ability of Ohel to carry out the transactions contemplated in the Loan Agreement, the Mortgage and the Intercept Agreement.

Ohel is currently a defendant in four civil cases alleging molestation and abuse in a group home or by a foster parent. The alleged acts occurred in 1981, 1982, 1989, and 1990-1992, respectively, and the lawsuits have been filed under New York's Child Victims Act. The complaints seek compensatory, punitive and exemplary damages and attorneys' fees. Ohel is unable to identify its insurance carrier with respect to the lawsuits related to the alleged acts occurring in 1981 and 1982, the insurance carrier has denied coverage with respect to the lawsuit related to the alleged acts occurring from 1990-1992 and the insurance carrier will likely deny coverage with respect to the lawsuit related to the alleged acts occurring in 1989. Ohel has advised that in the lawsuit related to the alleged acts occurring in 1981 that no conferences have been held but case management orders have been issued; however no discovery has been conducted and therefore they are not in a position at the present time to provide any evaluation of the probability of a favorable or unfavorable outcome, or the amount or range of potential loss. Ohel has advised that in the lawsuit related to the alleged acts occurring in 1982 that no conferences have been held but discovery orders have been issued, but that only limited discovery has been conducted and therefore because discovery is continuing and they have not received all of the plaintiff's medical records, they are not in a position at the present time to provide any evaluation of the probability of a favorable or unfavorable outcome, or the amount or range of potential loss. Ohel has advised that in the lawsuit related to the alleged acts occurring in 1989 that case management orders have been issued; however little discovery has been conducted and therefore they are not in a position at the present time to provide any evaluation of the probability of a favorable or unfavorable outcome, or the amount or range of potential loss. Ohel has advised that in the lawsuit related to the alleged acts occurring from 1990-1992 that case management orders have been issued; however little discovery has been conducted and therefore they are not in a position at the present time to provide any evaluation of the probability of a favorable or unfavorable outcome, or the amount or range of potential loss.

Management.

Directors and Officers: The affairs of Ohel are governed by a Board of Directors of 43 members. The officers of the Board of Directors are comprised of: Moshe Zakheim and Elly Kleinman, Co-Chairman of the Board, Jay Kestenbaum and Mel Zachter, Co-Board Presidents, Jack Jaffa, Sol Mermelstein and Annette Rubin, Vice Presidents, Harry Schlachter, Treasurer, and Rabbi (Yitzchok) Fleischer, Secretary. Other members of the Board of Directors are: Cindy Becker, Shloime Dachs, Ben Englander, Reuven Hellman, Marc Herskowitz, Aryeh Jacobson, Danial Jacobson, Aaron Jungreis, Jay Kestenbaum, Elly Kleinman, Laizer Kornwasser, Andrew Krull, Irving Langer, Louis Libin, Rachel Marks, Chaim Mermelstein, Mark Newman, Stuart Pollak, Bruce Prince, Gidon Rothstein, Annette Rubin, Baila Sandhaus, Elaine Schickman, Fred Schulman, Jeffrey Schwartz, Karen Spitalnick, Barry Stern, Michelle Sulzberger, Saul Wasser, and Moshe Zakheim. The Board of Directors meets at least four times a year. Twenty-five percent (25%) of the members of the Board constitute a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers: David Mandel is the Chief Executive Officer of Ohel. He holds a Master of Business Administration and a Master of Arts in psychology from New York University and a Bachelor of Arts from Brooklyn College. Prior to working at Ohel, Mr. Mandel held senior management positions in the Manhattan, Queens and Long Island Regions of OPWDD.

Howard B. Lorch, CPA is the Chief Financial Officer of Ohel. Prior to joining Ohel, Mr. Lorch was a Partner of the accounting firm of Deloitte & Touche, LLP and held senior financial management positions at various publicly traded companies. Mr. Lorch holds a Masters in Business Administration from Columbia University and a Bachelor of Arts from Yeshiva University.

Continuing Disclosure.

As described in this paragraph, during the past five years, Ohel has failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with its previous continuing disclosure undertakings. Such failures include (i) late filing of its audited financial statements with respect to its Fiscal Year ended June 30, 2018; (ii) late filing of its audited financial statements with respect to its Fiscal Year ended June 30, 2019; and (iii) late filing of its audited financial statements with respect to its Fiscal Year ended June 30, 2020. Ohel has adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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YOUNG ADULT INSTITUTE, INC.

General Operations. Young Adult Institute, Inc. ("YAI") was founded in 1957. Today, YAI provides a wide range of in-home, residential, vocational training, educational and early intervention services to the developmentally disabled community of the State of New York. YAI's mission is to provide support and assistance to individuals with developmental and related disabilities and their families. To achieve its mission, YAI provides services whose goals are: (i) to assist individuals to develop to their fullest level of independence; (ii) to allow individuals choice in determining what their lives will be like; (iii) to help families stay together by providing relief, training and support of care givers which enhance the family's quality of life; and (iv) to provide excellent services as defined by the consumers of service. YAI is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Law.

The financial statements of YAI are prepared on a consolidated basis among YAI and its affiliates. However, the financial information in this Appendix is limited to the operations of YAI. Only YAI will have an obligation to make payments under the Loan Agreement.

YAI's funding sources for its 2022 Fiscal Year were: OPWDD (approximately 99.5%) and miscellaneous other sources (approximately 0.5%).

Description of Facilities and Financing Plan. DASNY will lend YAI $8,010,000 from the proceeds of the Series 2023 Bonds (the "YAI's Allocable Portion"). Such amount will be used to finance or refinance debt incurred in connection with the Facilities and Projects described below, as well as for related legal fees, costs of issuance and debt service reserve requirements.

- The "120-120 1/2 West 16th Street Facility" is comprised of two leased approximately 13,684 square-foot, 2-story buildings located at 120-120 1/2 West 16th Street, New York, New York. Approximately $6,034,929 will be used to finance the "120-120 1/2 West 16th Street Project," which consists of the rehabilitation of the 120-120 1/2 West 16th Street Facility for use as a residence for twenty-three adults with developmental disabilities.

- The "600 Deer Park Avenue Facility" (together with the 120-120 1/2 West 16th Street Facility, the "Facilities") is an approximately 2,550 square-foot, 2-story building located at 600 Deer Park Avenue, Babylon, New York. Approximately $1,221,759 will be used to finance the "600 Deer Park Avenue Project," which consists of the acquisition and rehabilitation of the 600 Deer Park Avenue Facility for use as a residence for six adults with developmental disabilities.

The remainder of YAI's Allocable Portion in the amount of approximately $753,312 will be used for legal fees, costs of issuance and debt service reserve requirements.

The governmental funding source for the Facilities is OPWDD and the Facilities are supported by PPAs, which YAI has received. This means the Facilities are pre-approved by OPWDD for reimbursement by OPWDD for principal and interest costs incurred in connection with the acquisition, lease and/or renovation and furnishing of the Facilities and financing or refinancing costs incurred in connection therewith.

The 600 Deer Park Avenue Facility is a New PPA Lien Project. The 120-120 1/2 West 16th Street Facility is not a New PPA Lien Project. See the information in this Official Statement entitled "PART 5 - SOURCES OF SERIES 2023 PARTICIPANT REVENUE - New York State Office for

People with Developmental Disabilities - PPA Regulatory Compliance Process" for further information concerning New PPA Lien Projects.

Certificates of Occupancy have been received from the applicable local jurisdictions for the 120-120 1/2 West 16th Street Facility, and YAI expects to receive the Certificates of Occupancy for the 600 Deer Park Avenue Facility in July 2023. YAI has received the two required Operating Certificates from OPWDD for the 120-120 1/2 West 16th Street Facility and expects to receive the 600 Deer Park Avenue Facility Operating Certificate in August 2023. See the information in this Official Statement entitled "PART 11 - BONDHOLDERS' RISKS - Completion of the Projects; Zoning; Certificate of Occupancy."

YAI owns the 600 Deer Park Avenue Facility, and YAI will grant DASNY a mortgage on the real property with respect to the 600 Deer Park Avenue Facility, a security interest in the furniture, fixtures and equipment financed with bond proceeds and constituting a portion of the 600 Deer Park Avenue Facility, and a lien on the Public Funds attributable to the 600 Deer Park Avenue Facility in order to secure YAI's Allocable Portion of the Series 2023 Bonds.

YAI leases the 120-120 1/2 West 16th Street Facility (the "Leased Facility"). YAI will collaterally assign to DASNY pursuant to a Collateral Assignment of Leases its right, title and interest (but not its obligations) in the lease for the Leased Facility and grant DASNY a lien on the Public Funds attributable to the Leased Facilities in order to secure YAI's Allocable Portion of the Series 2023 Bonds. The landlord under the lease for the Leased Facility has consented to such collateral assignment. The terms of the lease together with all lease renewal options available to YAI for the Leased Facility exceeds the term of YAI's Allocable Portion of the Series 2023 Bonds with respect to the Leased Facility. See the information in this Official Statement entitled "PART 11 – BONDHOLDERS' RISKS – Specific Risks Related to Series 2023 Leased Facilities."

Other Properties. YAI also owns approximately 91 and leases approximately 130 other properties in the Boroughs of New York City and Nassau, Rockland, Suffolk and Westchester Counties.

Employees. YAI employs approximately 1,678 full-time and 1,355 part-time employees in the State of New York**.** YAI expects that the operation of the Facilities will require it to employ 78 additional personnel.

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Debt Service Coverage.

Calculated in accordance with the definition set forth in the Loan Agreement between DASNY and YAI, the Actual Debt Service Coverage Ratio of YAI for Fiscal Year 2022 and the Pro Forma Debt Service Coverage Ratio (which includes YAI's Allocable Portion of the Series 2023 Bonds) are as follows:

	2022 Actual	**2022 Pro Forma**
Revenues	$218,355,026	$218,355,026
Expenses	229,851,380	229,851,380
Net Income (after adj.)	(11,496,354)	(11,496,354)
Less Nonoperating Revenue Items	0	0
Plus Nonoperating Expense Items	6,201,970	6,201,970
Plus Depreciation and Amortization	4,308,761	4,308,761
Plus Current Interest Expense	2,813,055	2,813,055
PPA Reimbursement	0	529,669
Cash Flow for Debt Service	1,827,433	2,357,102
Maximum Annual Debt Service (unaudited)	5,356,696	5,673,696
Debt Service Coverage Ratio (DSCR)*	0.3411	0.4154

*See "Management's Summary of Financial Information and Results of Operations - Management Discussion of Results of Operations – (3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income" below for further information on the failure of YAI to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio for its Fiscal Year 2022 and the steps being taken by YAI to be compliant with the 1:00 to 1:00 Total Debt Service Coverage Ratio as soon as possible, currently expected to be for Fiscal Year 2024.

Financials. Audited financial statements for YAI and its affiliates for the Fiscal Years ended June 30, 2020 and June 30, 2021 were audited by Marks Paneth, LLP and financial statements for YAI and its affiliates for the Fiscal Years ended June 30, 2022 were audited by Myer Hoffman McCann P.C. and are attached as Appendix B-VII. Interim unaudited financial information for YAI only prepared by YAI's Management covering the period from July 1, 2022 through March 31, 2023 is attached as Appendix C-VII. Significant accounting policies are contained in the notes to the audited financial statements, as well as Consolidating Statements for YAI and its affiliates.

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<u>Management's Summary of Financial Information and Results of Operations</u>.

Summary of Financial information for Prior Five Fiscal Years — All Funds.

The following is a summary of financial information for YAI for the most recently ended five (5) Fiscal Years for which audited financial statements were available and has been prepared by YAI's Management and derived from YAI's audited financial statements. The data contained in the following table should be read in conjunction with the audited financial statements and related notes presented in Appendix B-VII; audited financial statements for the Fiscal Years ended June 30, 2019 and June 30, 2018 are available upon request. Note that only the operations of YAI are presented below, which results may differ from the reported figures in the audited financial statements respecting YAI and all its affiliates.

	Fiscal Year Ended June 30,				
	2018	**2019**	**2020**	**2021**	**2022**
Current Assets Net	$58,845,012	$70,255,198	$82,242,516	$90,929,753	$78,889,259
Fixed Assets	35,493,589	41,829,121	49,246,310	52,305,469	54,700,523
Other	2,651,718	2,632,962	2,870,580	99,548,540	97,579,617
Total	96,990,319	114,717,281	134,359,406	242,783762	231,169,399
Current Liabilities	32,461,954	40,124,908	43,025,657	51,520,123	54,891,437
Other Liabilities	30,083,752	40,067,255	56,735,993	161,155,708	159,298,274
Net Assets	34,444,613	34,525,118	34,597,756	30,107,931	16,979,688
Total	96,990,319	114,717,281	134,359,406	242,783,762	231,169,399
Operating Revenue:					
Program Revenue	176,651,218	186,377,766	198,729,655	190,949,712	218,461,963
Nonprogram Revenue	1,577,624	2,113,759	3,667,539	4,699,603	(22,434)
Total	178,228,842	188,491,525	202,397,194	195,649,315	218,439,529
Operating Expenses	178,217,064	188,304,087	202,895,582	195,968,718	229,851,380
Change in Net Assets from Operations	11,778	187,438	(498,388)	(319,403)	(11,496,354)
Non-Operating Changes	0	(106,933)	571,026	(4,170,422)	(1,631,889)
Net Assets, Beginning of Year	34,432,835	34,444,613	34,525,118	34,597,756	30,107,931
Net Assets, End of Year	34,444,613	34,525,118	34,597,756	30,107,931	16,979,688
Cash & Equivalents	14,315,782	9,068,076	5,705,678	5,899,098	5,014,747

Management Discussion of Results of Operations.

(1) Known Trends or Uncertainties Likely to Have an Impact on Liquidity: Per the State's Enacted Budget for 2023-2024, YAI will receive a 4% COLA on all of its OPWDD funded programs to be paid retroactively to April 1, 2023. This additional funding is expected to generate an additional $8.5 million in annual revenues.

(2) Sources of Liquidity: (a) Internal - YAI had current assets of $54,891,437 and $51,520,123 at the end of Fiscal Years 2022 and 2021, respectively, (b) External - YAI has available a total $28 million working capital line of credit with Bank of America, N.A. and Israel Discount Bank of New York for operating expenses and a $10 million line of credit with Bank of America, N.A. and Israel Discount Bank of New York for acquisition and renovation of program sites.

(3) Known Trends or Uncertainties Likely to have an Impact on Revenue or Income: In Fiscal Year 2022, YAI experienced certain one-time expenses that had a large negative effect on its operations. These included the confluence of post-COVID monies ending while post-COVID expenses increased, along with unrealized investment losses, the effect of inflation on a non-cash pension calculation for a retired CEO, and some one-time legal expenses that were much higher than anticipated. After a change in CEO during Fiscal Year 2023, YAI made operational changes to address the challenges including a September 2022 hiring freeze on all non-direct care positions, closing three day habilitation sites, absorbing the operations into neighboring sites, reducing real estate obligations, and ceasing plans for new OPWDD programs not already in development. YAI failed to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio for its Fiscal Year 2022 and YAI does not expect to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio for its Fiscal Year 2023, but YAI does expect to meet the 1:00 to 1:00 Total Debt Service Coverage Ratio by mid-Fiscal Year 2024.

(4) Income or Loss from Sources Other than Continuing Operations: Income from contributions, fund-raising, and interest for Fiscal Years 2022 and 2021 were ($22,434) and $4,699,603, respectively. See Appendix C-VII for interim unaudited financial information through March 31, 2023.

(5) Causes for Changes in Financial Statements: Changes in the number of persons served in a particular program normally affect the revenues of the program. The number of persons served by YAI's total operations have not materially increased or decreased in recent years.

Liquidity and Capital Resources. As of June 30, 2022 and June 30, 2021, YAI had $5,014,747 and $5,899,098 in unrestricted cash and cash equivalents and $42,278,803 and $43,317,798 in net accounts receivable, respectively.

As of March 31, 2023, YAI has available a $28 million working capital line of credit with Bank of America, N.A. and Israel Discount Bank of New York for operating expenses. The line of credit is secured by a lien on YAI's accounts receivable and all of its assets, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. There was an outstanding balance of $27,970,000 as of March 31, 2023.

As of March 31, 2023, YAI has available a $10 million line of credit with Bank of America, N.A. and Israel Discount Bank of New York for the acquisition and renovation of program sites. Upon receipt of PPAs from New York State, the funds drawn down on this line are converted into notes secured by related real property and accounts, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. There was a collective balance of $6,713,692 on 3 outstanding notes as of March 31, 2023.

Long-Term Debt. As of June 30, 2022 and June 30, 2021, YAI had $62,159,633 and $62,364,835, respectively, in outstanding long-term indebtedness including mortgages, bonds and capital leases payable, some of which debt is secured by a security interest in YAI's Public Funds. See Note 7 of YAI's Audited Financial Statement for Fiscal Year ending June 30, 2022 under the title "Notes and Mortgages Payable." YAI has not incurred additional long-term debt subsequent to June 30, 2022.

Prior Pledges. YAI's working capital line of credit for $28 million with Bank of America, N.A. and Israel Discount Bank of New York and YAI's line of credit for $10 million with Bank of America, N.A. and Israel Discount Bank of New York are secured by a lien on YAI's investment accounts, accounts receivable and real property, which include Public Funds, and thus constitutes a Prior Pledge as to such funds. Of YAI's total outstanding long-term debt as of June 30, 2022 and June 30, 2021, $60,413,195 and $59,706,763 is secured by a security interest in certain receivables of and real properties owned by YAI, which may include YAI's Public Funds, and thus constitutes a Prior Pledge as to such funds. YAI's total Prior Pledges (including short term and long term debt) as of March 31, 2023 amount to $76,338,837.

Contingencies; Pending or Potential Litigation. According to YAI's Management, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened to challenge the authority or ability of YAI to continue to operate its facilities or to challenge title to its properties or seeking damages in excess of applicable insurance coverage or wherein an adverse determination might, in the opinion of YAI Management, materially adversely affect the ability of YAI to carry out the transactions contemplated in the Loan Agreement, the Mortgage, the Collateral Assignment of Leases and the Intercept Agreements.

Management.

Directors and Officers of YAI: The affairs of YAI are governed by a Board of Trustees of not less than five and up to fifty persons. The officers are comprised of: Jeffery Mordos, Chairman, David Stafford, Vice Chairman, and Kevin Hogan, Treasurer. Other members of the Board are Jeffrey Lieberman, Lewis Lindenberg, Holly Macdonald, Alina Ramos, Richard Rosenbaum and Frederick Royall III. A presence of at least seven members of the Board constitutes a quorum. The members of the Board serve without compensation.

Executive and Administrative Officers of YAI: Kevin Carey is the Interim Chief Executive Officer of YAI. Having served as YAI's Chief Financial Officer (2016), Mr. Carey brings to the role an extensive knowledge of the organization's inner workings and infrastructure. Prior to joining YAI, Mr. Carey was the Deputy Director of Financial Operations and Business Development at Children's Aid Society. YAI has several other key employees including Vanda Angelillo, Acting Chief Financial Officer, and Ravi Dahiya, Chief Program Officer.

Continuing Disclosure.

As described in this paragraph, during the past five years, YAI failed to provide certain secondary market disclosure pursuant to Rule 15c2-12 in connection with its previous continuing disclosure undertakings. Such failures include (i) late filings of its audited financial statements and Annual Information with respect to its Fiscal Year ended June 30, 2018 and (ii) late filing of its audited financial statements with respect to its Fiscal Year ended June 30, 2020. YAI has adopted procedures to ensure the timely filing of required information pursuant to its continuing disclosure undertakings in the future.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF SERIES 2023 PARTICIPANTS

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APPENDIX B-I

CITIZENS OPTIONS UNLIMITED, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020)

AND

COMMUNITY SERVICES SUPPORT CORPORATION

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020)

AND

NASSAU COUNTY AHRC FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020)

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2022

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2022

Contents

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Independent Auditor's Report

The Board of Directors
Citizens Options Unlimited, Inc. and Affiliate
Brookville, New York

Opinion

We have audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate (Citizens), which comprise the consolidating statement of financial position as of December 31, 2022, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the financial position of Citizens as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Citizens and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating 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 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 consolidating financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 Citizens' 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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizens' 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.

Report on Summarized Comparative Information

We have previously audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate and our report, dated May 31, 2022, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

BDO USA, LLP

June 1, 2023

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Financial Position
(with comparative totals for 2021)

December 31,

	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total 2022	Total 2021
Assets					
Current					
Cash and cash equivalents	$ 8,282,620	$ 67,534	$ -	**$ 8,350,154**	$ 11,721,809
Investments, at fair value	28,840	-	-	**28,840**	38,848
Accounts receivable, net	10,106,211	9,500	-	**10,115,711**	9,681,910
Due from controlled affiliated organization	190,114	-	(190,114)	**-**	-
Prepaid expenses and other assets	169,739	308	-	**170,047**	310,052
Total Current Assets	18,777,524	77,342	(190,114)	**18,664,752**	21,752,619
Restricted Cash and Restricted Cash Equivalents	-	37,255	-	**37,255**	31,105
Deferred Charges	154,943	-	-	**154,943**	69,201
Finance Lease Right-of-Use Assets, Net	8,901,543	-	-	**8,901,543**	8,552,830
Assets Held for Specific Purpose	171,078	-	-	**171,078**	178,068
Fixed Assets, Net	4,814,469	2,550,561	-	**7,365,030**	7,068,720
Total Assets	$ 32,819,557	$ 2,665,158	$ (190,114)	**$ 35,294,601**	$ 37,652,543
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 1,939,205	$ 16,000	$ -	**$ 1,955,205**	$ 1,989,351
Salaries payable, accrued payroll taxes and benefits	5,580,788	-	-	**5,580,788**	4,615,695
Due to non-controlled affiliated organizations, current portion	1,103,349	-	-	**1,103,349**	402,809
Due to controlled affiliated organization	-	190,114	(190,114)	**-**	-
Finance lease liabilities, current portion	927,172	-	-	**927,172**	1,011,131
Paycheck Protection Program loan, current portion	-	-	-	**-**	535,596
Due to New York State OPWDD	3,152,395	-	-	**3,152,395**	2,530,351
Total Current Liabilities	12,702,909	206,114	(190,114)	**12,718,909**	11,084,933
Reserve for Potential Liabilities	5,099,668	-	-	**5,099,668**	5,006,028
Finance Lease Liabilities, net of current portion	7,924,357	-	-	**7,924,357**	7,420,767
Due to Non-Controlled Affiliated Organizations, net of current portion	-	1,078,948	-	**1,078,948**	1,185,825
Paycheck Protection Program Loan, net of current portion	-	-	-	**-**	7,346,262
Deferred Compensation Payable	171,078	-	-	**171,078**	178,068
Total Liabilities	25,898,012	1,285,062	(190,114)	**26,992,960**	32,221,883
Commitments and Contingencies					
Net Assets					
Without donor restrictions	6,181,064	(16,304)	-	**6,164,760**	3,364,259
With donor restrictions	740,481	1,396,400	-	**2,136,881**	2,066,401
Total Net Assets	6,921,545	1,380,096	-	**8,301,641**	5,430,660
Total Liabilities and Net Assets	$ 32,819,557	$ 2,665,158	$ (190,114)	**$ 35,294,601**	$ 37,652,543

See accompanying notes to consolidating financial statements.

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Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Activities
(with comparative totals for 2021)

Year ended December 31,

	Citizens Options Unlimited, Inc.			Affiliate				Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	**2022**	2021
Revenue									
Program service revenue:									
Intermediate care facility	$ 37,285,708	$ -	$ 37,285,708	$ -	$ -	$ -	$ -	**$ 37,285,708**	$ 35,182,812
Residential	20,654,802	-	20,654,802	-	-	-	-	**20,654,802**	18,576,697
Camp Loyaltown	924,303	-	924,303	-	-	-	-	**924,303**	487,344
Crisis respite	687,358	-	687,358	-	-	-	-	**687,358**	799,166
Family support	253,532	-	253,532	-	-	-	-	**253,532**	73,117
Self-direction	3,112,403	-	3,112,403	-	-	-	-	**3,112,403**	1,921,717
Conditional contributions	9,379,467	-	9,379,497	-	-	-	-	**9,379,467**	-
Total Program Service Revenue	72,297,573	-	72,297,573	-	-	-	-	**72,297,573**	57,040,853
Contributions	59,492	70,480	129,972	-	-	-	-	**129,972**	196,325
CARES Act funding	-	-	-	-	-	-	-	**-**	1,318,203
Rental income	-	-	-	87,579	-	87,579	(45,859)	**41,720**	41,994
Other revenue (expenses)	294,754	-	294,754	67,942	-	67,942	(66,877)	**295,819**	124,031
Total Revenue	72,651,819	70,480	72,722,299	155,521	-	155,521	(112,736)	**72,765,084**	58,721,406
Expenses									
Program services:									
Intermediate care facility	41,397,282	-	41,397,282	-	-	-	-	**41,397,282**	33,182,834
Residential	23,749,378	-	23,749,378	162,754	-	162,754	(112,736)	**23,799,396**	17,264,767
Camp Loyaltown	2,495,129	-	2,495,129	-	-	-	-	**2,495,129**	1,212,600
Crisis respite	1,319,027	-	1,319,027	-	-	-	-	**1,319,027**	976,415
Family support	472,992	-	472,992	-	-	-	-	**472,992**	94,002
Self-direction	3,205,082	-	3,205,082	-	-	-	-	**3,205,082**	1,847,245
Total Program Services Expenses	72,638,890	-	72,638,890	162,754	-	162,754	(112,736)	**72,688,908**	54,577,863
Supporting services:									
Management and general	5,125,504	-	5,125,504	26,294	-	26,294	-	**5,151,798**	3,321,316
Total Supporting Services Expenses	5,125,504	-	5,125,504	26,294	-	26,294	-	**5,151,798**	3,321,316
Total Expenses	77,764,394	-	77,764,394	189,048	-	189,048	(112,736)	77,840,706	57,899,179
Change in Net Assets, before investment income, net and forgiveness of debt	(5,112,575)	70,480	(5,042,095)	(33,527)	-	(33,527)	-	**(5,075,622)**	822,227
Investment Income, Net	64,745	-	64,745	-	-	-	-	**64,745**	5,442
Forgiveness of Debt	7,881,858	-	7,881,858	-	-	-	-	**7,881,858**	-
Change in Net Assets	2,834,028	70,480	2,904,508	(33,527)	-	(33,527)	-	**2,870,981**	827,669
Net Assets, beginning of year	3,347,036	670,001	4,017,037	17,223	1,396,400	1,413,623	-	**5,430,660**	4,602,991
Net Assets, end of year	$ 6,181,064	$ 740,481	$ 6,921,545	$ (16,304)	$ 1,396,400	$ 1,380,096	$ -	**$ 8,301,641**	$ 5,430,660

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Functional Expenses
(with comparative totals for 2021)

Year ended December 31,

	Program Services								Supporting Services				Total	
	Intermediate Care Facility	Residential	Camp Loyaltown	Crisis Respite	Family Support	Self-Direction	Affiliate	Total Program Services	Management and General	Affiliate	Total Supporting Services	Eliminations	**2022**	2021
Salaries	$ 26,477,918	$ 15,013,135	$ 825,986	$ 812,576	$ 297,488	$ 1,487,052	$ -	$ 44,914,155	$ 152,620	$ -	$ 152,620	$ -	**$ 45,066,775**	$ 30,726,952
Payroll taxes	2,773,955	1,507,022	105,611	73,527	31,524	160,084	-	4,651,723	18,578	-	18,578	-	**4,670,301**	3,322,616
Employee health and retirement benefits	3,996,641	2,225,441	129,690	115,853	43,728	219,771	-	6,731,124	19,866	-	19,866	-	**6,750,990**	5,863,350
Total Personnel Services	33,248,514	18,745,598	1,061,287	1,001,956	372,740	1,866,907	-	56,297,002	191,064	-	191,064	-	**56,488,066**	39,912,918
Other Expenses														
Contracted services	1,473,111	652,893	76,610	72,124	1,993	284,302	-	2,561,033	131,781	-	131,781	-	**2,692,814**	2,787,401
Professional fees	7,485	7,194	150,943	-	-	-	-	165,622	379,241	26,294	405,535	-	**571,157**	196,557
Utilities	461,037	290,660	102,571	11,867	695	72,019	-	938,849	-	-	-	-	**938,849**	701,359
Transportation	106,715	142,642	44,848	1,808	32	95,502	-	391,547	-	-	-	-	**391,547**	254,585
Staff travel	58,768	8,132	12,672	259	126	28	-	79,985	-	-	-	-	**79,985**	40,012
Repairs and maintenance	652,507	559,465	124,083	32,823	7,093	5,675	104,528	1,486,174	6,079	-	6,079	-	**1,492,253**	1,156,331
Equipment purchases	246,980	180,149	22,479	29,301	1,481	240	-	480,630	-	-	-	-	**480,630**	290,659
Supplies	825,991	359,366	64,731	15,843	297	333,364	-	1,599,592	-	-	-	-	**1,599,592**	1,309,804
Participant incidentals	368,553	75,284	28,020	1,714	3,448	287,074	-	764,093	-	-	-	-	**764,093**	556,883
Food	510,716	467,504	121,857	21,264	47	3	-	1,121,391	-	-	-	-	**1,121,391**	854,339
Rent and lease expense	224,000	330,921	307,945	4,131	6,473	169,612	-	1,043,082	-	-	-	(112,736)	**930,346**	1,177,411
Recruiting and staff development	344,715	255,634	101,533	7,153	575	63,032	-	772,642	-	-	-	-	**772,642**	485,347
Fees, licenses, and permits	24,177	9,989	4,247	505	65,203	152	-	104,273	249,928	-	249,928	-	**354,201**	220,871
NYS health facility assessment	1,501,432	-	-	-	-	-	-	1,501,432	-	-	-	-	**1,501,432**	1,893,671
Insurance	671,736	349,622	35,524	16,755	6,153	7,422	-	1,087,212	58,195	-	58,195	-	**1,145,407**	1,113,520
Management fee	-	-	-	-	-	-	-	-	4,109,216	-	4,109,216	-	**4,109,216**	3,025,000
Depreciation and amortization	540,420	948,018	174,812	67,690	1,536	7,915	58,226	1,798,617	-	-	-	-	**1,798,617**	1,453,652
Interest	18,717	305,024	3,266	32,773	78	2,763	-	362,621	-	-	-	-	**362,621**	320,733
Bad debt expense	78,364	944	47,200	-	4,816	8,828	-	140,152	-	-	-	-	**140,152**	50,999
Miscellaneous	33,344	60,339	10,501	1,061	206	244	-	105,695	-	-	-	-	**105,695**	97,127
Total Expenses	$ 41,397,282	$ 23,749,378	$ 2,495,129	$ 1,319,027	$ 472,992	$ 3,205,082	$ 162,754	$ 72,801,644	$ 5,125,504	$ 26,294	$ 5,151,798	$ (112,736)	**$ 77,840,706**	$ 57,899,179

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Cash Flows
(with comparative totals for 2021)

Year ended December 31,

	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total 2022	Total 2021
Cash Flows from Operating Activities					
Change in net assets	$ 2,904,508	$ (33,527)	$ -	**$ 2,870,981**	$ 827,669
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:					
Depreciation and amortization	1,740,391	58,226	-	**1,798,617**	1,453,652
Realized (gain) loss on investments	(165)	-	-	**(165)**	279
Unrealized loss on investments	1,294	-	-	**1,294**	932
Provision for bad debts	140,152	-	-	**140,152**	50,999
Forgiveness of debt	(7,881,858)	-	-	**(7,881,858)**	-
(Increase) decrease in operating assets:					
Accounts receivable	(578,038)	4,085	-	**(573,953)**	(141,939)
Due from controlled affiliated organization	(78,168)	-	78,168	**-**	-
Prepaid expenses and other assets	140,006	(1)	-	**140,005**	96,252
Deferred charges	(85,742)	-	-	**(85,742)**	-
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	(39,646)	5,500	-	**(34,146)**	(1,144,157)
Salaries payable, accrued payroll taxes and benefits	965,093	-	-	**965,093**	(525,244)
Due to non-controlled affiliated organizations	700,540	(106,877)	-	**593,663**	(72,116)
Due to controlled affiliated organization	-	78,168	(78,168)	**-**	-
Due to New York State OPWDD	622,044	-	-	**622,044**	331,075
Reserve for potential liabilities	93,640	-	-	**93,640**	487,612
Net Cash (Used in) Provided by Operating Activities	(1,355,949)	5,574	-	**(1,350,375)**	1,365,014
Cash Flows from Investing Activities					
Purchases of fixed assets	(889,272)	-	-	**(889,272)**	(910,227)
Proceeds from sale of investments	8,879	-	-	**8,879**	21,177
Net Cash Used in Investing Activities	(880,393)	-	-	**(880,393)**	(889,050)
Cash Flows from Financing Activities					
Proceeds from Paycheck Protection Program loan	-	-	-	**-**	7,881,858
Repayments of finance lease liabilities	(1,134,737)	-	-	**(1,134,737)**	(952,060)
Net Cash (Used in) Provided by Financing Activities	(1,134,737)	-	-	**(1,134,737)**	6,929,798
Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	(3,371,079)	5,574	-	**(3,365,505)**	7,405,762
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year	11,653,699	99,215	-	**11,752,914**	4,347,152
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	$ 8,282,620	$ 104,789	$ -	**$ 8,387,409**	$ 11,752,914
Supplemental Disclosure of Cash Flow Information					
Acquisition of property through finance leases	$ 1,554,368	$ -	$ -	**$ 1,554,368**	$ 1,318,002
Cash paid for interest	362,621	-	-	**362,621**	320,773

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

1. Description of Organization

Citizens Options Unlimited, Inc. (Citizens Options) provides individualized residential alternative services (IRA), residential respite services, intermediate care facility services (ICF), and family support services for individuals with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of Citizens Options. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to Citizens Options' by-laws and may elect members of its Board of Directors. Citizens Options is affiliated with Community Services Support Corporation (CSSC); Brookville Center for Children's Services, Inc. (BCCS); Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of CSSC, BCCS, LCDX, and MCP. CSSC holds title to and maintains properties for various programs, such as residential facilities for the developmentally disabled. Citizens Options' programs utilize various facilities and residential sites owned by CSSC. See Note 18 for more information regarding leases with CSSC.

MRCS V, Inc. (MRCS V) is a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for twelve developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, Supportive Housing for Persons with Disabilities.

2. Principles of Consolidation

The accompanying consolidating financial statements include the accounts of Citizens Options and MRCS V (collectively, Citizens). Citizens Options is the sole member of MRCS V and appoints the Board of Directors of MRCS V. All material intercompany transactions and balances have been eliminated in the consolidating financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidating financial statements have been prepared on the accrual basis of accounting. In the consolidating statement of financial position, assets, and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be reported in a statement of financial position and that the amounts of change in each of those classes of net assets be reported in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of Citizens.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Citizens 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidating statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Citizens to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. As of December 31, 2022, Citizens has net assets with donor restrictions held in perpetuity of $95,298. See Note 17 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the consolidating statement of cash flows, Citizens considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2022, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidating statement of financial position.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31, 2022

	Citizens Options Unlimited, Inc.	Affiliate	Total
Cash and cash equivalents	$ 8,282,620	$ 67,534	$ 8,350,154
Restricted cash and restricted cash equivalents	-	37,255	37,255
Total	$ 8,282,620	$ 104,789	$ 8,387,409

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Citizens would use in pricing Citizens' asset or liability based on independently derived and

observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Citizens are traded. Citizens estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidating statement of activities as increases or decreases in net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, Citizens analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses, and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation and amortization. Citizens capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Buildings and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by the New York State Office for People with Developmental Disabilities (OPWDD) over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. Citizens records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. Citizens expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

Citizens reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2022, there have been no such losses.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services to individuals with developmental disabilities, mental health services, as well as other services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, Citizens submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. Citizens measures revenue from the commencement of services to the continuation of services and until services are no longer required. Citizens believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, Citizens has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York state, and Citizens will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and Citizens considers these amounts in determination of the transaction price. Citizens determines its estimates of contractual adjustments based on contractual agreements, its policies and historical experience. Citizens determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. Citizens is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidating financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, Citizens utilizes the portfolio approach for analyzing the revenue contracts in accordance with ASC 606. Citizens accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. Citizens considers the similar nature and characteristics of the contract and customers in using the portfolio approach. Citizens believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Citizens program service fee revenue disaggregated by payor:

Year ended December 31, 2022	
Medicaid	$ 41,892,829
OPWDD	1,033,392
Other	790,637
Private pay	204,763
Social Security Administration	1,567,675
Partners Health Plan, Inc.	17,428,810
	$ 62,918,106

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Conditional promises to give are not included as support until such time as the conditions are substantially met. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before an organization is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of releases of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

During the year ended December 31, 2022, Citizens Options received $9,379,467 of Federal Medical Assistance Percentage (FMAP) funding that was designated under Section 9817 of the American Rescue Plan Act of 2021. These monies, which were received by Citizens Options from OPWDD, are to be paid to eligible employees as workforce stabilization bonuses. As this is a nonexchange transaction in which no commensurate value is exchanged, they will be accounted for as a conditional contribution in accordance with ASC Topic 958, *Not-for-Profit Entities*. During the year ended December 31, 2022, $9,379,467 was distributed to employees as workforce stabilization bonuses and is included in conditional contributions in the accompanying consolidating statement of activities and is included in salaries and payroll taxes in the accompanying consolidating statement of functional expenses.

Rental Income

MRCS V's revenue is derived principally from the renting of two houses under one-year operating leases to twelve eligible, very low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

Citizens follows the provisions of ASC 958, *Not-for-Profit Entities*, related to enhanced disclosures for all endowment funds. Citizens has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, Citizens classifies the portion of endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by Citizens. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose restriction also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject Citizens to concentration of credit risk consist primarily of cash and cash equivalents. At times, Citizens has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits (FDIC). These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. As of December 31, 2022, Citizens had approximately $3,034,000 on deposit with Signature Bank (Signature). On March 12, 2023, Signature was closed by the New York State Dept. of Financial Services (NYSDFS) and the FDIC was named Receiver. Prior to the closure of

Signature by the NYSDFS, on March 10, 2023, Citizens withdrew all of their funds on deposit with Signature.

Use of Estimates

The preparation of the consolidating financial statements is in conformity with accounting principles generally accepted in the United States of America (GAAP) and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Citizens is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York state. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for 2022.

Citizens adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on Citizens' consolidating financial statements. Citizens does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. Citizens has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Citizens has filed Internal Revenue Service (IRS) form 990, tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2022, there was no interest or penalties recorded or included in the consolidating statement of activities. Citizens is subject to routine audits by taxing authorities. As of December 31, 2022, Citizens was not subject to any examination by a taxing authority.

Comparative Financial Information

The consolidating financial statements include certain prior year summarized comparative information. With respect to the consolidating statement of financial position and consolidating statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidating statement of functional expenses, the prior-year expenses are presented by asset classification in total rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Citizens' consolidating financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Risks and Uncertainties - Investments

Citizens Options' investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidating financial statements.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial assets recognized, a not-for- profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, Fair Value Measurement, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. ASU 2020-07 does not change existing recognition and measurement requirements for contributed nonfinancial assets and was adopted by Citizens for the year ended December 31, 2022. The adoption of the ASU did not have a material impact on Citizens' consolidating financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. Citizens is currently evaluating the impact of this ASU on its consolidating financial statements and footnote disclosures.

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4. Liquidity and Availability of Resources

Citizens' financial assets available within one year of the consolidating statement of financial position date for general expenditures are as follows:

Year ended December 31, 2022

	Citizens Options Unlimited, Inc.	Affiliates	Eliminations	Total
Cash and cash equivalents	$ 8,282,620	$ 67,534	$ -	$ 8,350,154
Investments, at fair value	28,840	-	-	28,840
Accounts receivable, net	10,106,211	9,500	-	10,115,711
Total Financial Assets Available to Management for General Expenditure Within One Year	18,417,671	77,034	-	18,494,705
Less: amounts unavailable for general expenditures within one year, due to: Restricted by donor with time or purpose restrictions	(740,481)	(1,396,400)	-	(2,136,881)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 17,677,190	$ (1,319,366)	$ -	$ 16,357,824

Liquidity Management

As part of Citizens' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management continually evaluates the timing of estimated collections of accounts receivable and manages cash disbursement to ensure the availability of cash to meet its operating needs. Additionally, Citizens has an available $2.0 million line of credit. As the sole member of Citizens Options, the Foundation is capable of supporting Citizens Options' additional cash flow requirements.

As referenced in Note 10, MRCS V has received $1,396,400 from HUD, which has been restricted due to time restrictions. This represents capital advances that are not required to be repaid, as long as certain time restrictions are met. See Note 10 for more information.

5. Financial Assets, at Fair Value

Citizens Options' financial assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 3 for a discussion of Citizens Options' policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Citizens Options' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

A description of the valuation techniques applied to Citizens Options' financial assets measured at fair value are as follows:

Mutual Funds - Citizens Options has investments in publicly traded mutual funds, which are carried at their aggregate market value, as determined by quoted market prices. These investments are classified as Level 1.

Guaranteed Investment Contract - Citizens Options has an investment in a guaranteed investment contract. The investment is stated at contract value, which approximates fair value. The contract value equals the accumulated cash contributions, interest credited to the account, and transfers, if any, less any withdrawals and transfers. These investments are classified as Level 2.

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value are as follows:

December 31, 2022

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Investments, at fair value:				
Government securities	$ -	$ 28,840	$ -	$ 28,840
Total Investments, at fair value	-	28,840	-	28,840
Assets Held for Specific Purpose, at fair value:				
Mutual funds	159,545	-	-	159,545
Guaranteed investment contract	-	11,533	-	11,533
Total Assets Held for Specific Purpose, at fair value	159,545	11,533	-	171,078
Total	$ 159,545	$ 40,373	$ -	$ 199,918

There have been no changes in the methodologies used at December 31, 2022. There were no transfers between levels during the year ended December 31, 2022.

Investment income, net, is as follows:

Year ended December 31, 2022	
Interest and dividends	$ 66,389
Unrealized loss	(1,294)
Realized gain	165
Direct investment expenses	(515)
	$ 64,745

6. Accounts Receivable, Net

Citizens Options' accounts receivable, net, consists of the following:

December 31, 2022

	Citizens Options Unlimited, Inc.	Affiliate	Total
Intermediate care facility	$ 3,242,006	$ -	$ 3,242,006
Residential	3,272,230	-	3,272,230
Camp Loyaltown	516,894	-	516,894
Crisis respite	112,901	-	112,901
Family support	108,360	-	108,360
Self-direction	612,296	-	612,296
Miscellaneous	2,241,524	9,500	2,251,024
	$ 10,106,211	$ 9,500	$ 10,115,711

7. Assets Held for Specific Purpose and Deferred Compensation Payable

Citizens Options maintains a non-qualified 457(b) deferred compensation plan (the Plan) for certain employees. Pursuant to the Plan agreement, the Plan's assets are considered general assets of Citizens Options until the assets are distributed to the respective beneficiaries. As a result, the Plan's net assets available for benefits of $171,078 as of December 31, 2022 are classified as assets held for specific purposes and deferred compensation payable in the consolidating statement of financial position.

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8. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2022

	Citizens Options Unlimited, Inc.	Affiliate	Total
Land	$ -	$ 600,000	$ 600,000
Buildings and leasehold improvements	5,938,762	2,329,026	8,267,788
Equipment	2,559,683	26,106	2,585,789
	8,498,445	2,955,132	11,453,577
Less: accumulated depreciation and amortization	(3,683,976)	(404,571)	(4,088,547)
	$ 4,814,469	$ 2,550,561	$ 7,365,030

Depreciation and amortization expense for the year ended December 31, 2022 related to fixed assets was $592,962.

9. Due to Non-Controlled Affiliated Organizations

Certain administrative services are provided by NYSARC, Inc. Nassau County Chapter (AHRC Nassau), a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which Citizens incurred management fees of $4,109,216 for the year ended December 31, 2022. Payments are made to AHRC Nassau throughout the year. The remaining amounts payable to AHRC Nassau are included in due to non-controlled affiliated organizations in the consolidating statement of financial position.

10. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which they purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, so long as the housing remains available to eligible, very low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions (see Note 16).

11. Line of Credit

As of December 31, 2022, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that Citizens Options comply with certain financial covenants. Citizens Options was in compliance with its financial covenants as of December 31, 2022. The line of credit bears interest at the prevailing prime rate (such rate being 7.5% at December 31, 2022). As of December 31, 2022, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as

determined by the lender. The agreement can be terminated at any time by either Citizens or the lender.

12. Retirement Expense

A defined contribution plan (the 403(b) Plan), as defined by IRC Section 403(b), is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period, and have 1,000 hours of credited service. Annual employer contributions to the 403(b) Plan represented 4% of total eligible salaries for all employees covered. Retirement expense for the year ended December 31, 2022 was approximately $1,142,000 and has been accrued as part of salaries payable, accrued payroll taxes and benefits on the consolidating statement of financial position.

13. Due to New York State OPWDD

Citizens Options has entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes, and operations. Citizens Options has agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

14. Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. On May 26, 2021, Citizens Options received funds of $7,881,858 from the SBA PPP. In July 2022 Citizens Options received full forgiveness in the amount of $7,881,858 of its PPP loan from their lender and the SBA. The application for these PPP loan funds required Citizens Options to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Citizens Options. This certification further required Citizens Options to take into account its current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on Citizens Options having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The forgiveness of this loan has been included in forgiveness of debt on the accompanying consolidating statement of activities.

15. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive rate adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review, or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of approximately $5,100,000 as of December 31, 2022.

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2022

	Citizens Options Unlimited, Inc.	Affiliate	Total
Subject to expenditure for specified purpose or period:			
HUD time restrictions	$ -	$ 1,396,400	$ 1,396,400
Camp Loyaltown general purposes	415,264	-	415,264
ICF services	50,401	-	50,401
Other	179,518	-	179,518
Endowment	95,298	-	95,298
	$ 740,481	$ 1,396,400	$ 2,136,881

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor. There were no net assets released from restrictions during the year.

17. Endowment

Citizens Options received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts as allowing Citizens to appropriate for expenditure or accumulate earnings as Citizens determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Citizens has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens.

Investment and Spending Policies - Citizens has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of Citizens and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of Citizens.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens.
- The investment policy of Citizens.

The following represents the composition of endowment net assets by fund type:

December 31, 2022

	With Donor Restrictions	Total
Endowment funds	$ 95,298	$ 95,298

The change in endowment net assets was as follows:

Year ended December 31, 2022

	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 95,298	$ 95,298
Endowment Net Assets, end of year	$ 95,298	$ 95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2022.

18. Leases

Citizens has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), Citizens records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless Citizens is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease when readily determinable. For leases for which a discount rate is not readily available, Citizens has elected to use the incremental borrowing rate based on the information available at the lease inception date. Citizens has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, Citizens accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. Citizens has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the statement of financial position. Rent expense for leases with terms of 12 months or less was approximately $930,000 for the year ended December 31, 2022 and is included in the consolidating statement of functional expenses. Additionally, rental income for leases with terms of 12 months or less was approximately $42,000 for the year ended December 31, 2022 and is included in rental income on the consolidating statement of activities.

Finance Leases - Lessee

Citizens leases various buildings and vehicles under finance leases. These leases are deemed to be finance leases based on the underlying terms of the agreement and the criteria included in ASC 842. The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest rates ranging from 3.25% to 4.75% per annum.

The following tables summarize information related to the lease assets and liabilities as of and for the year ended December 31, 2022:

Year ended December 31, 2022		
Lease costs:		
Finance lease cost:		
Amortization of right-of-use assets	$	1,205,655
Interest on lease liabilities		362,621
Total Lease Cost	$	1,568,276

December 31, 2022		
Right-of-use assets and liabilities:		
Finance lease right-of-use assets, net	$	8,901,543
Finance lease liabilities		8,851,529

Year ended December 31, 2022		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	1,134,737

Weighted-average remaining lease term – finance leases	39.91 years
Weighted-average discount rate – finance leases	4.00%

For finance leases, right-of-use assets are recorded in finance lease right-of-use assets, net and lease liabilities are recorded in finance lease liabilities in the accompanying statement of financial position. Amortization expense is recorded as a component of depreciation and amortization expense and interest expense is recorded as a component of interest expense in the consolidating statement of functional expenses.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2022:

Year ending December 31,		
2023	$	1,356,278
2024		1,127,689
2025		912,837
2026		847,608
2027		732,134
Thereafter		8,663,952
Total Minimum Lease Payments		13,640,498
Less: amounts representing interest		(4,788,969)
Present Value of Net Minimum Lease Payments		8,851,529
Less: current portion		(927,172)
	$	7,924,357

Leases with CSSC - Lessee

Citizens rents various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842 and are included with the finance leases listed above. For the year ended December 31, 2022, the portion of finance leases between Citizens and CSSC included above, which have been recorded as finance lease right-of-use assets, totaled $8,600,488 and finance lease liabilities totaled $8,536,731.

19. Commitments and Contingencies

Legal Matters

Citizens is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.

Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

Guarantees of Non-Controlled Affiliated Organizations Obligations

Citizens Options unconditionally guarantees separate line of credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2022, there was no outstanding balance under the BCCS line of credit and there was approximately $3,415,000 outstanding under the CSSC line of credit. At December 31, 2022, there was no default of the terms of these agreements.

20. Subsequent Events

Citizens has performed subsequent events procedures through June 1, 2023, which is the date that the consolidating financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidating financial statements or disclosures as stated herein.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2021

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2021

Contents

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Independent Auditor's Report

The Board of Directors
Citizens Options Unlimited, Inc. and Affiliate
Brookville, New York

Opinion

We have audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate (Citizens), which comprise the consolidating statement of financial position as of December 31, 2021, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the financial position of Citizens as of December 31, 2021, and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Citizens and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and

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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 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 consolidating financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 Citizens' 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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizens' 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.

Report on Summarized Comparative Information

We have previously audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate and our report, dated May 28, 2021, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

BDO USA, LLP

May 31, 2022

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Financial Position
(with comparative totals for 2020)

December 31,

	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total 2021	Total 2020
Assets					
Current					
Cash and cash equivalents	$ 11,653,699	$ 68,110	$ -	$ **11,721,809**	$ 4,321,540
Investments, at fair value	38,848	-	-	**38,848**	61,236
Accounts receivable, net	9,668,325	13,585	-	**9,681,910**	9,590,970
Due from controlled affiliated organization	111,946	-	(111,946)	**-**	-
Prepaid expenses and other assets	309,745	307	-	**310,052**	406,304
Total Current Assets	21,782,563	82,002	(111,946)	**21,752,619**	14,380,050
Restricted Cash and Restricted Cash Equivalents	-	31,105	-	**31,105**	25,612
Deferred Charges	69,201	-	-	**69,201**	69,201
Finance Lease Right-of-Use Assets, Net	8,552,830	-	-	**8,552,830**	8,159,183
Assets Held for Specific Purpose	178,068	-	-	**178,068**	132,220
Fixed Assets, Net	4,459,933	2,608,787	-	**7,068,720**	6,687,790
Total Assets	$ 35,042,595	$ 2,721,894	$ (111,946)	$ **37,652,543**	$ 29,454,056
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 1,978,851	$ 10,500	$ -	$ **1,989,351**	$ 3,133,508
Salaries payable, accrued payroll taxes and benefits	4,615,695	-	-	**4,615,695**	5,140,939
Due to non-controlled affiliated organizations, current portion	402,809	-	-	**402,809**	1,660,750
Due to controlled affiliated organization	-	111,946	(111,946)	**-**	-
Finance lease liabilities, current portion	1,011,131	-	-	**1,011,131**	1,018,327
Paycheck Protection Program loan, current portion	535,596	-	-	**535,596**	
Due to New York State OPWDD	2,530,351	-	-	**2,530,351**	2,199,276
Total Current Liabilities	11,074,433	122,446	(111,946)	**11,084,933**	13,152,800
Reserve for Potential Liabilities	5,006,028	-	-	**5,006,028**	4,518,416
Finance Lease Liabilities, net of current portion	7,420,767	-	-	**7,420,767**	7,047,629
Due to Non-Controlled Affiliated Organizations, net of current portion	-	1,185,825	-	**1,185,825**	-
Paycheck Protection Program Loan, net of current portion	7,346,262	-	-	**7,346,262**	-
Deferred Compensation Payable	178,068	-	-	**178,068**	132,220
Total Liabilities	31,025,558	1,308,271	(111,946)	**32,221,883**	24,851,065
Commitments and Contingencies					
Net Assets					
Without donor restrictions	3,347,036	17,223	-	**3,364,259**	2,647,221
With donor restrictions	670,001	1,396,400	-	**2,066,401**	1,955,770
Total Net Assets	4,017,037	1,413,623	-	**5,430,660**	4,602,991
Total Liabilities and Net Assets	$ 35,042,595	$ 2,721,894	$ (111,946)	$ **37,652,543**	$ 29,454,056

See accompanying notes to consolidating financial statements.

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Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Activities
(with comparative totals for 2020)

Year ended December 31,

	Citizens Options Unlimited, Inc.			Affiliate				Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	**2021**	2020
Revenue									
Program service revenue:									
Intermediate care facility	$ 35,182,812	$ -	$ 35,182,812	$ -	$ -	$ -	$ -	**$ 35,182,812**	$ 34,381,264
Residential	18,576,697	-	18,576,697	-	-	-	-	**18,576,697**	17,496,473
Camp Loyaltown	487,344	-	487,344	-	-	-	-	**487,344**	444,754
Crisis respite	799,166	-	799,166	-	-	-	-	**799,166**	347,987
Family support	73,117	-	73,117	-	-	-	-	**73,117**	114,552
Self-direction	1,921,717	-	1,921,717	-	-	-	-	**1,921,717**	1,323,508
Total Program Service Revenue	57,040,853	-	57,040,853	-	-	-	-	**57,040,853**	54,108,538
Contributions	85,694	110,631	196,325	-	-	-	-	**196,325**	174,007
CARES Act funding	1,318,203	-	1,318,203	-	-	-	-	**1,318,203**	1,921,936
Rental income	-	-	-	88,428	-	88,428	(46,434)	**41,994**	40,875
Other revenue (expenses)	123,989	-	123,989	66,919	-	66,919	(66,877)	**124,031**	(10,738)
Net assets released from restrictions	-	-	-	-	-	-	-	**-**	-
Total Revenue	58,568,739	110,631	58,679,370	155,347	-	155,347	(113,311)	**58,721,406**	56,234,618
Expenses									
Program services:									
Intermediate care facility	33,182,834	-	33,182,834	-	-	-	-	**33,182,834**	37,644,660
Residential	17,218,943	-	17,218,943	159,135	-	159,135	(113,311)	**17,264,767**	16,030,330
Camp Loyaltown	1,212,600	-	1,212,600	-	-	-	-	**1,212,600**	1,440,333
Crisis respite	976,415	-	976,415	-	-	-	-	**976,415**	968,510
Family support	94,002	-	94,002	-	-	-	-	**94,002**	174,396
Self-direction	1,847,245	-	1,847,245	-	-	-	-	**1,847,245**	1,418,254
Total Program Services Expenses	54,532,039	-	54,532,039	159,135	-	159,135	(113,311)	**54,577,863**	57,676,483
Supporting services:									
Management and general	3,299,812	-	3,299,812	21,504	-	21,504	-	**3,321,316**	3,552,118
Total Supporting Services Expenses	3,299,812	-	3,299,812	21,504	-	21,504	-	**3,321,316**	3,552,118
Total Expenses	57,831,851	-	57,831,851	180,639	-	180,639	(113,311)	**57,899,179**	61,228,601
Change in Net Assets, before investment income, net,	736,888	110,631	847,519	(25,292)	-	(25,292)	-	**822,227**	(4,993,983)
Investment Income, Net	5,442	-	5,442	-	-	-	-	**5,442**	1,470
Change in Net Assets	742,330	110,631	852,961	(25,292)	-	(25,292)	-	**827,669**	(4,992,513)
Net Assets, beginning of year	2,604,706	559,370	3,164,076	42,515	1,396,400	1,438,915	-	**4,602,991**	9,595,504
Net Assets, end of year	$ 3,347,036	$ 670,001	$ 4,017,037	$ 17,223	$ 1,396,400	$ 1,413,623	$ -	**$ 5,430,660**	$ 4,602,991

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Functional Expenses
(with comparative totals for 2020)

Year ended December 31,

	Program Services								Supporting Services				Total	
	Intermediate Care Facility	Residential	Camp Loyaltown	Crisis Respite	Family Support	Self-Direction	Affiliate	Total Program Services	Management and General	Affiliate	Total Supporting Services	Eliminations	**2021**	2020
Salaries	$ 19,096,364	$ 9,877,862	$ 398,215	$ 531,363	$ -	$ 823,148	$ -	$ 30,726,952	$ -	$ -	$ -	$ -	**$ 30,726,952**	$ 32,083,493
Payroll taxes	2,109,232	1,088,276	44,518	58,934	-	21,656	-	3,322,616	-	-	-	-	**3,322,616**	3,970,472
Employee health and retirement benefits	3,715,650	1,918,128	78,436	103,838	-	47,298	-	5,863,350	-	-	-	-	**5,863,350**	6,393,943
Total Personnel Services	24,921,246	12,884,266	521,169	694,135	-	892,102	-	39,912,918	-	-	-	-	**39,912,918**	42,447,908
Other Expenses														
Contracted services	1,708,742	805,016	34,719	90,310	569	148,045	-	2,787,401	-	-	-	-	**2,787,401**	3,643,819
Professional fees	-	-	-	-	-	-	-	-	183,837	12,720	196,557	-	**196,557**	217,599
Utilities	352,323	227,766	42,267	11,420	-	44,939	22,644	701,359	-	-	-	-	**701,359**	651,077
Transportation	95,344	103,494	6,447	2,627	-	46,673	-	254,585	-	-	-	-	**254,585**	184,708
Staff travel	31,857	7,756	88	297	-	14	-	40,012	-	-	-	-	**40,012**	15,665
Repairs and maintenance	674,209	362,718	36,221	12,050	3,958	6,971	60,204	1,156,331	-	-	-	-	**1,156,331**	1,319,116
Equipment purchases	164,884	122,647	1,394	1,531	-	203	-	290,659	-	-	-	-	**290,659**	238,803
Supplies	749,271	332,584	1,867	15,080	-	211,002	-	1,309,804	-	-	-	-	**1,309,804**	1,388,161
Participant incidentals	317,072	75,679	1,303	1,653	-	161,176	-	556,883	-	-	-	-	**556,883**	384,108
Food	426,788	403,070	2,202	22,279	-	-	-	854,339	-	-	-	-	**854,339**	796,296
Rent and lease expense	305,819	411,281	315,310	7,358	3,807	247,147	-	1,290,722	-	-	-	(113,311)	**1,177,411**	1,522,798
Recruiting and staff development	324,293	90,102	16,726	3,563	4,084	46,579	-	485,347	-	-	-	-	**485,347**	193,648
Fees, licenses, and permits	19,213	14,935	5,003	534	80,889	538	-	121,112	99,759	-	99,759	-	**220,871**	153,771
NYS health facility assessment	1,893,671	-	-	-	-	-	-	1,893,671	-	-	-	-	**1,893,671**	2,034,792
Insurance	666,971	357,436	29,319	15,422	-	28,952	15,420	1,113,520	-	-	-	-	**1,113,520**	875,495
Management fee	-	-	-	-	-	-	-	-	3,016,216	8,784	3,025,000	-	**3,025,000**	3,264,637
Depreciation and amortization	432,821	740,445	148,994	61,876	596	8,053	60,867	1,453,652	-	-	-	-	**1,453,652**	1,479,377
Interest	26,211	252,755	4,407	34,166	99	3,095	-	320,733	-	-	-	-	**320,733**	305,221
Bad debt expense	7,279	208	43,512	-	-	-	-	50,999	-	-	-	-	**50,999**	50,301
Miscellaneous	64,820	26,785	1,652	2,114	-	1,756	-	97,127	-	-	-	-	**97,127**	61,301
Total Expenses	$ 33,182,834	$ 17,218,943	$ 1,212,600	$ 976,415	$ 94,002	$ 1,847,245	$ 159,135	$ 54,691,174	$ 3,299,812	$ 21,504	$ 3,321,316	$ (113,311)	**$ 57,899,179**	$ 61,228,601

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Cash Flows
(with comparative totals for 2020)

Year ended December 31,

	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total 2021	Total 2020
Cash Flows from Operating Activities					
Change in net assets	$ 852,961	$ (25,292)	$ -	**$ 827,669**	$ (4,992,513)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,392,785	60,867	-	**1,453,652**	1,479,377
Realized loss on investments	279	-	-	**279**	645
Unrealized loss on investments	932	-	-	**932**	240
Provision for bad debts	50,999	-	-	**50,999**	50,301
Forgiveness of debt	-	(66,877)	66,877	**-**	-
(Increase) decrease in operating assets:					
Accounts receivable	(128,354)	(13,585)	-	**(141,939)**	(705,757)
Prepaid expenses and other current assets	96,252	-	-	**96,252**	(109,368)
Due to/from controlled affiliated organization	(238,651)	-	238,651	**-**	-
Deferred charges	-	-	-	**-**	9,886
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	(1,143,679)	(478)	-	**(1,144,157)**	1,771,410
Salaries payable, accrued payroll taxes, and benefits	(525,244)	-	-	**(525,244)**	1,375,086
Due to non-controlled affiliated organizations	196,593	(268,709)	-	**(72,116)**	(973,169)
Due to/from Citizens Options Unlimited, Inc.	-	305,528	(305,528)	**-**	-
Due to New York State OPWDD	331,075	-	-	**331,075**	646,924
Reserve for potential liabilities	487,612	-	-	**487,612**	699,802
Net Cash Provided by (Used in) Operating Activities	1,373,560	(8,546)	-	**1,365,014**	(747,136)
Cash Flows from Investing Activities					
Purchases of equipment and leasehold improvements	(910,227)	-	-	**(910,227)**	(321,292)
Proceeds from sale of investments	21,177	-	-	**21,177**	42,490
Net Cash Used in Investing Activities	(889,050)	-	-	**(889,050)**	(278,802)
Cash Flows from Financing Activities					
Proceeds from the Paycheck Protection Program loan	7,881,858	-	-	**7,881,858**	-
Repayments of finance lease liabilities	(952,060)	-	-	**(952,060)**	(976,133)
Net Cash Provided by (Used in) Financing Activities	6,929,798	-	-	**6,929,798**	(976,133)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	7,414,308	(8,546)	-	**7,405,762**	(2,002,071)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year	4,239,391	107,761	-	**4,347,152**	6,349,223
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	$ 11,653,699	$ 99,215	$ -	**$ 11,752,914**	$ 4,347,152
Supplemental Disclosure of Cash Flow Information					
Acquisition of property through finance leases	$ 1,318,002	$ -	$ -	**$ 1,318,002**	$ 1,290,059
Cash paid for interest	320,773	-	-	**320,773**	305,223

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

1. Description of Organization

Citizens Options Unlimited, Inc. (Citizens Options) provides individualized residential alternative services (IRA), residential respite services, intermediate care facility services (ICF), and family support services for individuals with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of Citizens Options. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to Citizens Options' by-laws and may elect members of its Board of Directors. Citizens Options is affiliated with Community Services Support Corporation (CSSC); Brookville Center for Children's Services, Inc. (BCCS); Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of CSSC, BCCS, LCDX, and MCP. CSSC holds title to and maintains properties for various programs, such as residential facilities for the developmentally disabled. Citizens Options' programs utilize various facilities and residential sites owned by CSSC. See Note 18 for more information regarding leases with CSSC.

MRCS V, Inc. (MRCS V) is a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for 12 developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, Supportive Housing for Persons with Disabilities.

2. Principles of Consolidation

The accompanying consolidating financial statements include the accounts of Citizens Options and MRCS V (collectively, Citizens). Citizens Options is the sole member of MRCS V and appoints the Board of Directors of MRCS V. All material intercompany transactions and balances have been eliminated in the consolidating financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidating financial statements have been prepared on the accrual basis of accounting. In the consolidating statement of financial position, assets, and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be reported in a statement of financial position and that the amounts of change in each of those classes of net assets be reported in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of Citizens.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Citizens 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidating statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Citizens to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. As of December 31, 2021, Citizens has net assets with donor restrictions held in perpetuity of $95,298. See Note 17 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the consolidating statement of cash flows, Citizens considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2021, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidating statement of financial position.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31, 2021

	Citizens Options Unlimited, Inc.	Affiliate	Total
Cash and cash equivalents	$ 11,653,699	$ 68,110	$ 11,721,809
Restricted cash and restricted cash equivalents	-	31,105	31,105
Total	$ 11,653,699	$ 99,215	$ 11,752,914

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Citizens would use in pricing Citizens' asset or liability based on independently derived and

observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Citizens are traded. Citizens estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidating statement of activities as increases or decreases in net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, Citizens analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses, and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation. Citizens capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Building and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by the New York State Office for People with Developmental Disabilities (OPWDD) over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. Citizens records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. Citizens expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

Citizens reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services to individuals with developmental disabilities, mental health services, as well as other services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, Citizens submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. Citizens measures revenue from the commencement of services to the continuation of services and until services are no longer required. Citizens believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, Citizens has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York state, and Citizens will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and Citizens considers these amounts in determination of the transaction price. Citizens determines its estimates of contractual adjustments based on contractual agreements, its policies and historical experience. Citizens determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. Citizens is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidating financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, Citizens utilizes the portfolio approach for analyzing the revenue contracts in accordance with ASC 606. Citizens accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. Citizens considers the similar nature and characteristics of the contract and customers in using the portfolio approach. Citizens believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Citizens program service fee revenue disaggregated by payor:

Year ended December 31, 2021	
Medicaid	$ 34,617,602
OPWDD	1,163,694
Other	593,756
Private pay	139,036
Social Security Administration	1,371,270
Partners Health Plan, Inc.	19,155,495
	$ 57,040,853

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Rental Income

MRCS V's revenue is derived principally from the renting of apartments under one-year operating leases to eligible, very low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

Citizens follows the provisions of ASC 958, *Not-for-Profit Entities,* related to enhanced disclosures for all endowment funds. Citizens has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, Citizens classifies the portion of endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by Citizens. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose restriction also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject Citizens to concentration of credit risk consist primarily of cash and cash equivalents. At times, Citizens has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the consolidating financial statements is in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Citizens is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York state. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for 2021.

Citizens adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on Citizens' consolidating financial statements. Citizens does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. Citizens has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Citizens has filed Internal Revenue

Service (IRS) form 990, tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2021, there was no interest or penalties recorded or included in the consolidating statement of activities. Citizens is subject to routine audits by taxing authorities. As of December 31, 2021, Citizens was not subject to any examination by a taxing authority.

Comparative Financial Information

The consolidating financial statements include certain prior year summarized comparative information. With respect to the consolidating statement of financial position and consolidating statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidating statement of functional expenses, the prior-year expenses are presented by asset classification in total rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Citizens' consolidating financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Risks and Uncertainties - Investments

Citizens Options' investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidating financial statements.

Reclassifications

Certain reclassifications have been made to the 2020 consolidating financial statements in order to conform to the 2021 presentation.

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4. Liquidity and Availability of Resources

Citizens' financial assets available within one year of the consolidating statement of financial position date for general expenditures are as follows:

Year ended December 31, 2021

	Citizens Options Unlimited, Inc.	Affiliates	Eliminations	Total
Cash and cash equivalents	$ 11,653,699	$ 68,110	$ -	$ 11,721,809
Investments, at fair value	38,848			38,848
Accounts receivable, net	9,668,325	13,585	-	9,681,910
Total Financial Assets Available to Management for General Expenditure Within One Year	21,360,872	81,695	-	21,442,567
Less: amounts unavailable for general expenditures within one year, due to: Restricted by donor with time or purpose restrictions	(670,001)	(1,396,400)	-	(2,066,401)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 20,690,871	$ (1,314,705)	$ -	$ 19,376,166

Liquidity Management

As part of Citizens' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management continually evaluates the timing of estimated collections of accounts receivable and manages cash disbursement to ensure the availability of cash to meet its operating needs. Additionally, Citizens has an available $2.0 million line of credit. As the sole member of Citizens Options, the Foundation is capable of supporting Citizens Options' additional cash flow requirements.

As referenced in Note 10, MRCS V has received $1,396,400 from HUD, which has been restricted due to time restrictions. This represents capital advances that are not required to be repaid, as long as certain time restrictions are met. See Note 10 for more information.

5. Investments, at Fair Value

Citizens Options' investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 3 for a discussion of Citizens Options' policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Citizens Options' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

A description of the valuation techniques applied to Citizens Options' assets measured at fair value are as follows:

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value are as follows:

December 31, 2021

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Government securities	$ -	$ 38,848	$ -	$ 38,848
	$ -	$ 38,848	$ -	$ 38,848

There have been no changes in the methodologies used at December 31, 2021. There were no transfers between levels during the year ended December 31, 2021.

Investment income, net, is as follows:

Year ended December 31, 2021

Interest and dividends	$ 7,244
Unrealized loss	(932)
Realized loss	(279)
Direct investment expenses	(591)
	$ 5,442

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6. Accounts Receivable, Net

Accounts receivable, net, consists of the following:

December 31, 2021

	Citizens Options Unlimited, Inc.	Affiliate	Total
Intermediate care facility	$ 5,290,473	$ -	$ 5,290,473
Residential	2,813,539	-	2,813,539
Camp Loyaltown	539,783	-	539,783
Crisis respite	127,208	-	127,208
Family support	139,815	-	139,815
Self-direction	471,968	-	471,968
Miscellaneous	285,539	13,585	299,124
	$ 9,668,325	$ 13,585	$ 9,681,910

7. Assets Held for Specific Purpose and Deferred Compensation Payable

Citizens Options maintains a non-qualified 457(b) deferred compensation plan (the Plan) for certain employees. Pursuant to the Plan agreement, the Plan's assets are considered general assets of Citizens Options until the assets are distributed to the respective beneficiaries. As a result, the Plan's net assets available for benefits of $178,068 as of December 31, 2021 are classified as assets held for specific purposes and deferred compensation payable in the consolidating statement of financial position.

8. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2021

	Citizens Options Unlimited, Inc.	Affiliate	Total
Land	$ -	$ 600,000	$ 600,000
Buildings and leasehold improvements	5,346,788	2,329,026	7,675,814
Equipment	2,333,857	26,106	2,359,963
	7,680,645	2,955,132	10,635,777
Less: accumulated depreciation and amortization	(3,220,712)	(346,345)	(3,567,057)
	$ 4,459,933	$ 2,608,787	$ 7,068,720

Depreciation and amortization expense for the year ended December 31, 2021 related to fixed assets was $529,297.

9. Due to Non-Controlled Affiliated Organizations

Certain administrative services are provided by NYSARC, Inc. Nassau County Chapter (AHRC Nassau), a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which Citizens incurred management fees of $3,025,000 for the year ended December 31, 2021. Payments are made to AHRC Nassau throughout the year. The remaining amounts payable to AHRC Nassau are included in due to non-controlled affiliated organizations in the consolidating statement of financial position.

10. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which they purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, so long as the housing remains available to eligible, very low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions (see Note 16).

11. Line of Credit

As of December 31, 2021, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that Citizens Options comply with certain financial covenants. Citizens Options was in compliance with its financial covenants as of December 31, 2021. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2021). As of December 31, 2021, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either Citizens or the lender.

12. Retirement Expense

A defined contribution plan (the 403(b) Plan), as defined by IRC Section 403(b), is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period, and have 1,000 hours of credited service. Annual employer contributions to the 403(b) Plan represented 4% of total eligible salaries for all employees covered. Retirement expense for the year ended December 31, 2021 was approximately $850,000 and has been accrued as part of salaries payable, accrued payroll taxes and benefits on the consolidating statement of financial position.

13. Due to New York State OPWDD

Citizens Options has entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes, and operations. Citizens Options has agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

14. Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. On May 26, 2021, Citizens Options received funds of $7,881,858 from the SBA PPP. The loan has been included in Paycheck Protection Program Loan on the accompanying consolidating statement of financial position. The loan under the SBA PPP may be forgiven according to Citizens Options' compliance with the terms of the loan. As of December 31, 2021, the PPP loan had a balance of $7,881,858.

15. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive rate adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review, or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of approximately $5,006,000 as of December 31, 2021.

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2021

	Citizens Options Unlimited, Inc.	Affiliate	Total
Subject to expenditure for specified purpose or period:			
HUD time restrictions	$ -	$ 1,396,400	$ 1,396,400
Camp Loyaltown general purposes	359,864	-	359,864
ICF services	44,301	-	44,301
Other	170,538	-	170,538
Endowment	95,298	-	95,298
	$ 670,001	$ 1,396,400	$ 2,066,401

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor. There were no net assets released from restrictions during the year.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

17. Endowment

Citizens Options received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts as allowing Citizens to appropriate for expenditure or accumulate earnings as Citizens determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Citizens has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens.

Investment and Spending Policies - Citizens has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of Citizens and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of Citizens.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens.
- The investment policy of Citizens.

The following represents the composition of endowment net assets by fund type:

December 31, 2021

		With Donor Restrictions		Total
Endowment funds	$	95,298	$	95,298

The change in endowment net assets was as follows:

Year ended December 31, 2021

		With Donor Restrictions		Total
Endowment Net Assets, beginning of year	$	95,298	$	95,298
Endowment Net Assets, end of year	$	95,298	$	95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2021.

18. Leases

Citizens has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), Citizens records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless Citizens is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease when readily determinable. For leases for which a discount rate is not readily available, Citizens has elected to use the incremental borrowing rate based on the information available at the lease inception date. Citizens has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, Citizens accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. Citizens has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the statement of financial position. Rent expense for leases with terms of 12 months or less was approximately $1,177,000 for the year ended December 31, 2021 and is included in the consolidating statement of functional expenses. Additionally, rental income for leases with terms of 12 months or less was approximately $42,000 for the year ended December 31, 2021 and is included in rental income on the consolidating statement of activities.

Finance Leases - Lessee

Citizens leases various buildings and vehicles under finance leases. These leases are deemed to be finance leases based on the underlying terms of the agreement and the criteria included in ASC 842. The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest at a rate of 3.25% per annum.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

The following tables summarize information related to the lease assets and liabilities as of and for the year ended December 31, 2021:

Year ended December 31, 2021

Lease costs:		
Finance lease cost:		
Amortization of right-of-use assets	$	924,355
Interest on lease liabilities		320,733
Total Lease Cost	$	1,245,088

December 31, 2021

Right-of-use assets and liabilities:		
Finance lease right-of-use assets, net	$	8,552,830
Finance lease liabilities		8,431,898

Year ended December 31, 2021

Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	952,060

Weighted-average remaining lease term – finance leases	42.82 years
Weighted-average discount rate – finance leases	3.84%

For finance leases, right-of-use assets are recorded in finance lease right-of-use assets, net and lease liabilities are recorded in finance lease liabilities in the accompanying statement of financial position. Amortization expense is recorded as a component of depreciation and amortization expense and interest expense is recorded as a component of interest expense in the consolidating statement of functional expenses.

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The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2021:

Year ending December 31,	
2022	$ 1,334,498
2023	1,068,277
2024	895,648
2025	724,787
2026	658,159
Thereafter	6,915,259
Total Minimum Lease Payments	11,596,628
Less: amounts representing interest	(3,164,730)
Present Value of Net Minimum Lease Payments	8,431,898
Less: current portion	(1,011,131)
	$ 7,420,767

Leases with CSSC - Lessee

Citizens rents various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842 and are included with the finance leases listed above. For the year ended December 31, 2021, the portion of finance leases between Citizens and CSSC included above, which have been recorded as finance lease right-of-use assets, totaled $7,975,665 and finance lease liabilities totaled $7,815,223.

19. Commitments and Contingencies

Legal Matters

Citizens is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.

Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

Guarantees of Non-Controlled Affiliated Organizations Obligations

Citizens Options unconditionally guarantees separate line of credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2021, there was no outstanding balance under the BCCS line of credit and there was approximately $2,256,000 outstanding under the CSSC line of credit. At December 31, 2021, there was no default of the terms of these agreements.

20. CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, the President signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to deferment of employer side social security payments.

Effective May 18, 2020, Citizens' Board of Directors unanimously approved Citizens taking advantage of a provision of the CARES Act, which allows for employers to delay payment of its 50% portion of the aggregate 12.4% Old-Age, Survivors, and Disability Insurance program tax (Social Security tax). Citizens must continue, as before, to timely withhold from the pay of each employee and deposit with the IRS the employee's share of the Social Security tax. The payment of the employer portion of the Social Security tax for 2020 may be remitted to the IRS in two equal installments, with 50% of the deferred amount due by December 31, 2021 and the remainder due by December 31, 2022. As of December 31, 2021, the balance of the deferred employer Social Security tax was approximately $539,000 and has been included in salaries payable, accrued payroll taxes, and benefits on the accompanying consolidating statement of financial position.

The CARES Act also appropriated $178 billion for the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) to be distributed to hospitals and healthcare providers for lost revenues and incremental increases in expenses as a result of the COVID-19 pandemic. During 2021, Citizens has applied for and received $1,318,203 from HHS for the PRF. This has been reported as CARES Act funding on the accompanying consolidating statement of activities.

Additionally, the CARES Act appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment. See Note 14 for further details on Citizens' PPP loan.

21. Subsequent Events

Citizens Options has performed subsequent events procedures through May 31, 2022, which is the date that the consolidating financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidating financial statements or disclosures as stated herein.

Citizens Options Unlimited, Inc.
and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2020

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Financial Statements
Year Ended December 31, 2020

Citizens Options Unlimited, Inc. and Affiliate

Contents

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Independent Auditor's Report

The Board of Directors
Citizens Options Unlimited, Inc. and Affiliate
Brookville, New York

Opinion

We have audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate (Citizens), which comprise the consolidating statement of financial position as of December 31, 2020, and the related consolidating statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the financial position of Citizens as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Citizens and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating 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 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 consolidating financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 Citizens' 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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizens' 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.

Report on Summarized Comparative Information

We have previously audited the consolidating financial statements of Citizens Options Unlimited, Inc. and Affiliate and our report, dated July 31, 2020, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

BDO USA, LLP

May 28, 2021

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Financial Position (with comparative totals for 2019)

December 31,

	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total 2020	Total 2019
Assets					
Current					
Cash and cash equivalents	$ 4,239,391	$ 82,149	$ -	$ **4,321,540**	$ 6,329,537
Investments, at fair value	61,236	-	-	**61,236**	104,611
Accounts receivable, net	9,590,970	-	-	**9,590,970**	8,935,514
Due from Citizens Options Unlimited, Inc.	-	126,705	(126,705)	**-**	-
Prepaid expenses and other assets	405,997	307	-	**406,304**	296,936
Total Current Assets	14,297,594	209,161	(126,705)	**14,380,050**	15,666,598
Restricted Cash and Restricted Cash Equivalents	-	25,612	-	**25,612**	19,686
Deferred Charges	69,201	-	-	**69,201**	79,087
Finance Lease Right-of-Use Assets, Net	8,159,183	-	-	**8,159,183**	7,843,131
Assets Held for Specific Purpose	132,220	-	-	**132,220**	87,131
Fixed Assets, Net	4,018,136	2,669,654	-	**6,687,790**	6,871,868
Total Assets	$ 26,676,334	$ 2,904,427	$ (126,705)	$ **29,454,056**	$ 30,567,501
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 3,122,530	$ 10,978	$ -	$ **3,133,508**	$ 1,362,098
Salaries payable, accrued payroll taxes and benefits	5,140,939	-	-	**5,140,939**	3,765,853
Due to non-controlled affiliated organizations	206,216	1,454,534	-	**1,660,750**	2,633,919
Due to controlled affiliated organization	126,705	-	(126,705)	**-**	-
Finance lease liabilities, current portion	1,018,327	-	-	**1,018,327**	976,133
Due to New York State OPWDD	2,199,276	-	-	**2,199,276**	1,552,352
Total Current Liabilities	11,813,993	1,465,512	(126,705)	**13,152,800**	10,290,355
Reserve for Potential Liabilities	4,518,416	-	-	**4,518,416**	3,818,614
Finance Lease Liabilities, net of current portion	7,047,629	-	-	**7,047,629**	6,775,897
Deferred Compensation Payable	132,220	-	-	**132,220**	87,131
Total Liabilities	23,512,258	1,465,512	(126,705)	**24,851,065**	20,971,997
Commitments and Contingencies					
Net Assets					
Without donor restrictions	2,604,706	42,515	-	**2,647,221**	7,736,127
With donor restrictions	559,370	1,396,400	-	**1,955,770**	1,859,377
Total Net Assets	3,164,076	1,438,915	-	**4,602,991**	9,595,504
Total Liabilities and Net Assets	$ 26,676,334	$ 2,904,427	$ (126,705)	$ **29,454,056**	$ 30,567,501

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Activities
(with comparative totals for 2019)

Year ended December 31,

	Citizens Options Unlimited, Inc.			Affiliate				Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	**2020**	2019
Revenue									
Program service revenue:									
Intermediate care facility	$ 34,381,264	$ -	$ 34,381,264	$ -	$ -	$ -	$ -	**$ 34,381,264**	$ 27,114,195
Residential	17,496,473	-	17,496,473	-	-	-	-	**17,496,473**	15,925,470
Camp Loyaltown	444,754	-	444,754	-	-	-	-	**444,754**	5,243,786
Crisis respite	347,987	-	347,987	-	-	-	-	**347,987**	554,140
Family support	114,552	-	114,552	-	-	-	-	**114,552**	341,764
Self-direction	1,323,508	-	1,323,508	-	-	-	-	**1,323,508**	1,206,329
Total Program Service Revenue	54,108,538	-	54,108,538	-	-	-	-	**54,108,538**	50,385,684
Contributions	61,180	112,827	174,007	-	-	-	-	**174,007**	255,730
CARES Act funding	1,921,936	-	1,921,936	-	-	-	-	**1,921,936**	-
Rental income	-	-	-	88,208	-	88,208	(47,333)	**40,875**	41,847
Other revenue (expense)	(10,940)	-	(10,940)	67,079	-	67,079	(66,877)	**(10,738)**	259
Net assets released from restrictions	16,434	(16,434)	-	-	-	-	-	**-**	-
Total Revenue	56,097,148	96,393	56,193,541	155,287	-	155,287	(114,210)	**56,234,618**	50,683,520
Expenses									
Program services:									
Intermediate care facility	37,644,660	-	37,644,660	-	-	-	-	**37,644,660**	25,533,880
Residential	16,013,213	-	16,013,213	131,327	-	131,327	(114,210)	**16,030,330**	15,017,751
Camp Loyaltown	1,440,333	-	1,440,333	-	-	-	-	**1,440,333**	4,278,858
Crisis respite	968,510	-	968,510	-	-	-	-	**968,510**	647,218
Family support	174,396	-	174,396	-	-	-	-	**174,396**	393,006
Self-direction	1,418,254	-	1,418,254	-	-	-	-	**1,418,254**	1,296,681
Total Program Services Expenses	57,659,366	-	57,659,366	131,327	-	131,327	(114,210)	**57,676,483**	47,167,394
Supporting services:									
Management and general	3,531,023	-	3,531,023	21,095	-	21,095	-	**3,552,118**	3,283,960
Total Supporting Services Expenses	3,531,023	-	3,531,023	21,095	-	21,095	-	**3,552,118**	3,283,960
Total Expenses	61,190,389	-	61,190,389	152,422	-	152,422	(114,210)	**61,228,601**	50,451,354
Changes in Net Assets, before investment income, net, and transfer of assets	(5,093,241)	96,393	(4,996,848)	2,865	-	2,865	-	**(4,993,983)**	232,166
Investment Income, Net	1,470	-	1,470	-	-	-	-	**1,470**	9,629
Change in Net Assets, before transfer of assets	(5,091,771)	96,393	(4,995,378)	2,865	-	2,865	-	**(4,992,513)**	241,795
Transfer of Assets	-	-	-	-	-	-	-	**-**	95,298
Change in Net Assets	(5,091,771)	96,393	(4,995,378)	2,865	-	2,865	-	**(4,992,513)**	337,093
Net Assets, beginning of year	7,696,477	462,977	8,159,454	39,650	1,396,400	1,436,050	-	**9,595,504**	9,258,411
Net Assets, end of year	$ 2,604,706	$ 559,370	$ 3,164,076	$ 42,515	$ 1,396,400	$ 1,438,915	$ -	**$ 4,602,991**	$ 9,595,504

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Functional Expenses
(with comparative totals for 2019)

Year ended December 31,

	Program Services								Supporting Services				Total	
	Intermediate Care Facility	Residential	Camp Loyaltown	Crisis Respite	Family Support	Self-Direction	Affiliate	Total Program Services	Management and General	Affiliate	Total Supporting Services	Eliminations	**2020**	2019
Salaries	$ 21,266,391	$ 9,098,640	$ 559,414	$ 533,121	$ 61,477	$ 564,450	$ -	$ 32,083,493	$ -	$ -	$ -	$ -	**$ 32,083,493**	$ 26,047,439
Payroll taxes	2,631,802	1,125,039	70,738	65,316	7,925	69,652	-	3,970,472	-	-	-	-	**3,970,472**	3,038,684
Employee health and retirement benefits	4,238,799	1,811,258	113,697	105,219	12,766	112,204	-	6,393,943	-	-	-	-	**6,393,943**	4,893,351
Total Personnel Services	28,136,992	12,034,937	743,849	703,656	82,168	746,306	-	42,447,908	-	-	-	-	**42,447,908**	33,979,474
Other Expenses														
Professional fees and contracted services	2,588,442	819,024	6,786	64,910	16,994	142,280	5,383	3,643,819	205,288	12,311	217,599	-	**3,861,418**	3,105,484
Utilities	329,922	178,423	83,770	12,460	1,510	25,854	19,138	651,077	-	-	-	-	**651,077**	555,785
Transportation	83,281	56,940	5,924	2,875	-	35,688	-	184,708	-	-	-	-	**184,708**	449,345
Staff travel	8,995	4,161	2,047	241	40	181	-	15,665	-	-	-	-	**15,665**	71,564
Repairs and maintenance	845,109	345,654	52,796	15,208	7,312	21,011	32,026	1,319,116	-	-	-	-	**1,319,116**	985,339
Equipment purchases	146,654	75,669	3,177	13,029	-	274	-	238,803	-	-	-	-	**238,803**	330,840
Supplies	960,475	366,191	2,403	21,417	2,175	35,500	-	1,388,161	-	-	-	-	**1,388,161**	999,732
Participant incidentals	284,573	49,046	-	1,841	4,507	44,141	-	384,108	-	-	-	-	**384,108**	513,257
Food	432,254	344,593	2,243	17,025	74	107	-	796,296	-	-	-	-	**796,296**	1,007,453
Rent and lease expense	476,152	481,716	343,627	3,291	4,983	327,239	-	1,637,008	-	-	-	(114,210)	**1,522,798**	1,366,514
Recruiting and staff development	118,724	52,841	15,278	2,937	-	3,868	-	193,648	-	-	-	-	**193,648**	241,986
Fees, licenses and permits	20,875	6,151	2,052	389	53,872	262	288	83,889	69,882	-	69,882	-	**153,771**	214,441
NYS health facility assessment	2,034,792	-	-	-	-	-	-	2,034,792	-	-	-	-	**2,034,792**	1,418,174
Insurance	568,710	256,706	196	15,587	24	23,226	11,046	875,495	-	-	-	-	**875,495**	513,450
Management fee	-	-	-	-	-	-	-	-	3,255,853	8,784	3,264,637	-	**3,264,637**	2,948,998
Depreciation and amortization	517,709	685,766	146,820	56,928	596	8,112	63,446	1,479,377	-	-	-	-	**1,479,377**	1,371,594
Interest	37,505	226,190	3,342	34,631	141	3,412	-	305,221	-	-	-	-	**305,221**	339,349
Bad debt expense	24,278	-	26,023	-	-	-	-	50,301	-	-	-	-	**50,301**	-
Miscellaneous	29,218	29,205	-	2,085	-	793	-	61,301	-	-	-	-	**61,301**	38,575
Total Expenses	$ 37,644,660	$ 16,013,213	$ 1,440,333	$ 968,510	$ 174,396	$ 1,418,254	$ 131,327	$ 57,790,693	$ 3,531,023	$ 21,095	$ 3,552,118	$ (114,210)	**$ 61,228,601**	$ 50,451,354

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Consolidating Statement of Cash Flows
(with comparative totals for 2019)

Year ended December 31,	Citizens Options Unlimited, Inc.	Affiliate	Eliminations	Total	
				2020	2019
Cash Flows from Operating Activities					
Change in net assets	$ (4,995,378)	$ 2,865	$ -	**$ (4,992,513)**	$ 337,093
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:					
Depreciation and amortization	1,415,931	63,446	-	**1,479,377**	1,371,594
Realized loss on investments	645	-	-	**645**	1,537
Unrealized loss (gain) on investments	240	-	-	**240**	(652)
Provision for bad debts	50,301	-	-	**50,301**	-
Forgiveness of debt	-	(66,877)	66,877	**-**	-
(Increase) decrease in operating assets:			-		
Accounts receivable	(705,757)	-	-	**(705,757)**	(3,032,662)
Prepaid expenses and other current assets	(109,368)	-	-	**(109,368)**	(18,641)
Due from Citizens Options Unlimited, Inc.	-	54,699	(54,699)	**-**	-
Deferred charges	9,886	-	-	**9,886**	16,947
Increase (decrease) in operating liabilities:					
Accounts payable and accrued expenses	1,770,932	478	-	**1,771,410**	735,013
Salaries payable, accrued payroll taxes and benefits	1,375,086	-	-	**1,375,086**	1,778,097
Due to non-controlled affiliated organizations	(866,292)	(106,877)	-	**(973,169)**	(137,350)
Due to controlled affiliated organization	(54,699)	-	54,699	**-**	-
Due to Citizens Options Unlimited, Inc.	-	66,877	(66,877)	**-**	-
Due to New York State OPWDD	646,924	-	-	**646,924**	1,078,893
Reserve for potential liabilities	699,802	-	-	**699,802**	1,031,280
Net Cash (Used in) Provided by Operating Activities	(761,747)	14,611	-	**(747,136)**	3,161,149
Cash Flows from Investing Activities					
Purchases of fixed assets	(321,292)	-	-	**(321,292)**	(767,051)
Proceeds from sale of investments	42,490	-	-	**42,490**	114,794
Net Cash Used in Investing Activities	(278,802)	-	-	**(278,802)**	(652,257)
Cash Flows from Financing Activities					
Repayments of finance lease liabilities	(976,133)	-	-	**(976,133)**	(968,004)
Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(2,016,682)	14,611	-	**(2,002,071)**	1,540,888
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year	6,256,073	93,150	-	**6,349,223**	4,808,335
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	$ 4,239,391	$ 107,761	$ -	**$ 4,347,152**	$ 6,349,223
Supplemental Disclosure of Cash Flow Information					
Acquisition of property through finance leases	$ 1,290,059	$ -	$ -	**$ 1,290,059**	$ 8,720,034
Cash paid for taxes	-	-	-	**-**	6,700
Cash paid for interest	305,223	-	-	**305,223**	339,349

See accompanying notes to consolidating financial statements.

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

1. Description of Organization

Citizens Options Unlimited, Inc. (Citizens Options) provides individualized residential alternative services (IRA), residential respite services, intermediate care facility services (ICF) and family support services for individuals with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of Citizens Options. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to Citizens Options' by-laws and may elect members of its Board of Directors. Citizens Options is affiliated with Community Services Support Corporation (CSSC); Brookville Center for Children's Services, Inc. (BCCS); Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of CSSC, BCCS, LCDX and MCP. CSSC holds title to and maintains properties for various programs, such as residential facilities for the developmentally disabled. Citizens Options' programs utilize various facilities and residential sites owned by CSSC. See Note 16 for more information regarding leases with CSSC.

MRCS V, Inc. (MRCS V) is a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for 12 developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, Supportive Housing for Persons with Disabilities.

2. Principles of Consolidation

The accompanying consolidating financial statements include the accounts of Citizens Options and MRCS V (collectively, Citizens). Citizens Options is the sole member of MRCS V and appoints the Board of Directors of MRCS V. All material intercompany transactions and balances have been eliminated in the consolidating financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidating financial statements have been prepared on the accrual basis of accounting. In the consolidating statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be reported in a statement of financial position and that the amounts of change in each of those classes of net assets be reported in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of Citizens.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Citizens 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidating statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Citizens to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. As of December 31, 2020, Citizens has net assets with donor restrictions held in perpetuity of $95,298. See Note 15 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

For purposes of the consolidating statement of cash flows, Citizens considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2020, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidating statement of financial position.

Cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following:

December 31, 2020		
Cash and cash equivalents	$	4,321,540
Restricted cash and restricted cash equivalents		25,612
Total	$	4,347,152

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement,* establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Citizens would use in pricing Citizens' asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Citizens are traded. Citizens estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or

liabilities would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidating statement of activities as increases or decreases in net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, Citizens analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation. Citizens capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Building and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by the New York State Office for People with Developmental Disabilities (OPWDD) over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. Citizens records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. Citizens expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

Citizens reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2020, there have been no such losses.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services to individuals with developmental disabilities, mental health services, as well as other services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews and investigations. Generally, Citizens submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. Citizens measures revenue from the commencement of services, to the continuation of services and until services are no longer required. Citizens believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, Citizens has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York state, and Citizens will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and Citizens considers these amounts in determination of the transaction price. Citizens determines its estimates of contractual adjustments based on contractual agreements, its policies and historical experience. Citizens determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. Citizens is not aware of any allegations of

noncompliance that could have a material adverse effect on the accompanying consolidating financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, Citizens utilizes the portfolio approach for analyzing the revenue contracts in accordance with ASC 606. Citizens accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. Citizens considers the similar nature and characteristics of the contract and customers in using the portfolio approach. Citizens believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Citizens program service fee revenue disaggregated by payor:

Year ended December 31, 2020	
Medicaid	$ 31,125,637
Third-party payor	20,094,008
OPWDD	1,013,638
Private pay	152,081
Social Security Administration	1,304,745
Other	418,429
	$ 54,108,538

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Rental Income

MRCS V's revenue is derived principally from the renting of apartments under one-year operating leases to eligible, very low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

Citizens follows the provisions of ASC 958, *Not-for-Profit Entities*, related to enhanced disclosures for all endowment funds. Citizens has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, Citizens classifies the portion of endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by Citizens. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose restriction also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject Citizens to concentration of credit risk consist primarily of cash and cash equivalents. At times, Citizens has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the consolidating financial statements is in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Citizens is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York state. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for 2020.

Citizens adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on Citizens' consolidating financial statements. Citizens does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. Citizens has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Citizens has filed Internal Revenue Service (IRS) form 990, tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2020, there was no interest or penalties recorded or included in the consolidating statement of activities. Citizens is subject to routine audits by taxing authorities. As of December 31, 2020, Citizens was not subject to any examination by a taxing authority.

Comparative Financial Information

The consolidating financial statements include certain prior year summarized comparative information. With respect to the consolidating statement of financial position and consolidating statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with U.S. GAAP. Accordingly,

Citizens Options Unlimited, Inc. and Affiliate

Notes to Consolidating Financial Statements

such information should be read in conjunction with Citizens' consolidating financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Risks and Uncertainties - Investments

Citizens Options' investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidating financial statements.

4. Liquidity and Availability of Resources

Citizens' financial assets available within one year of the consolidating statement of financial position date for general expenditures are as follows:

Year ended December 31, 2020

	Citizens Options Unlimited, Inc.	Affiliates	Eliminations	Total
Cash and cash equivalents	$ 4,239,391	$ 82,149	$ -	$ 4,321,540
Investments, at fair value	61,236	-	-	61,236
Accounts receivable, net	9,590,970	-	-	9,590,970
Total Financial Assets Available to Management for General Expenditure Within One Year	13,891,597	82,149	-	13,973,746
Less: amounts unavailable for general expenditures within one year, due to:				
Restricted by donor with time or purpose restrictions	(559,370)	(1,396,400)	-	(1,955,770)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 13,332,227	$ (1,314,251)	$ -	$ 12,017,976

Liquidity Management

As part of Citizens' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Management continually evaluates the timing of estimated collections of accounts receivable and manages cash disbursement to ensure the availability of cash to meet its operating needs. Additionally, Citizens has an available $2.0 million line of credit. As the sole member of Citizens Options, the Foundation is capable of supporting Citizens Options' additional cash flow requirements.

5. Investments, at Fair Value

Citizens Options' investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 3 for a discussion of Citizens Options' policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Citizens Options' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

A description of the valuation techniques applied to Citizens Options' assets measured at fair value are as follows:

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value are as follows:

December 31, 2020

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Government securities	$ -	$ 61,236	$ -	$ 61,236
	$ -	$ 61,236	$ -	$ 61,236

There have been no changes in the methodologies used at December 31, 2020. There were no transfers between levels during the year ended December 31, 2020.

Investment income, net, is as follows:

Year ended December 31, 2020

Interest and dividends	$ 3,069
Unrealized loss	(240)
Realized loss	(645)
Direct investment expenses	(714)
	$ 1,470

6. Accounts Receivable, Net

Accounts receivable, net, consists of the following:

December 31, 2020

	Citizens Options Unlimited, Inc.	Affiliate	Total
Intermediate care facility	$ 5,055,965	$ -	$ 5,055,965
Residential	2,678,750	-	2,678,750
Camp Loyaltown	357,447	-	357,447
Crisis respite	201,656	-	201,656
Family support	80,780	-	80,780
Self-direction	455,867	-	455,867
Miscellaneous	760,505	-	760,505
	$ 9,590,970	$ -	$ 9,590,970

7. Assets Held for Specific Purpose

Citizens Options maintains a non-qualified 457(b) deferred compensation plan (the Plan) for certain employees. Pursuant to the Plan agreement, the Plan's assets are considered general assets of Citizens Options until the assets are distributed to the respective beneficiaries. As a result, the Plan's net assets available for benefits of $132,220 as of December 31, 2020 are classified as assets held for specific purposes and deferred compensation payable in the consolidating statement of financial position.

8. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2020

	Citizens Options Unlimited, Inc.	Affiliate	Total
Land	$ -	$ 600,000	$ 600,000
Buildings and leasehold improvements	4,578,125	2,329,026	6,907,151
Equipment	2,225,971	26,106	2,252,077
	6,804,096	2,955,132	9,759,228
Less: accumulated depreciation and amortization	(2,785,960)	(285,478)	(3,071,438)
	$ 4,018,136	$ 2,669,654	$ 6,687,790

Depreciation and amortization expense for the year ended December 31, 2020 related to fixed assets was $505,370.

9. Due to Non-Controlled Affiliated Organizations

Certain administrative services are provided by NYSARC, Inc. – Nassau County Chapter (AHRC Nassau), a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which Citizens incurred management fees of approximately $3,265,000 for the year ended December 31, 2020. Payments are made to AHRC Nassau throughout the year. The remaining amounts payable to AHRC Nassau are included in due to non-controlled affiliated organizations in the consolidating statement of financial position.

10. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which they purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, so long as the housing remains available to eligible, very low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions (see Note 15).

11. Line of Credit

As of December 31, 2020, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that Citizens Options comply with certain financial covenants. Citizens Options was in compliance with its financial covenants as of December 31, 2020. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2020). There were no amounts borrowed under the line of credit and no interest expense incurred for the year ended December 31, 2020. The agreement expires on December 8, 2021 and may be renewed with the bank's approval.

12. Retirement Expense

A defined contribution plan, as defined by IRC Section 403(b), is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period and have 1,000 hours of credited service. Annual employer contributions to the plan represented 4% of total eligible salaries for all employees covered. Retirement expense for the year ended December 31, 2020 was approximately $1,126,000 and has been accrued as part of salaries payable, accrued payroll taxes and benefits on the consolidating statement of financial position.

13. Due to New York State OPWDD

Citizens Options has entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes and operations. Citizens Options has agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

14. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive rate adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of approximately $4,518,000 as of December 31, 2020.

Citizens Options Unlimited, Inc. and Affiliate
Notes to Consolidating Financial Statements

15. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2020

	Citizens Options Unlimited, Inc.	Affiliate	Total
Subject to expenditure for specified purpose or period:			
HUD time restrictions	$ -	$ 1,396,400	$ 1,396,400
Camp Loyaltown general purposes	291,973	-	291,973
ICF services	28,360	-	28,360
Other	143,739	-	143,739
Total Subject to Expenditure for Specified Purpose or Period	464,072	1,396,400	1,860,472
Endowments subject to spending policy and appropriation, which, once appropriated, are expendable to support:			
Shoreham ICF Grounds Maintenance	95,298	-	95,298
Total Endowments Subject to Spending Policy and Appropriation	95,298	-	95,298
Total Net Assets with Donor Restrictions	$ 559,370	$ 1,396,400	$ 1,955,770

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor.

Net assets were released for the following purposes:

December 31, 2020

	Citizens Options Unlimited, Inc.	Affiliate	Total
Other	$ 16,434	$ -	$ 16,434
	$ 16,434	$ -	$ 16,434

16. Endowment

Citizens Options received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts, as allowing Citizens to appropriate for expenditure or accumulate earnings as Citizens determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Citizens has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens.

Investment and Spending Policies - Citizens has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of Citizens and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation/depreciation of investments
- Other resources of Citizens
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens
- The investment policy of Citizens

The following represents the composition of endowment net assets by fund type:

December 31, 2020

	With Donor Restrictions	Total
Endowment funds	$ 95,298	$ 95,298

The change in endowment net assets was as follows:

Year ended December 31, 2020

	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 95,298	$ 95,298
Endowment Net Assets, end of year	$ 95,298	$ 95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2020.

17. Leases

Citizens adopted the provisions of ASC 842, *Leases*. As part of its adoption, Citizens elected the practical expedient that permits an entity to not reassess whether expired or existing contracts

Citizens Options Unlimited, Inc. and Affiliate
Notes to Consolidating Financial Statements

contain leases. Additionally, Citizens has elected to not recognize leases with terms of 12 months or less on the consolidating statement of financial position. Rent expense for leases with terms of 12 months or less was approximately $1,523,000 for the year ended December 31, 2020 and is included in the consolidating statement of functional expenses. Additionally, rental income for leases with terms of 12 months or less was approximately $41,000 for the year ended December 31, 2020 and is included in the consolidating statement of activities.

Finance lease right-of-use assets and finance lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date. Finance lease right-of-use assets are depreciated on the straight-line method over the life of the payment terms of the lease.

Finance Leases - Lessee

Citizens leases various buildings and vehicles under finance leases. These leases are deemed to be finance leases under ASC 842. In 2020, Citizens recorded finance lease right-of-use assets of $8,159,183 and finance lease liabilities of $8,065,956 in the consolidating statement of financial position.

The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 4.75% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, Citizens used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest Citizens would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2020:

Year ending December 31,	
2021	$ 1,330,915
2022	1,181,460
2023	927,755
2024	749,209
2025	629,427
Thereafter	6,188,187
Total Minimum Lease Payments	11,006,953
Less: amounts representing interest	(2,940,997)
Present Value of Net Minimum Lease Payments	8,065,956
Less: current portion	(1,018,327)
	$ 7,047,629

Depreciation expense for the year ended December 31, 2020 on the finance lease right-of-use assets totaled $974,007 and is included as a component of depreciation and amortization expense on the consolidating statement of functional expenses. Interest expense for the year ended December 31, 2020 related to finance leases payable was $305,221 and is included on the consolidating statement of functional expenses.

Leases with CSSC - Lessee

Citizens rents various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842 and are included with the finance leases listed above. For the year ended December 31, 2020, the portion of finance leases between Citizens and CSSC included above, which have been recorded as finance lease right-of-use assets, totaled $7,920,150 and finance lease liabilities totaled $7,815,223.

18. Commitments and Contingencies

Legal Matters

Citizens is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.
Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

Guarantees of Non-Controlled Affiliated Organizations Obligations

Citizens Options unconditionally guarantees separate line of credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2020, there was $2,000,000 outstanding under the BCCS line of credit and there was $4,565,903 outstanding under the CSSC line of credit. At December 31, 2020, there was no default of the terms of these agreements.

Third-Party Vendor Ransomware Attack

On July 16, 2020, Citizens was notified by its third-party vendor that manages its donor information that a ransomware attack occurred in May 2020 on the third-party vendor's back-up system in which certain data was exfiltrated. The third-party vendor took immediate and decisive action to address the incident. This incident had no impact on Citizens' operations or the data on Citizens' system. As of the date of this report, Citizens cannot estimate the financial impact this event will have on its financial position, if any, and as a result, Citizens has not accrued any liability.

19. Risk and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the impact that the pandemic will have on Citizens' financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Citizens is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition and liquidity for 2021. If the pandemic continues, it may have an adverse effect on Citizens' results of future operations, financial condition and liquidity in 2021.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act appropriated $178 billion for the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) to be distributed to hospitals and healthcare providers for lost revenues and incremental increases in expenses as a result of the COVID-19 pandemic. As of the date of this report, Citizens has applied for and received $1,921,936 from HHS for the PRF. This has been reported as a component of prepaid expenses and other assets on the accompanying consolidating statement of financial position and CARES Act funding on the accompanying consolidating statement of activities.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans (EIDL) to provide liquidity to small businesses harmed by the COVID-19 outbreak.

Effective May 18, 2020, Citizens' Board of Directors unanimously approved Citizens taking advantage of a provision of the CARES Act, which allows for employers to delay payment of its 50% portion of the aggregate 12.4% Old-Age, Survivors and Disability Insurance program tax (Social Security tax). Citizens must continue, as before, to timely withhold from the pay of each employee, and deposit with the IRS, the employee's share of the Social Security tax. The payment of the employer portion of the Social Security tax for 2020 may be remitted to the IRS in two equal installments, with 50% of the deferred amount due by December 31, 2021 and the remainder due by December 31, 2022. As of December 31, 2020, the balance of the deferred employer Social Security tax was approximately $1,004,000 and has been included in salaries payable, accrued payroll taxes and benefits on the accompanying consolidating statement of financial position.

Management continues to examine the impact that the CARES Act may have on its business. Management currently is unable to determine the impact that the CARES Act will have on the financial condition, results of operation or liquidity.

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic. Citizens is currently evaluating the impact of the Act and as of the date of this report, has not applied for any funding from the Act.

20. Subsequent Events

Citizens Options has performed subsequent events procedures through May 28, 2021, which is the date that the consolidating financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidating financial statements or disclosures as stated herein, except:

On March 10, 2021, the President signed the $1.9 trillion American Rescue Plan Act (ARPA) into law. As of the date of this report, AHRC Nassau has not applied for any funding from ARPA.

On May 26, 2021, Citizens Options received proceeds for an SBA PPP loan in the amount of $7,881,858. The loan bears interest at 1.00% per annum and is payable in five years, with principal and interest payments due beginning in October 2022. The loan under the SBA PPP may be forgiven according to Citizens Options' use of the proceeds and its compliance with the terms of the loan. Citizens Options plans to apply for forgiveness of this loan, however there is no assurance that the loan will be forgiven.

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Community Services Support Corporation

Financial Statements
Year Ended December 31, 2022

Community Services Support Corporation

Financial Statements
Year Ended December 31, 2022

Community Services Support Corporation

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Independent Auditor's Report

The Board of Directors
Community Services Support Corporation
Brookville, New York

Opinion

We have audited the financial statements of Community Services Support Corporation (CSSC), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CSSC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of CSSC and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 CSSC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CSSC'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 audit.

Report on Summarized Comparative Information

We have audited the Community Services Support Corporation's 2021 financial statements and our report, dated May 31, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 31, 2023

Community Services Support Corporation

Statement of Financial Position
(with comparative totals for 2021)

December 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 670,223	$ 519,031
Investments, at fair value	383,533	1,108,314
Prepaid expenses and other current assets	169,623	142,490
Receivable from other organizations, current portion	321,709	315,607
Sales-type lease receivable, current portion	2,021,773	2,556,447
Total Current Assets	3,566,861	4,641,889
Receivable from Other Organizations, net of current portion	1,823,808	2,225,519
Assets Held for Specific Purpose	433,962	450,381
Sales-Type Lease Receivable, net of current portion	11,577,091	11,023,454
Fixed Assets, Net	3,691,745	6,001,413
Total Assets	$ 21,093,467	$ 24,342,656
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 107,163	$ 29,256
Line of credit	3,415,308	2,255,679
Current portion of mortgages payable	100,844	96,723
Current portion of bonds payable	2,536,834	3,449,834
Total Current Liabilities	6,160,149	5,831,492
Subvention Loan Payable	1,956,852	1,950,018
Mortgages Payable, net of current portion	137,126	237,970
Bonds Payable, net of current portion and deferred financing costs	10,493,491	12,890,235
Total Liabilities	18,747,618	20,909,715
Commitments and Contingencies		
Net Assets		
Without donor restrictions	2,345,849	3,432,941
Total Liabilities and Net Assets	$ 21,093,467	$ 24,342,656

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Activities
(with comparative totals for 2021)

Year ended December 31,		2022		2021
		(Without Donor Restrictions)		
Revenue				
Rental income	$	**106,845**	$	166,205
Interest income		**653,034**		669,404
Investment loss, net		**(1,293)**		(1,540)
Total Revenue		**758,586**		834,069
Expenses				
Program services:				
Interest		**695,063**		752,618
OPWDD administrative fees - bonds		**-**		179
Total Program Services		**695,063**		752,797
Supporting services:				
Management fees		**56,000**		51,000
Professional services		**38,874**		33,557
Total Supporting Services		**94,874**		84,557
Total Expenses		**789,937**		837,354
Change in Net Assets, before (loss) gain on assets leased through sales-type leases		**(31,351)**		(3,285)
(Loss) Gain on Assets Leased Through Sales-Type Leases		**(1,055,741)**		96,317
Change in Net Assets		**(1,087,092)**		93,032
Net Assets, beginning of year		**3,432,941**		3,339,909
Net Assets, end of year	$	**2,345,849**	$	3,432,941

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Cash Flows
(with comparative totals for 2021)

Year ended December 31,		2022		2021
Cash Flows from Operating Activities				
Change in net assets	$	**(1,087,092)**	$	93,032
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Interest expense related to deferred financing costs		**146,697**		149,501
Unrealized loss on investments		**23,229**		26,639
Loss (gain) on assets leased through sales-type leases		**1,055,741**		(96,317)
Accrued interest payable on subvention loan payable		**6,834**		8,916
(Increase) decrease in assets:				
Prepaid expenses and other assets		**(27,133)**		(129,822)
Receivable from other organizations		**395,609**		378,642
Sales-type lease receivable		**2,589,490**		2,826,988
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses		**77,907**		(21,810)
Deferred revenue		**-**		(88,414)
Net Cash Provided by Operating Activities		**3,181,282**		3,147,355
Cash Flows from Investing Activities				
Purchases of fixed assets		**(1,354,526)**		(877,828)
Proceeds from sale of investments		**701,552**		202,166
Net Cash Used in Investing Activities		**(652,974)**		(675,662)
Cash Flows from Financing Activities				
Proceeds from line of credit		**1,159,629**		1,092,938
Payments on line of credit		**-**		(3,3403,162)
Proceeds from Nassau County AHRC Foundation subvention loan		**-**		900,000
Deferred financing costs		**-**		(292,396)
Principal payments on mortgages payable		**(96,723)**		(118,978)
Proceeds from bonds payable		**-**		3,587,918
Principal payments on bonds payable		**(3,456,441)**		(3,944,837)
Net Cash Used in Financing Activities		**(2,393,535)**		(2,178,517)
Net Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents		**134,773**		293,176
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year		**969,412**		676,236
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$	**1,104,185**	$	969,412
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**541,532**	$	535,711
Investment in assets leased through sales-type leases		**2,608,453**		1,093,876

See accompanying notes to financial statements.

1. Description of Organization

Community Services Support Corporation (CSSC) holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by NYSARC, Inc. Nassau County Chapter (AHRC Nassau); Citizens Options Unlimited, Inc. (Citizens); Brookville Center for Children's Services (BCCS); and Advantage Care Diagnostic and Treatment Center, Inc. (Advantage Care). Revenues are derived mainly from the rental of these facilities.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of CSSC. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to CSSC's by-laws and may elect members of its Board of Directors. CSSC is affiliated with Citizens; BCCS; Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of Citizens, BCCS, LCDX, and MCP.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of CSSC.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time, and/or purpose restrictions. CSSC 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting CSSC to expend the income generated by the assets, in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

At December 31, 2022, CSSC did not have any net assets with donor restrictions.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

CSSC considers all highly liquid instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents. CSSC considers assets held for a specific purpose to be restricted cash and restricted cash equivalents. See Note 5 for further discussion.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31,2022		
Cash and cash equivalents	$	670,223
Assets held for specific purpose		433,962
	$	1,104,185

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as CSSC would use in pricing CSSC's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of CSSC are traded. CSSC estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Fixed Assets, Net

Fixed assets, net, are recorded at cost. CSSC capitalizes fixed assets that have a cost of $5,000 or more and a useful life of more than a year. Depreciation and amortization are computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Estimated Useful Lives (Years)
Building	15-50

Impairment of Long-Lived Assets

CSSC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2022, there have been no such losses.

Revenue Recognition

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned and when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses and are summarized in the accompanying statement of activities.

Concentration of Credit Risk

Financial instruments that potentially subject CSSC to concentration of credit risk consist primarily of cash and cash equivalents. At times, CSSC has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. None of CSSC's deposits are held in financial institutions that have experienced liquidity issues. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties - Investments

CSSC's investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

Income Taxes

CSSC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade of business for 2022.

CSSC adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on CSSC's financial statements. CSSC does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. CSSC has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, CSSC has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2022, there was no interest or penalties recorded or included in the statement of activities. CSSC is subject to routine audits by taxing authorities. As of December 31, 2022, CSSC was not subject to any examinations by a taxing authority.

3. Liquidity and Availability of Resources

CSSC's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31, 2022		
Cash and cash equivalents	$	670,223
Investments, at fair value		383,533
Sales-type lease receivable, current portion		2,021,773
Total Financial Assets Available to Management for General Expenditure Within One Year	$	3,075,529

The operations of CSSC are designed to break even on an annual basis, with a non-operating gain (loss) recognized in accordance with ASC 842 for properties leased to AHRC Nassau, BCCS, Citizens and Advantage Care. CSSC provides adequate liquidity to fund its operating expenses, liabilities, and debt service requirements by structuring its financial resources to be available as amounts become due. The Foundation, as the sole member of CSSC, is capable of supporting CSSC's additional cash flow requirements.

As of and for the year ended December 31, 2022, CSSC had negative working capital of $2,593,288 and incurred a net loss of $1,087,092. The net loss included a non-cash charge of $1,055,741 related to the loss on assets leased through sales-type leases in the statement of activities.

At December 31, 2022, CSSC had total financial assets available for general expenditures within one year of $3,075,529, as well as the ability to draw an additional $1,584,692 on its $5,000,000 line of credit. Not included within the total financial assets available for general expenditures within one year is interest to be collected on sales-type lease receivable payments in 2023.

4. Investments, at Fair Value

CSSC's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of CSSC's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CSSC's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

A description of the valuation technique applied to CSSC's assets measured at fair value is as follows:

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value, are as follows:

December 31, 2022

	Fair Value Measurement at Reporting Date Using			
Description	Level 1	Level 2	Level 3	Balance
Government securities	$ -	$ 383,533	$ -	$ 383,533
	$ -	$ 383,533	$ -	$ 383,533

There have been no changes in the methodology used at December 31, 2022. There were no transfers between levels during the year ended December 31, 2022.

Investment loss, net, is as follows:

Year ended December 31, 2022	
Interest and dividends	$ 21,936
Unrealized loss	(23,229)
	$ (1,293)

5. Assets Held for Specific Purpose

Under the terms of the Dormitory Authority of New York State (DASNY) 2018 Bonds, the Nassau County Industrial Development Agency (IDA) Bonds, and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) Bonds, assets held for a specific purpose consist of cash and cash equivalents. As of December 31, 2022, the assets held for a specific purpose amounted to $433,962.

Community Services Support Corporation

Notes to Financial Statements

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2022	
Buildings	$ 3,691,745
	$ 3,691,745

Fixed assets consist of buildings that have been purchased but have not yet been placed in service. These buildings are currently being renovated and will be leased under sales-type lease arrangements once the renovations have been completed and official approvals from regulatory authorities to occupy the buildings have been received. Estimated costs to complete the renovations as of December 31, 2022 are approximately $82,000. As such, there was no depreciation and amortization expense for the year ended December 31, 2022.

7. Sales-Type Lease Receivable

CSSC adopted the provisions of ASC 842, *Leases*. CSSC elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, CSSC has elected to not recognize leases with terms of 12 months or less on the statement of financial position. CSSC has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments, as permitted by ASC 842. Rental income for leases of 12 months or less for the year ended December 31, 2022 was $106,845.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 8, CSSC rents various properties to AHRC Nassau, BCCS, Citizens, and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. In 2022, CSSC recorded a sales-type lease receivable of $13,598,864 in the statement of financial position.

The leases are for various durations through 2071. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2022.

Year ending December 31,		
2023	$	2,554,327
2024		1,848,661
2025		1,491,977
2026		1,370,354
2027		1,245,704
Thereafter		10,109,647
Total Minimum Lease Receipts		18,620,670
Less: amounts representing interest		(5,021,806)
Present Value of Net Minimum Lease Receipts		13,598,864
Less: current portion		(2,021,773)
	$	11,577,091

Interest income for the year ended December 31, 2022 on sales-type lease receivables was $541,999 and is included as a component of interest income in the accompanying statement of activities. CSSC entered into new lease agreements in 2022 that resulted in a loss on assets leased through a sales-type lease of $1,055,741 for the year ended December 31, 2022.

8. Due (to) from Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which CSSC incurred management fees of $56,000 for the year ended December 31, 2022.

Rental Income - Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2022		
AHRC Nassau	$	17,265
BCCS		16,789
Advantage Care		134
Citizens		72,657
	$	106,845

Interest Income - Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2022		
AHRC Nassau	$	73,794
BCCS		127,835
Citizens		339,835
Advantage Care		535
	$	541,999

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2022, the balance due to CSSC from NCMRS was approximately $433,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $97,059 for the year ended December 31, 2022.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III, and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $229,412 and is included as a component of receivable from other organizations in the statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD, and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $46,818 for the year ended December 31, 2022.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV. and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $104,810 and is included as a component of receivable from other organizations in the statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2022, the outstanding balance carried by Advantage Care was $885,000. At December 31, 2022, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next ten years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2022, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens and BCCS, each in the amount of $2.0 million. As of December 31, 2022, there were no amounts outstanding under the BCCS or Citizen's lines of credit. There were no defaults under the terms of these agreements.

9. Line of Credit

As of December 31, 2022, CSSC has an uncommitted discretionary demand line of credit under which a maximum amount of $5 million can be borrowed with interest payable monthly at the prevailing prime rate (such rate being 7.50% at December 31, 2022). The line of credit agreement requires that CSSC comply with certain financial covenants. CSSC was in compliance with its financial covenants as of December 31, 2022. The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and the New York State Education Department, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens, and the Foundation (collectively, the Guarantors). As of December 31, 2022, there was $3,415,308 outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either the CSSC or the lender.

10. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties that mature in February 2025 and May 2025, respectively.

Community Services Support Corporation

Notes to Financial Statements

Future minimum annual principal payments are as follows:

Year ending December 31,		
2023	$	100,844
2024		105,141
2025		31,985
	$	237,970

11. Bonds Payable

2021 Bonds

On June 23, 2021, CSSC obtained financing of $3,415,000 through DASNY for the acquisition and renovation of three different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2021A-1 and 2021A-2), requires monthly interest payments and bears interest ranging from 2.2% to 5%. The Series 2021A-1 bond is a tax-exempt bond and Series 2021A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2021 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2022.

2018 Bonds

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2018 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio; must obtain prior written consent from DASNY before incurring any additional indebtedness; and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2022.

2014 Bonds

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB) in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as the 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million, to purchase and/or renovate four new projects of $2.1 million, and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

2012 Bonds

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchases and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA, (U.S. Bank) as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as the 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC Bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds, and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment, and furnishings in addition to the rents, issues, and profits generated by the facilities.

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with the Foundation, AHRC Nassau, BCCS, and Citizens (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with the Foundation, BCCS, Citizens, and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2022.

Future minimum annual principal payments are as follows:

Year ending December 31,

	2021 Bonds	2018 Bonds	2014 Bonds	2012 Bonds	Total
2023	$ 104,167	$ 196,667	$ 150,000	$ 2,086,000	$ 2,536,834
2024	102,917	205,000	160,000	833,000	1,300,917
2025	105,000	210,833	165,000	553,000	1,033,833
2026	110,833	212,083	165,000	331,000	818,916
2027	115,000	218,750	180,000	45,000	558,750
Thereafter	2,707,916	4,423,750	365,000	-	7,496,666
	3,245,833	5,467,083	1,185,000	3,848,000	13,745,916
Less: unamortized balance of deferred financing costs	(52,961)	(493,282)	(10,890)	(158,458)	(715,591)
Less: current portion	(104,167)	(196,667)	(150,000)	(2,086,000)	(2,536,834)
Long Term	$ 3,088,705	$ 4,777,134	$ 1,024,110	$ 1,603,542	$ 10,493,491

12. Subvention Loan Payable

In November 2018, CSSC entered into a subvention loan agreement with the Foundation. Under the terms of the subvention agreement, CSSC may borrow up to $1.3 million. Interest is payable monthly at the rate of $^2/_3$ of the maximum interest rate authorized, from time to time, pursuant to Section 5-501 of the New York General Obligations Law or 5.0% per annum, whichever is lower (such rate being 16% per annum for the year ended December 31, 2022). In 2022, CSSC drew down $0 on the subvention loan. Interest expense of $6,834 related to the subvention loan payable was accrued for the year ended December 31, 2022 and is included as a component of interest expense on the statement of activities.

13. Functional Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses. CSSC's operating expenses grouped by functional and natural classification are as follows:

Year ended December 31, 2022

	Program Services	Supporting Services	Total Expenses
Interest	$ 695,063	$ -	$ 695,063
Management fee	-	56,000	56,000
Professional services	-	38,874	38,874
	$ 695,063	$ 94,874	$ 789,937

14. Commitments and Contingencies

Legal Matters

CSSC is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

15. Subsequent Events

CSSC has evaluated subsequent events through May 31, 2023, the date the financial statements were available for issuance. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

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Community Services Support Corporation

Financial Statements
Year Ended December 31, 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Community Services Support Corporation

Financial Statements
Year Ended December 31, 2021

Community Services Support Corporation

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Independent Auditor's Report

The Board of Directors
Community Services Support Corporation
Brookville, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Services Support Corporation (CSSC), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CSSC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of CSSC and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 CSSC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CSSC'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 audit.

Report on Summarized Comparative Information

We have audited the Community Services Support Corporation's 2020 financial statements and our report, dated May 28, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 31, 2022

Community Services Support Corporation

Statement of Financial Position
(with comparative totals for 2020)

December 31,	2021	2020
Assets		
Current		
Cash and cash equivalents	$ **519,031**	$ 318,017
Investments, at fair value	**1,108,314**	1,337,119
Prepaid expenses and other current assets	**142,490**	12,668
Receivable from other organizations, current portion	**315,607**	303,640
Sales-type lease receivable, current portion	**2,556,447**	2,836,602
Total Current Assets	**4,641,889**	4,808,046
Receivable from Other Organizations, net of current portion	**2,225,519**	2,616,128
Assets Held for Specific Purpose	**450,381**	358,219
Sales-Type Lease Receivable, net of current portion	**11,023,454**	12,380,094
Fixed Assets, Net	**6,001,413**	6,217,461
Total Assets	$ **24,342,656**	$ 26,379,948
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ **29,256**	$ 51,066
Line of credit	**2,255,679**	4,565,903
Current portion of mortgages payable	**96,723**	118,977
Current portion of bonds payable	**3,449,834**	3,944,833
Total Current Liabilities	**5,831,492**	8,680,779
Subvention Loan Payable	**1,950,018**	1,041,102
Mortgages Payable, net of current portion	**237,970**	334,694
Bonds Payable, net of current portion and deferred financing costs	**12,890,235**	12,895,050
Deferred Revenue	**-**	88,414
Total Liabilities	**20,909,715**	23,040,039
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**3,432,941**	3,339,909
Total Liabilities and Net Assets	$ **24,342,656**	$ 26,379,948

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Activities
(with comparative totals for 2020)

Year ended December 31,		2021		2020
		(Without Donor Restrictions)		
Revenue				
Rental income	$	**166,205**	$	243,551
Interest income		**669,404**		746,502
Investment (loss) income, net		**(1,540)**		50,145
Prior-year income		**-**		73,200
Total Revenue		**834,069**		1,113,398
Expenses				
Program services:				
Interest		**752,618**		836,814
OPWDD administrative fees - bonds		**179**		256
Total Program Services		**752,797**		837,070
Supporting services:				
Management fees		**51,000**		150,000
Professional services		**33,557**		37,534
Total Supporting Services		**84,557**		187,534
Total Expenses		**837,354**		1,024,604
Change in Net Assets, before gain on assets leased through sales-type leases		**(3,285)**		88,794
Gain on Assets Leased Through Sales-Type Leases		**96,317**		84,034
Change in Net Assets		**93,032**		172,828
Net Assets, beginning of year		**3,339,909**		3,167,081
Net Assets, end of year	$	**3,432,941**	$	3,339,909

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Cash Flows
(with comparative totals for 2020)

Year ended December 31,		2021		2020
Cash Flows from Operating Activities				
Change in net assets	$	**93,032**	$	172,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Interest expenses related to deferred financing costs		**149,501**		153,112
Unrealized (loss) gain on investments		**26,639**		(26,283)
Gain on assets leased through sales-type leases		**(96,317)**		(84,034)
Accrued interest payable on subvention loan payable		**8,916**		14,182
(Increase) decrease in assets:				
Prepaid expenses and other assets		**(129,822)**		34,246
Receivable from other organizations		**378,642**		387,871
Sales-type lease receivable		**2,826,988**		3,080,536
Decrease in liabilities:				
Accounts payable and accrued expenses		**(21,810)**		(23,415)
Deferred revenue		**(88,414)**		(77,193)
Net Cash Provided by Operating Activities		**3,147,355**		3,631,850
Cash Flows from Investing Activities				
Purchases of fixed assets		**(877,828)**		(819,547)
Proceeds from sale of investments		**202,166**		23,652
Net Cash Used in Investing Activities		**(675,662)**		(795,895)
Cash Flows from Financing Activities				
Proceeds from line of credit		**1,092,938**		919,630
Payments on line of credit		**(3,403,162)**		-
Proceeds from Nassau County AHRC Foundation subvention loan		**900,000**		400,000
Principal payments on mortgages payable		**(118,978)**		(204,363)
Deferred financing costs		**(292,396)**		-
Proceeds from bonds payable		**3,587,918**		-
Principal payments on bonds payable		**(3,944,837)**		(3,999,999)
Net Cash Used in Financing Activities		**(2,178,517)**		(2,884,732)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents		**293,176**		(48,777)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year		**676,236**		725,013
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$	**969,412**	$	676,236
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**535,711**	$	665,713
Investment in assets leased through sales-type leases		**1,093,876**		1,206,025

See accompanying notes to financial statements.

1. Description of Organization

Community Services Support Corporation (CSSC) holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by NYSARC, Inc. Nassau County Chapter (AHRC Nassau); Citizens Options Unlimited, Inc. (Citizens); Brookville Center for Children's Services (BCCS); and Advantage Care Diagnostic and Treatment Center, Inc. (Advantage Care). Revenues are derived mainly from the rental of these facilities.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of CSSC. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to CSSC's by-laws and may elect members of its Board of Directors. CSSC is affiliated with Citizens; BCCS; Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of Citizens, BCCS, LCDX, and MCP.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of CSSC.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time, and/or purpose restrictions. CSSC 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting CSSC to expend the income generated by the assets, in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

At December 31, 2021, CSSC did not have any net assets with donor restrictions.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

CSSC considers all highly liquid instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents. CSSC considers assets held for a specific purpose to be restricted cash and restricted cash equivalents. See Note 5 for further discussion.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31,2021		
Cash and cash equivalents	$	519,031
Assets held for specific purpose		450,381
	$	969,412

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as CSSC would use in pricing CSSC's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of CSSC are traded. CSSC estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Fixed Assets, Net

Fixed assets, net, are recorded at cost. CSSC capitalizes fixed assets that have a cost of $5,000 or more and a useful life of more than a year. Depreciation and amortization are computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

Building	15-50 years

Impairment of Long-Lived Assets

CSSC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses.

Deferred Revenue

The New York State Office for People with Developmental Disabilities (OPWDD) reimbursements include interest and principal amortization on loans from the Facilities Development Corporation (FDC), a public benefit corporation, in the reimbursement rate paid to service providers. However, CSSC recognizes revenue based upon interest and depreciation of the facility. The difference between revenue recognized and the reimbursement from OPWDD is reflected as deferred revenue on the statement of financial position. The deferred revenue represents timing differences, which will accumulate over the early periods of the loan repayments and will reverse during the latter periods of the loan repayments.

Revenue Recognition

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned and when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses and are summarized in the accompanying statement of activities.

Concentration of Credit Risk

Financial instruments that potentially subject CSSC to concentration of credit risk consist primarily of cash and cash equivalents. At times, CSSC has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties - Investments

CSSC's investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

Income Taxes

CSSC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade of business for 2021.

CSSC adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on CSSC's financial statements. CSSC does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. CSSC has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, CSSC has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2021, there was no interest or penalties recorded or included in the statement of activities. CSSC is subject to routine audits by taxing authorities. As of December 31, 2021, CSSC was not subject to any examinations by a taxing authority.

3. Liquidity and Availability of Resources

CSSC's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31, 2021		
Cash and cash equivalents	$	519,031
Investments, at fair value		1,108,314
Sales-type lease receivable, current portion		2,556,447
Total Financial Assets Available to Management for General Expenditure Within One Year	$	4,183,792

CSSC provides adequate liquidity to fund its operating expenses, liabilities, and debt service requirements by structuring its financial resources to be available as amounts become due. The Foundation, as the sole member of CSSC, is capable of supporting CSSC's additional cash flow requirements. To help manage unanticipated liquidity needs, CSSC has an available line of credit in the amount of $5 million, of which $2,744,321 is available at December 31, 2021.

4. Investments, at Fair Value

CSSC's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of CSSC's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CSSC's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

A description of the valuation technique applied to CSSC's assets measured at fair value is as follows:

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value, are as follows:

December 31, 2021

	Fair Value Measurement at Reporting Date Using			
Description	Level 1	Level 2	Level 3	Balance
Government securities	$ -	$ 1,108,314	$ -	$ 1,108,314
	$ -	$ 1,108,314	$ -	$ 1,108,314

There have been no changes in the methodology used at December 31, 2021. There were no transfers between levels during the year ended December 31, 2021.

Investment loss, net, is as follows:

Year ended December 31, 2021

Interest and dividends	$ 25,099
Unrealized loss	(26,639)
	$ (1,540)

5. Assets Held for Specific Purpose

Under the terms of the Dormitory Authority of New York State (DASNY) 2018 Bonds, the Nassau County Industrial Development Agency (IDA) Bonds, and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) Bonds, assets held for a specific purpose consist of cash and cash equivalents. As of December 31, 2021, the assets held for a specific purpose amounted to $450,381.

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2021

Buildings	$ 6,001,413
	$ 6,001,413

Fixed assets consist of buildings that have been purchased but have not yet been placed in service. These buildings are currently being renovated and will be leased under sales-type lease arrangements once the renovations have been completed and official approvals from regulatory authorities to occupy the buildings have been received. Estimated costs to complete the renovations as of December 31, 2021 are approximately $1,149,000. As such, there was no depreciation and amortization expense for the year ended December 31, 2021.

7. Sales-Type Lease Receivable

CSSC adopted the provisions of ASC 842, *Leases*. CSSC elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, CSSC has elected to not recognize leases with terms of 12 months or less on the statement of financial position. CSSC has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments, as permitted by ASC 842. Rental income for leases of 12 months or less for the year ended December 31, 2021 was $166,205.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 8, CSSC rents various properties to AHRC Nassau, BCCS, Citizens, and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. In 2021, CSSC recorded a sales-type lease receivable of $13,579,901 in the statement of financial position.

The leases are for various durations through 2069. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2021.

Year ending December 31,		
2022	$	3,044,019
2023		2,345,466
2024		1,642,258
2025		1,288,032
2026		1,168,867
Thereafter		7,749,903
Total Minimum Lease Receipts		17,238,545
Less: amounts representing interest		(3,658,644)
Present Value of Net Minimum Lease Receipts		13,579,901
Less: current portion		(2,556,447)
	$	11,023,454

Interest income for the year ended December 31, 2021 on sales-type lease receivables was $548,665 and is included as a component of interest income in the accompanying statement of activities. CSSC entered into a new lease agreement in 2021 that resulted in a gain on assets leased through a sales-type lease of $96,317 for the year ended December 31, 2021.

8. Due (to) from Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which CSSC incurred management fees of $51,000 for the year ended December 31, 2021.

Rental Income - Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2021		
AHRC Nassau	$	25,883
BCCS		15,084
Advantage Care		211
Citizens		125,027
	$	166,205

Interest Income - Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2021		
AHRC Nassau	$	84,987
BCCS		158,545
Citizens		304,129
Advantage Care		1,004
	$	548,665

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau HSBC Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2021, the balance due to CSSC from NCMRS was approximately $525,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $93,093 for the year ended December 31, 2021.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III, and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $326,471 and is included as a component of receivable from other organizations in the statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD, and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $46,818 for the year ended December 31, 2021.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV. and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $191,628 and is included as a component of receivable from other organizations in the statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2021, the outstanding balance carried by Advantage Care was $1,000,000. At December 31, 2021, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next ten years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2021, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens and BCCS, each in the amount of $2.0 million. As of December 31, 2021, there were no amounts outstanding under the BCCS or Citizen's lines of credit. There were no defaults under the terms of these agreements.

9. Line of Credit

As of December 31, 2021, CSSC has an uncommitted discretionary demand line of credit under which a maximum amount of $5.0 million can be borrowed with interest payable monthly at the prevailing prime rate (such rate being 3.25% at December 31, 2021). The line of credit agreement requires that CSSC comply with certain financial covenants. CSSC was in compliance with its financial covenants as of December 31, 2021. The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and the New York State Education Department, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens, and the Foundation (collectively, the Guarantors). As of December 31, 2021, there was $2,255,679 outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either the CSSC or the lender.

10. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties that mature in February 2025 and May 2025, respectively.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2022	$	96,723
2023		100,844
2024		105,141
2025		31,985
	$	334,693

11. Bonds Payable

2021 Bonds

On June 23, 2021, CSSC obtained financing of $3,415,000 through DASNY for the acquisition and renovation of three different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2021A-1 and 2021A-2), requires monthly interest payments and bears interest ranging from 2.2% to 5%. The Series 2021A-1 bond is a tax-exempt bond and Series 2021A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2021 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2021.

2018 Bonds

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2018 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio; must obtain prior written consent from DASNY before incurring any additional indebtedness; and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2021.

2014 Bonds

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB) in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as the 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million, to purchase and/or renovate four new projects of $2.1 million, and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

2012 Bonds

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchased and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as the 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC Bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment, and furnishings in addition to the rents, issues, and profits generated by the facilities.

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with the Foundation, AHRC Nassau, BCCS, and Citizens (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with the Foundation, BCCS, Citizens, and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2021.

Future minimum annual principal payments are as follows:

Year ending December 31,	2021 Bonds	2018 Bonds	2014 Bonds	2012 Bonds	Total
2022	$ 107,917	$ 182,917	$ 805,000	$ 2,354,000	$ 3,449,834
2023	104,167	196,667	150,000	2,086,000	2,536,834
2024	102,917	205,000	160,000	833,000	1,300,917
2025	105,000	210,833	165,000	553,000	1,033,833
2026	110,833	212,083	165,000	331,000	818,916
Thereafter	2,822,918	4,642,500	545,000	45,000	8,055,418
	3,353,752	5,650,000	1,990,000	6,202,000	17,195,752
Less: unamortized balance of deferred financing costs	(55,219)	(518,259)	(23,863)	(258,342)	(855,683)
Less: current portion	(107,917)	(182,917)	(805,000)	(2,354,000)	(3,449,834)
	$ 3,190,616	$ 4,948,824	$ 1,161,137	$ 3,589,658	$ 12,890,235

12. Subvention Loan Payable

In November 2018, CSSC entered into a subvention loan agreement with the Foundation. Under the terms of the subvention agreement, CSSC may borrow up to $1.3 million. Interest is payable monthly at the rate of $^2/_3$ of the maximum interest rate authorized, from time-to-time, pursuant to Section 5-501 of the New York General Obligations Law or 5.0% per annum, whichever is lower (such rate being 4% per annum for the year ended December 31, 2021). In 2021, CSSC drew down $900,000 on the subvention loan. Interest expense of $8,916 related to the subvention loan payable was accrued for the year ended December 31, 2021 and is included as a component of interest expense on the statement of activities.

13. Functional Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses. CSSC's operating expenses grouped by functional and natural classification are as follows:

Year ended December 31, 2021

	Program Services	Supporting Services	Total Expenses
Interest	$ 752,618	$ -	$ 752,618
Management fee	-	51,000	51,000
Professional services	-	33,557	33,557
Others	179	-	179
	$ 752,797	$ 84,557	$ 837,354

14. Commitments and Contingencies

Legal Matters

CSSC is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

15. Subsequent Events

CSSC has evaluated subsequent events through May 31, 2022, the date the financial statements were available for issuance. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

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Community Services Support Corporation

Financial Statements
Year Ended December 31, 2020

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Community Services Support Corporation

Financial Statements
Year Ended December 31, 2020

Community Services Support Corporation

Contents

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Independent Auditor's Report

The Board of Directors
Community Services Support Corporation
Brookville, New York

Opinion

We have audited the financial statements of Community Services Support Corporation (CSSC), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CSSC as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of CSSC and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 CSSC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CSSC'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 audit.

Report on Summarized Comparative Information

We have previously audited the financial statements of Community Services Support Corporation as of and for the year ended December 31, 2019, and our report dated July 31, 2020 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 28, 2021

Community Services Support Corporation

Statement of Financial Position
(with comparative totals for 2019)

December 31,		**2020**		2019
Assets				
Current				
Cash and cash equivalents	**$**	**318,017**	$	368,208
Investments, at fair value		**1,337,119**		1,334,488
Prepaid expenses and other current assets		**12,668**		46,914
Receivable from other organizations, current portion		**303,640**		307,871
Sales-type lease receivable, current portion		**2,836,602**		3,080,734
Total Current Assets		**4,808,046**		5,138,215
Receivable from Other Organizations, net of current portion		**2,616,128**		2,999,768
Assets Held for Specific Purpose		**358,219**		356,805
Sales-Type Lease Receivable, net of current portion		**12,380,094**		13,926,439
Fixed Assets, Net		**6,217,461**		6,603,939
Total Assets	**$**	**26,379,948**	$	29,025,166
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**51,066**	$	74,481
Line of credit		**4,565,903**		3,646,273
Current portion of mortgages payable		**118,977**		204,364
Current portion of bonds payable		**3,944,833**		4,002,834
Total Current Liabilities		**8,680,779**		7,927,952
Subvention Loan Payable		**1,041,102**		626,920
Mortgages Payable, net of current portion		**334,694**		453,670
Bonds Payable, net of current portion and deferred financing costs		**12,895,050**		16,683,936
Deferred Revenue		**88,414**		165,607
Total Liabilities		**23,040,039**		25,858,085
Commitments and Contingencies				
Net Assets				
Without donor restrictions		**3,339,909**		3,167,081
Total Liabilities and Net Assets	**$**	**26,379,948**	$	29,025,166

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Activities
(with comparative totals for 2019)

Year ended December 31,	2020	2019
	(Without Donor Restrictions)	
Revenue		
Rental income	**$ 243,551**	$ 208,416
Interest income	**746,502**	876,445
Investment income, net	**50,145**	72,133
Prior-year income	**73,200**	-
Total Revenue	**1,113,398**	1,156,994
Expenses		
Program services:		
Interest	**836,814**	1,020,223
OPWDD administrative fees - bonds	**256**	256
Total Program Services	**837,070**	1,020,479
Supporting services:		
Management fees	**150,000**	111,000
Professional services	**37,534**	35,661
Total Supporting Services	**187,534**	146,661
Total Expenses	**1,024,604**	1,167,140
Change in Net Assets, before loss on change in accounting principle and gain on assets leased through sales-type leases	**88,794**	(10,146)
Loss on Change in Accounting Principle	**-**	(10,074,193)
Gain on Assets Leased Through Sales-Type Leases	**84,034**	-
Change in Net Assets	**172,828**	(10,084,339)
Net Assets, beginning of year	**3,167,081**	13,251,420
Net Assets, end of year	**$ 3,339,909**	$ 3,167,081

See accompanying notes to financial statements.

Community Services Support Corporation

Statement of Cash Flows
(with comparative totals for 2019)

Year ended December 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	**$ 172,828**	$ (10,084,339)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest expenses related to deferred financing costs	**153,112**	205,608
Unrealized gain on investments	**(26,283)**	(41,151)
Gain on assets leased through sales-type leases	**(84,034)**	-
Loss on change in accounting principle	**-**	10,074,193
Accrued interest payable on subvention loan payable	**14,182**	6,920
(Increase) decrease in assets:		
Accounts receivable	**-**	16,512
Prepaid expenses and other assets	**34,246**	(31,479)
Receivable from other organizations	**387,871**	433,115
Sales-type lease receivable	**3,080,536**	3,299,859
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(23,415)**	2,610
Deferred revenue	**(77,193)**	(22,114)
Net Cash Provided by Operating Activities	**3,631,850**	3,859,734
Cash Flows from Investing Activities		
Purchases of fixed assets	**(819,547)**	(1,886,897)
Purchases of investments	**-**	(18,077)
Proceeds from sale of investments	**23,652**	-
Net Cash Used in Investing Activities	**(795,895)**	(1,904,974)
Cash Flows from Financing Activities		
Proceeds from line of credit	**919,630**	1,680,175
Proceeds from Nassau County AHRC Foundation subvention loan	**400,000**	620,000
Principal payments on mortgages payable	**(204,363)**	(247,476)
Principal payments on bonds payable	**(3,999,999)**	(3,926,494)
Net Cash Used in Financing Activities	**(2,884,732)**	(1,873,795)
Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**(48,777)**	80,965
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year	**725,013**	644,048
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	**$ 676,236**	$ 725,013
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 665,713**	$ 799,044
Investment in assets leased through sales-type leases	**1,206,025**	20,307,032

See accompanying notes to financial statements.

1. Description of Organization

Community Services Support Corporation (CSSC) holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by NYSARC, Inc. Nassau County Chapter (AHRC Nassau); Citizens Options Unlimited, Inc. (Citizens); Brookville Center for Children's Services (BCCS); and Advantage Care Diagnostic and Treatment Center, Inc. (Advantage Care). Revenues are derived mainly from the rental of these facilities.

The Nassau County AHRC Foundation, Inc. (the Foundation) is the sole member of CSSC. Accordingly, members of the Foundation's Board of Directors have authority to approve changes to CSSC's by-laws and may elect members of its Board of Directors. CSSC is affiliated with Citizens; BCCS; Life Care Data Exchange, LLC (LCDX); and Metropolitan Community Partners, Inc. (MCP). The Foundation is also the sole member of Citizens, BCCS, LCDX and MCP.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of CSSC.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. CSSC 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting CSSC to expend the income generated by the assets, in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

At December 31, 2020, CSSC did not have any net assets with donor restrictions.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

CSSC considers all highly liquid instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents. CSSC considers assets held for specific purpose to be restricted cash and restricted cash equivalents. See Note 5 for further discussion.

Cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following:

December 31,2020		
Cash and cash equivalents	$	318,017
Assets held for specific purpose		358,219
	$	676,236

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as CSSC would use in pricing CSSC's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of CSSC are traded. CSSC estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Fixed Assets, Net

Fixed assets, net, are recorded at cost. CSSC capitalizes fixed assets that have a cost of $5,000 or more and a useful life of more than a year. Depreciation and amortization is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

Building	15-50 years

Impairment of Long-Lived Assets

CSSC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2020, there have been no such losses.

Deferred Revenue

The New York State Office for People with Developmental Disabilities (OPWDD) reimbursements include interest and principal amortization on loans from the Facilities Development Corporation (FDC), a public benefit corporation, in the reimbursement rate paid to service providers. However, CSSC recognizes revenue based upon interest and depreciation of the facility. The difference between revenue recognized and the reimbursement from OPWDD is reflected as deferred revenue on the statement of financial position. The deferred revenue represents timing differences, which will accumulate over the early periods of the loan repayments and will reverse during the latter periods of the loan repayments.

Revenue Recognition

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned and when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses and are summarized in the accompanying statement of activities.

Concentration of Credit Risk

Financial instruments that potentially subject CSSC to concentration of credit risk consist primarily of cash and cash equivalents. At times, CSSC has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties - Investments

CSSC's investments are concentrated in government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain government securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

Income Taxes

CSSC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade of business for 2020.

CSSC adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes.* Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on CSSC's financial statements. CSSC does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. CSSC has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, CSSC has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2020, there was no interest or penalties recorded or included in the statement of activities. CSSC is subject to routine audits by taxing authorities. As of December 31, 2020, CSSC was not subject to any examinations by a taxing authority.

3. Liquidity and Availability of Resources

CSSC's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Year ended December 31, 2020		
Cash and cash equivalents	$	318,017
Investments, at fair value		1,337,119
Sales-type lease receivable, current portion		2,836,602
Total Financial Assets Available to Management for General Expenditure Within One Year	$	4,491,738

CSSC provides adequate liquidity to fund its operating expenses, liabilities and debt service requirements by structuring its financial resources to be available as amounts become due. The Foundation, as the sole member of CSSC, is capable of supporting CSSC's additional cash flow requirements. To help manage unanticipated liquidity needs, CSSC has an available line of credit in the amount of $5 million, of which approximately $434,097 is available at December 31, 2020.

4. Investments, at Fair Value

CSSC's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of CSSC's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CSSC's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy levels.

A description of the valuation techniques applied to CSSC's assets measured at fair value are as follows:

Government Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value, are as follows:

December 31, 2020

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Government securities	$ -	$ 1,337,119	$ -	$ 1,337,119
	$ -	$ 1,337,119	$ -	$ 1,337,119

There have been no changes in the methodologies used at December 31, 2020. There were no transfers between levels during the year ended December 31, 2020.

Investment income, net, is as follows:

Year ended December 31, 2020	
Interest and dividends	$ 23,862
Unrealized gain	26,283
	$ 50,145

5. Assets Held for Specific Purpose

Under the terms of the Dormitory Authority of New York State (DASNY) 2018 Bonds, the Nassau County Industrial Development Agency (IDA) Bonds and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) Bonds, assets held for specific purpose consist of cash and cash equivalents. As of December 31, 2020, the assets held for specific purpose amounted to $358,219.

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2020	
Buildings	$ 6,217,461
	$ 6,217,461

Fixed assets consist of buildings that have been purchased but have not yet been placed in service. These buildings are currently being renovated and will be leased under sales-type lease arrangements once the renovations have been completed and official approvals from regulatory authorities to occupy the buildings have been received. Estimated costs to complete the renovations as of December 31, 2020 are $2,013,947. As such, there was no depreciation and amortization expense for the year ended December 31, 2020.

7. Sales-Type Lease Receivable

CSSC adopted the provisions of ASC 842, *Leases*. CSSC elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, CSSC has elected to not recognize leases with terms of 12 months or less on the statement of financial position. Rental income for leases of 12 months or less for the year ended December 31, 2020 was $243,551.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 8, CSSC rents various properties to AHRC Nassau, BCCS, Citizens and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. In 2020, CSSC recorded a sales-type lease receivable of $15,216,696 in the statement of financial position.

The leases are for various durations through 2069. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis. The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2020.

Year ending December 31,	
2021	$ 3,387,071
2022	2,945,348
2023	2,264,645
2024	1,562,233
2025	1,209,453
Thereafter	7,534,220
Total Minimum Lease Receipts	18,902,970
Less: amounts representing interest	(3,686,274)
Present Value of Net Minimum Lease Receipts	15,216,696
Less: current portion	(2,836,602)
	$ 12,380,094

Interest income for the year ended December 31, 2020 on sales-type lease receivables was $616,904 and is included as a component of interest income in the statement of activities. CSSC entered into a new lease agreement in 2020 that resulted in a gain on assets leased through a sales-type lease of $84,034 for the year ended December 31, 2020.

8. Due (to) from Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, pursuant to terms of an administrative services agreement for which CSSC incurred management fees of $150,000 for the year ended December 31, 2020.

Rental Income – Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2020		
AHRC Nassau	$	10,564
Citizens		232,987
	$	243,551

Interest Income – Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2020		
AHRC Nassau	$	134,329
BCCS		190,521
Citizens		290,460
Advantage Care		1,594
	$	616,904

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau HSBC Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2020, the balance due to CSSC from NCMRS was approximately $609,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III

Community Services Support Corporation

Notes to Financial Statements

realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $89,288 for the year ended December 31, 2020.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $419,564 and is included as a component of receivable from other organizations in the statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $54,839 for the year ended December 31, 2020.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $278,447 and is included as a component of receivable from other organizations in the statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2020, the outstanding balance carried by Advantage Care was $1,110,100. At December 31, 2020, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next ten years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2020, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens and BCCS, each in the amount of $2.0 million. As of December 31, 2020, there was no amount outstanding under the Citizen's line of credit and there was $2,000,000 outstanding under the BCCS line of credit. There were no defaults under the terms of these agreements.

9. Line of Credit

As of December 31, 2020, CSSC has a secured revolving bank line of credit with HSBC Bank, under which a maximum amount of $5.0 million can be borrowed. The line of credit agreement requires that CSSC comply with certain financial covenants. CSSC was in compliance with its financial covenants as of December 31, 2020. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2020). The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and the New York State Education Department, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens and the Foundation (collectively, the Guarantors). As of December 31, 2020, there was $4,565,903 outstanding under this line of credit. The agreement expires on December 8, 2021 and may be renewed with the bank's approval.

10. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties that mature in February 2025 and May 2025, respectively.

CSSC has entered into loan agreements with FDC, acting by and through its agent, the Commissioner of OPWDD and its successors. The loans are secured by four residential properties. The loans bear interest at rates ranging from 3.33% to 7.82% and are payable in semi-annual installments through varying dates from February 2016 to February 2021.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	118,977
2022		96,723
2023		100,844
2024		105,141
2025		31,986
	$	453,671

11. Bonds Payable

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, NY. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	175,833
2022		182,917
2023		196,667
2024		205,000
2025		210,833
Thereafter		4,854,583
		5,825,833
Less: unamortized balance of deferred financing costs		(543,237)
	$	5,282,596

The 2018 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2020.

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB) in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as the 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million, to purchase and/or renovate four new projects of $2.1 million and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	1,485,000
2022		805,000
2023		150,000
2024		160,000
2025		165,000
Thereafter		710,000
		3,475,000
Less: unamortized balance of deferred financing costs		(45,487)
	$	3,429,513

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchased and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as the 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC Bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment and furnishings in addition to the rents, issues and profits generated by the facilities.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	2,284,000
2022		2,354,000
2023		2,086,000
2024		833,000
2025		553,000
Thereafter		376,000
		8,486,000
Less: unamortized balance of deferred financing costs		(358,226)
	$	8,127,774

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with the Foundation, AHRC Nassau, BCCS and Citizens (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with the Foundation, BCCS, Citizens and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2020.

12. Subvention Loan Payable

In November 2018, CSSC entered into a subvention loan agreement with the Foundation. Under the terms of the subvention agreement, CSSC may borrow up to $1.3 million. Interest is payable monthly at the rate of $^2/_3$ of the maximum interest rate authorized, from time-to-time, pursuant to Section 5-501 of the New York General Obligations Law or 5.0% per annum, whichever is lower (such rate being 4% per annum for the year ended December 31, 2020). In 2020, CSSC drew down $400,000 on the subvention loan. Interest expense of $14,182 related to the subvention loan payable was accrued for the year ended December 31, 2020 and is included as a component of interest expense on the statement of activities.

13. Functional Expenses

Expenses incurred in connection with operations have been determined by management to be either project-related or administrative expenses. CSSC's operating expenses grouped by functional and natural classification are as follows:

Year ended December 31, 2020		Program Services		Supporting Services		Expenses
Interest	$	836,814	$	-	$	836,814
Management fee		-		150,000		150,000
Professional services		-		37,534		37,534
Others		256		-		256
	$	837,070	$	187,534	$	1,024,604

Community Services Support Corporation
Notes to Financial Statements

14. Commitments and Contingencies

Legal Matters

CSSC is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

15. Risk and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the impact that the pandemic will have on CSSC's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, CSSC is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition and liquidity for 2021. If the pandemic continues, it may have an adverse effect on CSSC's results of future operations, financial condition and liquidity in 2021.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak. CSSC has not applied for, nor received, any funding from the CARES Act as of the report date.

Management continues to examine the impact that the CARES Act may have on its business. Management currently is unable to determine the impact that the CARES Act will have on the financial condition, results of operation or liquidity.

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic. CSSC is currently evaluating the impact of the Act and as of the date of this report, has not applied for any funding from the Act.

16. Subsequent Events

CSSC has evaluated subsequent events through May 28, 2021, the date the financial statements were available for issuance. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein, except:

On March 10, 2021, the President signed the $1.9 trillion American Rescue Plan Act (ARPA) into law. As of the date of this report, CSSC has not applied for any funding from ARPA.

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Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Financial Statements
and Supplementary Information
Year Ended December 31, 2022

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2022

Nassau County AHRC Foundation, Inc. and Affiliates

Contents

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Independent Auditor's Report

The Board of Directors
Nassau County AHRC Foundation, Inc. and Affiliates
Brookville, New York

Opinion

We have audited the consolidated financial statements of Nassau County AHRC Foundation, Inc. and Affiliates (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 financial position of the Foundation as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Emphasis of Matter

As described in Notes 1 and 2 to the consolidated financial statements, Life Care Data Exchange, LLC (LCDX) ceased regular business operations effective October 12, 2022. Detailed in Note 2 to the consolidated financial statements are the certain assets and liabilities of LCDX's discontinued operations as of December 31, 2022. Additionally, detailed in Note 2 are the major classes of revenues and expenses from discontinued operations for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

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 Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 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, 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 Foundation'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 Foundation'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 audit.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of the Foundation, and our report dated June 21, 2022 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are 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 audit 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.

BDO USA, LLP

June 16, 2023

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2021)

December 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	**$ 24,537,045**	$ 30,441,033
Investments, at fair value	**32,918,831**	38,095,972
Accounts receivable, net	**21,670,910**	16,938,042
Contributions receivable	**23,275**	15,325
Sales-type receivable, current portion	**480,917**	811,309
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	**75,921**	72,949
Prepaid expenses and other assets	**726,605**	1,194,516
Due from non-controlled affiliated organizations, current portion	**337,237**	425,703
Total Current Assets	**80,770,741**	87,994,849
Restricted Cash and Restricted Cash Equivalents	**37,255**	31,105
Due from Non-Controlled Affiliated Organizations, net of current portion	**744,860**	993,324
Assets Held for Specific Purpose	**980,432**	1,021,240
Sales-Type Receivable, net of current portion	**1,559,196**	733,803
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc., net of current portion	**444,415**	520,334
Deferred Charges	**154,943**	69,201
Computer Software, Net	**-**	138,997
Programmatic Investment, Net	**1,025,842**	1,025,842
Investment in Computer Software - Managed Care Organization, Net	**373,240**	373,240
Finance Lease Right-of-Use Assets, Net	**16,244,856**	18,115,773
Fixed Assets, Net	**13,474,209**	15,822,676
Total Assets	**$ 115,809,989**	$ 126,840,384

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2021)

December 31,	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 5,022,944**	$ 3,441,931
Accrued payroll and payroll-related costs	**10,501,271**	8,966,544
Due to non-controlled affiliated organizations	**1,943,356**	450,984
Due to New York State OPWDD	**3,306,763**	2,622,822
Lines of credit	**3,415,308**	2,255,679
Finance lease liabilities, current portion	**1,475,750**	1,351,986
Mortgages payable, current portion	**100,844**	96,723
Bonds payable, current portion	**2,536,834**	3,449,834
Paycheck Protection Program loan, current portion	**-**	1,370,026
Total Current Liabilities	**28,303,070**	24,006,529
Reserve for Potential Liabilities	**5,432,792**	5,339,152
Finance Lease Liabilities, net of current portion	**3,481,085**	4,887,999
Mortgages Payable, net of current portion	**137,126**	237,970
Bonds Payable, net of current portion and deferred financing costs	**10,493,491**	12,890,235
Paycheck Protection Program Loan, net of current portion	**-**	14,148,304
Deferred Compensation Payable	**546,470**	570,859
Total Liabilities	**48,394,034**	62,081,048
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**63,408,696**	60,683,973
With donor restrictions	**4,007,259**	4,075,363
Total Net Assets	**67,415,955**	64,759,336
Total Liabilities and Net Assets	**$ 115,809,989**	$ 126,840,384

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2021)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenue				
Program service fees:				
Educational services	$ 44,293,841	$ -	**$ 44,293,841**	$ 41,045,044
Residential services	26,211,503	-	**26,211,503**	24,434,557
Intermediate care facility services	37,285,708	-	**37,285,708**	35,182,812
Camp Loyaltown	924,303	-	**924,303**	487,344
Crisis respite services	687,358	-	**687,358**	799,166
Family support services	253,532	-	**253,532**	73,117
Self-direction	3,112,403	-	**3,112,403**	1,921,717
Conditional contributions	10,533,046	-	**10,533,046**	-
Total Program Service Fees	123,301,694	-	**123,301,694**	103,943,757
Rental income	59,119	-	**59,119**	68,088
Contributions	357,968	135,993	**493,961**	809,416
Service fees	403,802	-	**403,802**	3,084,246
Government grants	1,478,860	-	**1,478,860**	1,404,560
CARES Act funding	-	-	**-**	1,318,203
Special events, net of direct expense of $83,508	484,562	-	**484,562**	535,128
Contracted services	235,381	-	**235,381**	134,669
Interest income	185,364	-	**185,364**	206,730
Other revenue	295,819	-	**295,819**	124,031
Net assets released from restrictions	204,097	(204,097)	**-**	-
Total Revenue	127,006,666	(68,104)	**126,938,562**	111,628,828
Expenses				
Program expenses:				
Educational services	44,997,752	-	**44,997,752**	39,484,256
Residential services	28,935,397	-	**28,935,397**	22,577,656
Intermediate care facility services	41,384,758	-	**41,384,758**	33,157,763
Camp Loyaltown	2,493,124	-	**2,493,124**	1,210,412
Crisis respite services	1,287,460	-	**1,287,460**	943,309
Family support services	472,914	-	**472,914**	93,904
Self-direction	3,202,319	-	**3,202,319**	1,844,150
Other	1,746,605	-	**1,746,605**	2,129,505
Total Program Services Expenses	124,520,329	-	**124,520,329**	101,440,955

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2021)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Expenses (continued)				
Supporting services:				
Management and general	$ 10,380,793	$ -	**$ 10,380,793**	$ 7,377,540
Fundraising - contracted services	104,279	-	**104,279**	134,072
Professional services	47,297	-	**47,297**	34,045
Total Supporting Services Expenses	10,532,369	-	**10,532,369**	7,545,657
Total Expenses	135,052,698	-	**135,052,698**	108,986,612
Operating (Loss) Income	(8,046,032)	(68,104)	**(8,114,136)**	2,642,216
Non-Operating Activity				
Investment (loss) income, net	(4,541,115)	-	**(4,541,115)**	4,800,167
Interest income (loss) and other expenses, net	50,773	-	**50,773**	(92,642)
Forgiveness of debt	15,518,330	-	**15,518,330**	-
Impairment of programmatic investment and investment in software - managed care organization	-	-	**-**	(1,399,082)
Total Non-Operating Income, Net	11,027,988	-	**11,027,988**	3,308,443
Change in Net Assets, before gain on sale of computer software and (loss) gain on assets leased through sales-type leases	2,981,956	(68,104)	**2,913,852**	5,950,659
Gain on Sale of Computer Software	798,508	-	**798,508**	-
(Loss) Gain on Assets Leased Through Sales-Type Leases	(1,055,741)	-	**(1,055,741)**	96,317
Change in Net Assets	2,724,723	(68,104)	**2,656,619**	6,046,976
Net Assets, beginning of year	60,683,973	4,075,363	**64,759,336**	58,712,360
Net Assets, end of year	$ 63,408,696	$ 4,007,259	**$ 67,415,955**	$ 64,759,336

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Functional Expenses
(with comparative totals for 2021)

Year ended December 31,

	Program Services									Supporting Services				Total	
	Educational Services	Residential Services	Intermediate Care Facility Services	Camp Loyaltown	Crisis Respite Services	Family Support Services	Self-Direction	Other	Total Program Services	Management and General	Fundraising - Contracted Services	Professional Services	Total Supporting Services	**2022**	2021
Personnel Services															
Salaries	$ 26,714,856	$ 18,273,891	$ 26,477,918	$ 825,986	$ 812,576	$ 297,488	$ 1,487,052	$ -	$ 74,889,767	$ 1,173,879	$ -	$ -	$ 1,173,879	**$ 76,063,646**	$ 58,017,155
Payroll taxes	2,079,558	1,761,467	2,773,955	105,611	73,527	31,524	160,084	-	6,985,726	79,467	-	-	79,467	**7,065,193**	5,453,563
Employee health and retirement benefits	8,425,236	2,515,065	3,996,641	129,690	115,853	43,728	219,771	-	15,445,984	168,849	-	-	168,849	**15,614,833**	13,604,397
Total Personnel Services	37,219,650	22,550,423	33,248,514	1,061,287	1,001,956	372,740	1,866,907	-	97,321,477	1,422,195	-	-	1,422,195	**98,743,672**	77,075,115
Other Expenses															
Professional fees and contracted services	1,453,271	662,191	1,480,596	227,553	72,124	1,993	284,302	717,275	4,899,305	767,136	11,165	47,297	825,598	**5,724,903**	6,067,328
Rent	-	132,174	224,000	307,945	4,131	6,473	169,612	-	844,335	-	-	-	-	**844,335**	1,042,565
Telephone	119,663	25,861	-	-	-	-	-	-	145,524	1,700	-	-	1,700	**147,224**	137,200
Transportation and travel	73,717	162,261	165,483	57,520	2,067	158	95,530	-	556,736	36	398	-	434	**557,170**	381,648
Repairs and maintenance	1,377,047	761,606	652,507	124,083	32,823	7,093	5,675	-	2,960,834	44,412	-	-	44,412	**3,005,246**	2,662,053
Equipment and vehicles	284,276	273,067	246,980	22,479	29,301	1,481	240	-	857,824	545	-	-	545	**858,369**	554,025
Recruiting and staff development	347,901	304,677	344,715	101,533	7,153	575	63,032	-	1,169,586	166,662	-	-	166,662	**1,336,248**	881,997
Supplies	474,600	493,367	825,991	64,731	15,843	297	333,364	-	2,208,193	358	2,947	-	3,305	**2,211,498**	1,699,992
Food	281	642,895	510,716	121,857	21,264	47	3	-	1,297,063	-	-	-	-	**1,297,063**	992,568
Participant incidentals	1,985	188,584	368,553	28,020	1,714	3,448	287,074	-	879,378	-	-	-	-	**879,378**	631,733
Insurance	715,562	508,988	671,736	35,524	16,755	6,153	7,422	-	1,962,140	85,783	-	-	85,783	**2,047,923**	1,806,152
Interest expense	91,871	233,781	6,193	1,261	1,206	-	-	695,083	1,029,395	-	-	-	-	**1,029,395**	1,056,492
Depreciation and amortization	2,371,427	1,271,053	540,420	174,812	67,690	1,536	7,915	104,247	4,539,100	17,748	-	-	17,748	**4,556,848**	4,440,530
Utilities	466,501	336,991	461,037	102,571	11,867	695	72,019	-	1,451,681	-	-	-	-	**1,451,681**	1,160,831
New York State Health Facility Assessment	-	307,459	1,501,432	-	-	-	-	-	1,808,891	-	-	-	-	**1,808,891**	2,202,039
Fees, licenses, and permits	-	9,989	24,177	4,247	505	65,203	152	-	104,273	254,692	515	-	255,207	**359,480**	227,210
Grants	-	-	-	-	-	-	-	230,000	230,000	-	-	-	-	**230,000**	177,501
Special events	-	-	-	-	-	-	-	-	-	-	51,433	-	51,433	**51,433**	64,357
Miscellaneous	-	69,086	33,344	10,501	1,061	206	244	-	114,442	970,382	37,821	-	1,008,203	**1,122,645**	636,836
Bad debt expense	-	944	78,364	47,200	-	4,816	8,828	-	140,152	-	-	-	-	**140,152**	50,999
Management fees	-	-	-	-	-	-	-	-	-	6,649,144	-	-	6,649,144	**6,649,144**	5,037,441
Total Other Expenses	7,778,102	6,384,974	8,136,244	1,431,837	285,504	100,174	1,335,412	1,746,605	27,198,852	8,958,598	104,279	47,297	9,110,174	**36,309,026**	31,911,497
Total Expenses	$ 44,997,752	$ 28,935,397	$ 41,384,758	$ 2,493,124	$ 1,287,460	$ 472,914	$ 3,202,319	$ 1,746,605	$ 124,520,329	$ 10,380,793	$ 104,279	$ 47,297	$ 10,532,369	**$135,052,698**	$ 108,986,612

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows
(with comparative totals for 2021)

Year ended December 31,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 2,656,619	$ 6,046,976
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,556,848	4,440,530
Interest expense related to deferred financing costs	146,697	149,501
Gain from sale of computer software	(798,508)	-
Realized gains on investments	(2,204,540)	(2,991,546)
Unrealized loss (gain) on investments	7,438,445	(797,304)
Loss (gain) on assets leased through sales-type leases	1,055,741	(96,317)
Impairment of Programmatic Investment and Investment in Software - Managed Care Organization	-	1,399,082
Provision for bad debt	140,152	50,999
Forgiveness of debt	(15,518,330)	-
(Increase) decrease in assets:		
Accounts receivable	(4,873,020)	3,173,932
Contributions receivable	(7,950)	57,475
Sales-type lease receivable	794,032	978,051
Prepaid expenses and other assets	467,911	15,966
Due from non-controlled affiliated organizations	336,930	188,483
Deferred charges	(85,742)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,581,013	(5,735,572)
Accrued payroll and payroll related costs	1,534,727	(840,667)
Reserve for potential liabilities	93,640	487,612
Due to non-controlled affiliated organizations	1,492,372	(14,132)
Due to New York State OPWDD	683,941	294,099
Deferred revenue	-	(88,414)
Net Cash (Used in) Provided by Operating Activities	(509,022)	6,718,754
Cash Flows from Investing Activities		
Purchases of fixed assets	(2,433,423)	(1,938,885)
Proceeds from sale of donated land	90,382	-
Proceeds received for repayment of subvention loan receivable	72,947	70,093
Purchases of investments	(14,838,165)	(13,933,227)
Proceeds from sale of computer software, net of transaction costs	833,258	-
Proceeds from sale of investments	14,781,401	8,397,953
Net Cash Used in Investing Activities	(1,493,600)	(7,404,066)
Cash Flows from Financing Activities		
Proceeds from lines of credit	1,159,629	1,092,938
Repayments made on line of credit	-	(5,403,162)
Principal payments made on mortgages payable	(96,723)	(118,978)
Principal payments made on bonds payable	(3,456,441)	(3,944,837)
Payments made for deferred financing costs	-	(292,396)
Proceeds from bonds payable	-	3,587,918
Principal payments made on finance lease liabilities	(1,518,100)	(1,330,683)
Proceeds from the Paycheck Protection Program loan	-	15,518,330
Net Cash (Used in) Provided by Financing Activities	(3,911,635)	9,109,130
Change in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	(5,914,257)	8,423,818
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year	30,922,519	22,498,701
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$ 25,008,262	$ 30,922,519
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 783,973	$ 827,069
Cash paid for taxes	33,584	11,662
Acquisition of property through finance leases	234,950	606,259
Investment in assets leased through sales-type leases	1,289,033	606,259

See accompanying notes to consolidated financial statements.

1. Description of Organization and Principles of Consolidation

Nature of Operations

Nassau County AHRC Foundation, Inc. (AHRC Foundation) is a fundraising and grant-making not-for-profit corporation that supports programs to benefit children and adults who have an intellectual and/or developmental disability. AHRC Foundation is a primary source of philanthropic support for its related entities, Brookville Center for Children's Services, Inc. (BCCS) and Citizens Options Unlimited, Inc. (Citizens Options), in addition to providing grant awards to non-controlled affiliated organizations, such as NYSARC, Inc. Nassau County Chapter (AHRC Nassau), Advantage Care Diagnostic & Treatment Center, Inc. (Advantage Care), and other community-based not-for-profit organizations. AHRC Foundation's primary support is derived from contributions and special events.

Controlled Entities

AHRC Foundation is the sole member of Community Services Support Corporation (CSSC), Citizens Options, BCCS, Life Care Data Exchange, LLC (LCDX), and Metropolitan Community Partners, Inc. (MCP). Accordingly, members of AHRC Foundation's Board of Directors have the authority to approve changes to CSSC, Citizens Options, BCCS, LCDX, and MCP by-laws and appoint members of their Board of Directors.

BCCS is a not-for-profit organization that provides educational services to children with intellectual and developmental disabilities and day-care services for children in four locations in Nassau County, New York. BCCS serves over 750 children from the ages of birth through 21 years of age in classroom and home-based environments by offering developmentally appropriate, child-centered activities and providing opportunities for hands-on integrated learning through real-life experiences. BCCS is licensed by the New York State Education Department (SED), as well as the New York State Office of Children and Family Services. BCCS is supported primarily by tuition fees paid by Nassau County, New York City Board of Education (NYCBOE) and local school districts. In addition, BCCS obtains grant funding through the Individuals with Disabilities in Education Act (IDEA). BCCS also operates a Children's Residential Program (CRP), which is funded by the New York State Office for People with Developmental Disabilities (OPWDD). The program provides residential services in four locations to 25 children diagnosed with autism who attend BCCS's school-age programs.

Citizens Options provides individualized residential alternative (IRA) services, residential respite services, intermediate care facility services (ICF), and family support services for individuals with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

Citizens Options is the sole member of MRCS V, Inc. (MRCS V), a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for 12 developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, *Supportive Housing for Persons with Disabilities*. Citizens Options appoints the Board of Directors of MRCS V.

CSSC holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by AHRC Nassau, Citizens Options, BCCS, and Advantage Care. Revenues are derived mainly from the rental of these facilities.

LCDX became operational in January 2015 for the purpose of investing in development of care-coordination software for licensing to third-party service providers to developmentally disabled persons. LCDX is a single-member limited liability company. In 2022, LCDX ceased operations and sold its rights to the care-coordination software. See Note 2 for further discussion.

MCP was established in October 2017 to help facilitate the provision of services to persons with intellectual and developmental disabilities through the combination of services with other not-for-profit entities throughout the metropolitan New York City area and New York State. MCP is not yet active. As such, there is no activity to report as of and for the year ended December 31, 2022.

The accompanying consolidated financial statements include the accounts of AHRC Foundation, BCCS, the consolidated accounts of Citizens Options and MRCS V (collectively, Citizens), CSSC, and LCDX (collectively, the Foundation). All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Non-Controlled Affiliated Organizations

AHRC Nassau

AHRC Nassau is one of 41 New York State county chapters of The Arc New York. The Arc New York is a membership corporation formed in 1949 for all county chapters. AHRC Nassau is governed by its own Board of Directors and is operated under guidelines promulgated by The Arc New York. AHRC Nassau provides residential, day habilitation, vocational, and other services to individuals with developmental disabilities in Nassau County, New York. AHRC Nassau is supported primarily by service fees paid by various New York State agencies and government grants.

Certain administrative services are provided to the Foundation by AHRC Nassau, a non-controlled affiliated organization. These services are provided by AHRC Nassau to AHRC Foundation's related entities pursuant to the terms of corporate and administrative services agreements and include, but are not limited to, leadership consulting, purchasing, accounts payable, payroll, human resources, accounting, budgeting, and financial reporting.

Advantage Care

Advantage Care is a Federally Qualified Health Center (FQHC) that provides medical, dental, and mental health services in facilities located in Brookville and Freeport, New York.

Advantage Care also leases approximately 10,300 square feet in its Brookville, New York location from CSSC.

The accounts of AHRC Nassau and Advantage Care are not included in the accompanying consolidated financial statements.

2. Discontinued Operations

As described in Note 1 to the consolidated financial statements, during 2022 the Board of Directors of AHRC Foundation made the determination to sell LCDX's rights to the care-coordination software which LCDX had developed. On October 11, 2022, LCDX entered into a Software Transfer Agreement with an unrelated third-party to sell the care-coordination software, intellectual property rights and confidential information for a purchase price of $1,203,000. The effective date of the Software Transfer Agreement was October 12, 2022. Effective October 12, 2022, after the closing of the sale, LCDX ceased regular business operations. On December 7, 2022, the Board of Directors of AHRC Foundation passed a resolution to dissolve LCDX. On March 1, 2023, a Certificate of Dissolution was filed with the New York State Division of Corporations, State Records and Uniform Commercial Code. The following tables detail the certain assets and liabilities and major classes of revenues and expenses from LCDX's discontinued operations.

December 31, 2022		
Carrying amounts of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	$	751,296
Total Major Classes of Assets of Discontinued Operations	$	751,296
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable and accrued expenses	$	553,170
Due to AHRC Foundation		141,278
Total Major Classes of Liabilities of Discontinued Operations	$	694,448

Year ended December 31, 2022		
Major classes of line items constituting excess of revenues under expenses of discontinued operations:		
Service fee revenue	$	403,802
Major classes of line items constituting non-operating revenue, gains, and losses of discontinued operations:		
Gain on sale of computer software		798,508
Total Revenues from Discontinued Operations		1,202,310
Less:		
Professional services		725,698
Depreciation and amortization		104,247
Management fees		41,667
Management and general		4,493
Total Expenses from Discontinued Operations		876,105
Excess of Revenues Over Expenses of Discontinued Operations Related to Major Classes of Line Items	$	326,205

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Foundation.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. At December 31, 2022, the Foundation has net assets with donor restrictions held in perpetuity of $95,298. See Note 23 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2022, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidated statement of financial position.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31, 2022	
Cash and cash equivalents	$ 24,537,045
Restricted cash and restricted cash equivalents	37,255
Assets held for specific purpose	433,962
	$ 25,008,262

Assets held for specific purpose in the table above reflect only the cash and cash equivalents portion of the total balance of assets held for specific purpose related to the Debt Service Reserve Fund. See Note 7 for further information.

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, the Foundation analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation. The Foundation capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is recorded over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Building and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by OPWDD over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. The Foundation records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. The Foundation expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. During the year ended December 31, 2022, there were no such losses.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services provided to people with developmental disabilities. These amounts are due from third-party payors (including government programs and health insurers) and others and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, the Foundation submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Foundation measures revenue from the commencement of services to the end of the service period. The Foundation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Foundation has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Foundation will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Foundation considers these amounts in determination of the transaction price. The Foundation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Foundation determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. The Foundation is not aware of any allegations of noncompliance that could have a material adverse effect on the accompany consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, the Foundation utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Foundation accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Foundation considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Foundation believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Foundation's program service fee revenue disaggregated by payor:

Year ended December 31, 2022	
Medicaid	$ 47,790,737
New York City, Nassau, and Suffolk County Boards of Education	43,557,453
Third-party payor	17,428,810
Private pay	501,772
OPWDD	1,033,392
Social Security Administration	1,567,675
Other	888,809
	$ 112,768,648

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Conditional promises to give are not included as support until such time as the conditions are substantially met. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before an organization is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of releases of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

During the year ended December 31, 2022, Citizens Options received $9,379,467 and BCCS received $1,153,579 of Federal Medical Assistance Percentage (FMAP) funding that was designated under Section 9817 of the American Rescue Plan Act of 2021. These monies, which were received by Citizens Options and BCCS from OPWDD, are to be paid to eligible employees as workforce stabilization bonuses. As this is a nonexchange transaction in which no commensurate value is exchanged, they will be accounted for as a conditional contribution in accordance with ASC Topic 958, *Not-for-Profit Entities*. During the year ended December 31, 2022, $9,379,467 was distributed to employees of Citizens Options and $1,153,579 was distributed to employees of BCCS as workforce stabilization bonuses and is included in conditional contributions in the accompanying consolidated statement of activities and is included in salaries and payroll taxes in the accompanying consolidated statement of functional expenses.

Rental Income

MRCS V's revenue is derived principally from the renting of apartments under one-year operating leases to eligible, very-low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization,

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Notes to Consolidated Financial Statements

utilities, information technology, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

The Foundation follows the provisions of ASC 958, *Not-for-Profit Entities*, related to enhanced disclosures for all endowment funds. The Foundation has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, the Foundation classifies the portion of the endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents. At times, the Foundation has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. As of December 31, 2022, Citizens Options had approximately $3,034,000 on deposit with Signature Bank (Signature). On March 12, 2023, Signature was closed by the New York State Department of Financial Services (NYSDFS) and the FDIC was named Receiver. Prior to the closure of Signature by the NYSDFS, on March 10, 2023, Citizens Options withdrew all of their funds on deposit with Signature.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Taxes

The Foundation is incorporated in the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for the year ended December 31, 2022.

The Foundation adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on the Foundation's consolidated financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service (IRS) Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2022, there were no interest or penalties recorded or included in the consolidated statement of activities. The Foundation is subject to routine audits by taxing authorities. As of December 31, 2022, the Foundation was not subject to any examination by a taxing authority.

Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of financial position and consolidated statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Risks and Uncertainties - Investments

The Foundation's investments are concentrated in marketable equity securities, funds that invest in marketable equity securities, and government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. ASU 2020-07 does not change existing recognition and measurement requirements for contributed nonfinancial assets and was adopted by the Foundation for the year ended December 31, 2022. The adoption of the ASU did not have a material impact on the Foundation's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this standard require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In addition, this standard amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendment is effective for nonpublic entities for annual reporting periods beginning after December 15, 2022. Early adoption is permitted. The Foundation is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

4. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

December 31, 2022	
Cash and cash equivalents	$ 24,537,045
Investments, at fair value	32,918,831
Accounts receivable, net	21,670,910
Contributions receivable	23,275
Sales-type lease receivables, current portion	480,917
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	75,921
Total Financial Assets Available to Management for General Expenditure Within One Year	79,706,899
Amounts unavailable for general expenditures within one year, due to:	
Net assets with donor restrictions	(4,007,259)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 75,699,640

Liquidity Management

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, AHRC Foundation invests cash in excess of daily requirements in short-term investments. The Foundation utilizes the services of a Joint Investment Committee that consists of certain members of the Foundation's Board of Directors and other non-controlled affiliated organizations, which provides guidance with respect to appropriate management of its investments. To help manage unanticipated liquidity needs, the Foundation has three lines of credit available totaling $9 million from which to draw down upon, of which $5,584,692 was unused as of December 31, 2022.

5. Assets, at Fair Value

Investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 3 for a discussion of the Foundation's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. A description of the valuation techniques applied to the Foundation's assets measured at fair value is as follows:

Common Stocks, Stock Index Mutual Funds, Mutual Funds, and International Stocks – These investments are carried at their aggregate market value, as determined by quoted market prices. These investments are classified as Level 1. Additionally, the Foundation has an investment in a non-publicly traded mutual fund, which is carried at the aggregate market value as determined by the fund manager. This investment is classified as Level 2.

Government Securities – These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Guaranteed Investment Contract - The Foundation has an investment in a guaranteed investment contract. The investment is stated at contract value, which approximates fair value. The contract value equals the accumulated cash contributions, interest credited to the account, and transfers, if any, less any withdrawals and transfers. These investments are classified as Level 2.

Assets, at fair value, are as follows:

December 31, 2022

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Common stocks	$ 9,416,323	$ -	$ -	$ 9,416,323
Stock index mutual funds	6,255,502	-	-	6,255,502
Mutual funds	14,208,093	-	-	14,208,093
International stocks	994,261	-	-	994,261
Government securities	-	2,044,652	-	2,044,652
	30,874,179	2,044,652	-	32,918,831
Assets held for specific purpose:				
Mutual funds	317,553	-	-	317,553
Guaranteed investment contracts	-	228,917	-	228,917
Total Assets Held for Specific Purpose, at fair value	317,553	228,917	-	546,470
Total	$ 31,191,732	$ 2,273,569	$ -	$ 33,465,301

There have been no changes in the methodologies used at December 31, 2022. There were no changes between levels during the year ended December 31, 2022.

Investment loss, net, consists of the following:

Year ended December 31, 2022	
Interest and dividends	$ 770,186
Unrealized losses	(7,438,445)
Realized gains	2,204,540
Direct investment expenses	(77,396)
	$ (4,541,115)

6. Accounts Receivable, Net

Accounts receivable, net, consists of the following:

December 31, 2022	
Educational services	$ 10,036,475
Residential services	4,195,210
Intermediate care facility services	3,242,006
Camp Loyaltown	516,894
Crisis respite services	112,901
Family support services	108,360
Self-direction	612,296
Other	2,846,768
	$ 21,670,910

7. Assets Held for Specific Purpose

As of December 31, 2022, assets held for specific purpose amounted to $980,432 and consisted of the following:

Debt Service Reserve Fund – This fund was established under the terms of the Dormitory Authority of New York State (DASNY) 2021 and 2018 bonds, the Nassau County Industrial Development Agency (IDA) bonds, and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) bonds, and consists of cash and cash equivalents. As of December 31, 2022, the Debt Service Reserve Fund amounted to $433,962.

457(b) Plan – The Foundation maintain non-qualified 457(b) deferred compensation plans (the 457 Plans) for certain employees. Pursuant to the plan agreements, the 457 Plans' assets are considered general assets of the Foundation until the assets are distributed to the respective beneficiaries. As a result, the 457 Plans' net assets available for benefits of $546,470 as of December 31, 2022 are classified as components of assets held for specific purpose and deferred compensation payable in the consolidated statement of financial position.

8. Investment in and Loan Receivable from E-Works Electronics Services, Inc.

AHRC Foundation has an investment of $500,000 in E-Works Electronic Services, Inc. (EES), constituting a 50% interest in EES. EES operates an electronics recycling vocational program, which provides educational, training, and employment opportunities for persons with developmental disabilities. At December 31, 2022, AHRC Foundation has a valuation allowance of $500,000 recorded. The remaining value of the investment at December 31, 2022 is $0.

Additionally, in November 2015, AHRC Foundation's Board of Directors authorized a working capital loan to EES not to exceed $500,000, subject to further negotiation of interest rate and other repayment terms. At December 31, 2022, AHRC Foundation has an allowance of $500,000 recorded. The remaining net loan receivable as of December 31, 2022 is $0.

9. Subvention Loan Receivable

In February 2014, the Foundation entered into a subvention loan agreement with Advantage Care. Under the terms of the subvention loan agreement, Advantage Care may borrow up to $1.1 million pursuant to a promissory note payable for a period of 15 years. Interest is payable monthly at the rate of $^2/_3$ of the maximum interest rate authorized from time to time pursuant to Section 5-501 of the New York General Obligations Law (such rate being 16% per annum for the year ended December 31, 2022) or 5.0% per annum, whichever is lower. Proceeds from this loan were used to add the Freeport location, which opened in November 2014, including the costs of construction, equipment, furniture, and fixtures. Interest income for the year ended December 31, 2022 was $22,424. As of December 31, 2022, the subvention loan receivable amounted to $520,336.

Future minimum receipts are as follows:

Year ending December 31,		
2023	$	75,921
2024		79,014
2025		82,233
2026		85,584
2027		89,070
Thereafter		108,514
		520,336
Less: current portion		(75,921)
	$	444,415

10. Programmatic Investment, Net

Programmatic investments by their nature meet two distinct criteria: (i) their primary purpose is to further the tax-exempt objectives of the organization, and (ii) the production of income or appreciation of the investment is not a significant purpose for making this investment.

As of December 31, 2022, the Foundation has an investment of $2,051,684 in a managed care organization (the MCO). The MCO was developed by AHRC Nassau, together with four other chapters of The Arc New York, to provide a broad range of support and services for people with developmental

disabilities, in transition from a fee-for-service program model to a capitated, comprehensive care-management model. In 2018, ADAPT Community Network (ADAPT) (formerly known as United Cerebral Palsy of New York City, Inc.) became a member of the Board of Directors of the MCO. In 2019, Building Solutions for Tomorrow, Inc. (BST) became a member of the Board of Directors of the MCO. The MCO operations commenced on April 1, 2016. The MCO consists of Partners Health Plan, Inc. (PHP), a New York not-for-profit corporation, the operating entity, which will serve as a health management organization (HMO) for payment of claims for the support and services delivered to developmentally disabled populations in the geographic regions of each chapter. PHP is a licensed HMO under Article 44 of the New York State Public Health Law and is approved by Centers for Medicare and Medicaid Services (CMS) as a Fully Integrated Duals Advantage (FIDA) provider. PHP is the obligor for repayment of the investment pursuant to a subordinated note payable to each of the chapters. During 2021, the MCO experienced notable financial difficulties and the Foundation determined that it was no longer reasonable to expect full repayment of their investment. As such, a valuation allowance in the amount of $1,025,842 has been recorded as of December 31, 2022 to reduce the carrying value of the investment. The net carrying value of the investment at December 31, 2022 is $1,025,842. It is reasonably possible that the net carrying value of the investment can change in future periods.

11. Investment in Computer Software – Managed Care Organization, Net

As discussed in Note 10, the Foundation has a programmatic investment in a managed care organization. The Foundation also has an investment of $746,480 in proprietary software that is used by the managed care organization for billing, operating systems, and documentation standards, in accordance with regulatory requirements, for support to third-party providers of services to developmentally disabled persons. A valuation allowance in the amount of $373,240 has been recorded as of December 31, 2022 to reduce the carrying value of the investment in computer software. The net carrying value of the investment in computer software at December 31, 2022 is $373,240. It is reasonably possible that the net carrying value of the investment can change in future periods. See Note 10 for further details regarding the rationale for this valuation allowance.

12. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2022		
Land	$	600,000
Buildings and leasehold improvements		17,065,508
Equipment		6,891,993
		24,557,501
Less: accumulated depreciation and amortization		(11,083,292)
	$	13,474,209

Depreciation and amortization expense for the year ended December 31, 2022 related to fixed assets was $1,072,314 and is included as a component of depreciation and amortization expense on the consolidated statement of functional expenses.

13. Sales-Type Lease Receivable

The Foundation adopted the provisions of ASC 842, *Leases*. The Foundation elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, the Foundation has elected to not recognize leases with terms of 12 months or less on the consolidated statement of financial position. Rental income for leases of 12 months or less for the year ended December 31, 2022 was $59,119.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 14, CSSC rents various properties to AHRC Nassau and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. As of December 31, 2022, CSSC has recorded sales-type lease receivables of $2,040,113 in the accompanying consolidated statement of financial position.

The leases are for various durations through 2071. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2022:

Year ending December 31,		
2023	$	575,176
2024		228,013
2025		174,761
2026		130,137
2027		123,224
Thereafter		1,941,995
Total Minimum Lease Receipts		3,173,306
Less: amounts representing interest		(1,133,193)
Present Value of Net Minimum Lease Receipts		2,040,113
Less: current portion		(480,917)
	$	1,559,196

Interest income for the year ended December 31, 2022 on sales-type lease receivables was $74,029 and is included as a component of interest income in the accompanying consolidated statement of activities. CSSC entered into new lease agreements in 2022 that resulted in a loss on assets leased through a sales-type lease of $1,055,741 for the year ended December 31, 2022.

Nassau County AHRC Foundation, Inc. and Affiliates
Notes to Consolidated Financial Statements

14. Due from (to) Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, for which the Foundation and its related entities incurred management fees of $6,649,144 for the year ended December 31, 2022.

Rental Income – Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2022		
AHRC Nassau	$	17,265
Advantage Care		134
	$	17,399

Interest Income – Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the consolidated statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2022		
AHRC Nassau	$	73,494
Advantage Care		535
	$	74,029

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau HSBC Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2022, the balance due to CSSC from NCMRS was approximately $433,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $97,059 for the year ended December 31, 2022.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III, and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $229,412 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $46,818 for the year ended December 31, 2022.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV, and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $104,810 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2022, the outstanding balance carried by Advantage Care was $885,000. At December 31, 2022, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next ten years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2022, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens Options and BCCS, each in the amount of $2.0 million. As of December 31, 2022, there was no amount outstanding under the Citizens Options and the BCCS lines of credit. There were no defaults under the terms of these agreements.

AHRC Foundation unconditionally guarantees a line of credit agreement entered into by EES up to $500,000.

Citizens Options unconditionally guarantees separate line-of-credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2022, there was no outstanding balance under the BCCS line of credit, and there was approximately $3,415,000 outstanding under the CSSC line of credit. At December 31, 2022, there was no default of the terms of these agreements.

15. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which it purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, as long as the housing remains available to eligible, very-low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions (see Note 22).

16. Lines of Credit

As of December 31, 2022, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that Citizens Options comply with certain financial covenants. Citizens Options was in compliance with its financial covenants as of December 31, 2022. The line of credit bears interest at the prevailing prime rate (such rate being 7.5% at December 31, 2022). As of December 31, 2022, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either Citizens Options or the lender.

As of December 31, 2022, BCCS has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that BCCS comply with certain financial covenants. BCCS was in compliance with its financial covenants as of December 31, 2022. The line of credit bears interest at the prevailing prime rate (such rate being 7.5% at December 31, 2022). As of December 31, 2022, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either BCCS or the lender.

As of December 31, 2022, CSSC has an uncommitted discretionary demand line of credit under which a maximum amount of $5 million can be borrowed with interest payable monthly at the prevailing prime rate (such rate being 7.5% at December 31, 2022). The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and SED, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens Options, and the Foundation (collectively, the Guarantors). As of December 31, 2022, there was $3,415,308 outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either the CSSC or the lender.

17. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties, which mature in February 2025 and May 2025, respectively.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2023	$	100,844
2024		105,141
2025		31,985
		237,970
Less: current portion		(100,844)
	$	137,126

18. Bonds Payable

2021 Bonds

On June 23, 2021, CSSC obtained financing of $3,415,000 through DASNY for the acquisition and renovation of three different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2021A-1 and 2021A-2), requires monthly interest payments and bears interest ranging from 2.2% to 5%. The Series 2021A-1 bond is a tax-exempt bond and Series 2021A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2021 DASNY bonds are subject to certain covenants. CSSC, along with AHRC Foundation and Citizens Options, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with AHRC Foundation and Citizens Options, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with AHRC Foundation and Citizens Options, is in compliance with these covenants as of December 31, 2022.

2018 Bonds

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2018 DASNY bonds are subject to certain covenants. CSSC, along with AHRC Foundation and Citizens Options, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with AHRC Foundation and Citizens Options, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with AHRC Foundation and Citizens Options, is in compliance with these covenants as of December 31, 2022.

2014 Bonds

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB) in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as the 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million, to purchase and/or renovate four new projects of $2.1 million, and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

2012 Bonds

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchases and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA, (U.S. Bank) as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as the 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment, and furnishings, in addition to the rents, issues, and profits generated by the facilities.

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with AHRC Foundation, AHRC Nassau, BCCS, and Citizens Options (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with AHRC Foundation, BCCS, Citizens Options, and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2022.

Future minimum annual principal payments are as follows:

Year ending December 31,

	2021 Bonds	2018 Bonds	2014 Bonds	2012 Bonds	Total
2023	$ 104,167	$ 196,667	$ 150,000	$ 2,086,000	$ 2,536,834
2024	102,917	205,000	160,000	833,000	1,300,917
2025	105,000	210,833	165,000	553,000	1,033,833
2026	110,833	212,083	165,000	331,000	818,916
2027	115,000	218,750	180,000	45,000	558,750
Thereafter	2,707,916	4,423,750	365,000	-	7,496,666
	3,245,833	5,467,083	1,185,000	3,848,000	13,745,916
Less: unamortized balance of deferred financing costs	(52,961)	(493,282)	(10,890)	(158,458)	(715,591)
Less: current portion	(104,167)	(196,667)	(150,000)	(2,086,000)	(2,536,834)
	$ 3,088,705	$ 4,777,134	$ 1,024,110	$ 1,603,542	$ 10,493,491

19. Retirement Expense

Each of AHRC Foundation, BCCS, and Citizens Options maintains a defined contribution plan, as defined by IRC Section 403(b), which is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period, and have 1,000 hours of credited service. The annual employer contributions to the plans for AHRC Foundation and Citizens Options were 4% of total eligible salaries for all employees covered. The annual employer contributions to the BCCS plan were 6.5% of total eligible salaries for all employees covered. Total retirement expense for AHRC Foundation, BCCS, and Citizens Options for the year ended December 31, 2022 was approximately $2,800,000 and has been accrued as part of accrued payroll and payroll-related costs on the accompanying consolidated statement of financial position and employee health and retirement benefits in the consolidated statement of functional expenses.

20. Due to New York State OPWDD

BCCS and Citizens Options have entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes, and operations. BCCS and Citizens Options have agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

21. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review, or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of $5,432,792 as of December 31, 2022.

22. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2022

Subject to expenditure for specified purpose or period:	
HUD time restrictions	$ 1,396,400
Camp Loyaltown general purposes	415,264
ICF services	50,401
Other (purpose)	179,517
Autism programs	703,079
Special needs children	654,994
Parent associations	32,100
CRP	41,732
Educational program	428,474
Scholarship	10,000
Total Subject to Expenditure for Specified Purpose or Period	3,911,961
Endowments subject to spending policy and appropriation, which, once appropriated, are expendable to support:	
Shoreham ICF grounds maintenance	95,298
Total Endowments Subject to Spending Policy and Appropriation	95,298
Total Net Assets with Donor Restrictions	$ 4,007,259

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor.

Net assets were released for the following purposes:

Year ended December 31, 2022

Autism programs	$ 193,173
Special needs children	550
Parent associations	10,374
	$ 204,097

23. Endowment

Citizens Options received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens Options has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts, as allowing Citizens Options to appropriate for expenditure or accumulate earnings as Citizens Options determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor, as expressed in the gift instrument. As a result of this interpretation, Citizens Options has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens Options.

Investment and Spending Policies – Citizens Options has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens Options must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens Options considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of Citizens Options and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of Citizens Options.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens Options.
- The investment policy of Citizens Options.

The following represents the composition of endowment net assets by fund type:

December 31, 2022

	With Donor Restrictions	Total
Endowment funds	$ 95,298	$ 95,298

Nassau County AHRC Foundation, Inc. and Affiliates

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The change in endowment net assets was as follows:

December 31, 2022

	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 95,298	$ 95,298
Endowment Net Assets, end of year	$ 95,298	$ 95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2022.

24. Leases

The Foundation has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the Foundation records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Foundation is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Foundation has elected to use the incremental borrowing rate based on the information available at the lease inception date. The Foundation has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Foundation accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Foundation has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the consolidated statement of financial position. Rent expense for leases with terms of 12 months or less was approximately $844,000 for the year ended December 31, 2022 and is included in the consolidated statement of functional expenses.

Finance Leases - Lessee

The Foundation leases various buildings and vehicles under finance leases. These leases are deemed to be finance leases based on the underlying terms of the agreement and the criteria included in ASC 842. The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 4.25% per annum.

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2022

Lease costs:	
Finance lease cost:	
Amortization of right-of-use assets	$ 3,425,287
Interest on lease liabilities	216,711
Total Lease Cost	$ 3,641,998

December 31, 2022		
Right-of-use assets and liabilities:		
Finance lease right-of-use assets, net	$	16,244,856
Finance lease liabilities		4,956,835

Year ended December 31, 2022		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases	$	1,518,100

Weighted-average remaining lease term - finance leases	3.03 years
Weighted-average discount rate - finance leases	3.31%

For finance leases, right-of-use assets are recorded in finance lease right-of-use assets, net and lease liabilities are recorded in finance lease liabilities in the accompanying consolidated statement of financial position. Amortization expense is recorded as a component of depreciation and amortization expense and interest expense is recorded as a component of interest expense in the consolidated statement of functional expenses.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2022:

Year ending December 31,		
2023	$	1,835,054
2024		1,744,847
2025		1,624,834
2026		381,507
2027		72,412
Thereafter		815,292
Total Minimum Lease Payments		6,473,946
Less: amounts representing interest		(1,517,111)
Present Value of Net Minimum Lease Payments		4,956,835
Less: current portion		(1,475,750)
	$	3,481,085

Leases with Controlled Affiliates

Citizens Options and BCCS rent various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842. The associated sales-type lease receivable for CSSC and finance lease liability for Citizens Options and BCCS has been eliminated in consolidation. A right-of-use asset for these leases totaling $10,772,996 as of December 31, 2022 and depreciation expense related to these leases of $1,832,693 for the year ended December 31, 2022 have been recorded by Citizens Options and BCCS, which is not eliminated in consolidation.

25. Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. On April 27, 2021, BCCS received funds of $7,636,472 from the SBA PPP. In August 2022 BCCS received full forgiveness in the amount of $7,636,472 of its PPP loan from their lender and the SBA. On May 26, 2021, Citizens Options received funds of $7,881,858 from the SBA PPP. In July 2022 Citizens Options received full forgiveness in the amount of $7,881,858 of its PPP loan from their lender and the SBA.

The application for these PPP loan funds required BCCS and Citizens Options to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of BCCS and Citizens Options. This certification further required BCCS and Citizens Options to take into account its current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on BCCS and Citizens Options having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The forgiveness of this loan has been included in forgiveness of debt on the accompanying consolidated statement of activities.

26. Commitments and Contingencies

Legal Matters

The Foundation is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.

Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

27. Subsequent Events

The Foundation has evaluated subsequent events through June 16, 2023, the date the consolidated financial statements were available for issuance. There were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein.

Supplementary Information

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Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

December 31, 2022

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Assets							
Current Assets							
Cash and cash equivalents	$ 13,035,638	$ 1,729,734	$ 8,350,154	$ 670,223	$ 751,296	$ -	$ 24,537,045
Investments, at fair value	32,506,458	-	28,840	383,533	-	-	32,918,831
Accounts receivable, net	-	11,555,199	10,115,711	-	-	-	21,670,910
Contributions receivable	23,275	-	-	-	-	-	23,275
Sales-type receivable, current portion	-	-	-	2,021,773	-	(1,540,856)	480,917
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	75,921	-	-	-	-	-	75,921
Prepaid expenses and other assets	142,767	245,668	170,047	169,623	-	(1,500)	726,605
Due from non-controlled affiliated organizations, current portion	-	15,528	-	321,709	-	-	337,237
Due from controlled affiliates	192,027	-	-	-	-	(192,027)	-
Total Current Assets	45,976,086	13,546,129	18,664,752	3,566,861	751,296	(1,734,383)	80,770,741
Restricted Cash and Restricted Cash Equivalents	-	-	37,255	-	-	-	37,255
Due from Non-Controlled Affiliated Organizations, net of current portion	-	-	-	1,823,808	-	(1,078,948)	744,860
Assets Held for Specific Purpose	194,450	180,942	171,078	433,962	-	-	980,432
Sales-Type Receivable, net of current portion	-	-	-	11,577,091	-	(10,017,895)	1,559,196
Loan Receivable from Community Services Support Corporation	1,956,852	-	-	-	-	(1,956,852)	-
Loan Receivable from LCDX	4,167	-	-	-	-	(4,167)	-
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc., net of current portion	444,415	-	-	-	-	-	444,415
Deferred Charges	-	-	154,943	-	-	-	154,943
Programmatic Investment, Net	1,025,842	-	-	-	-	-	1,025,842
Investment in Computer Software - Managed Care Organization, Net	373,240	-	-	-	-	-	373,240
Finance Lease Right-of-Use Assets, Net	-	7,343,313	8,901,543	-	-	-	16,244,856
Fixed Assets, Net	-	2,417,434	7,365,030	3,691,745	-	-	13,474,209
Total Assets	$ 49,975,052	$ 23,487,818	$ 35,294,601	$ 21,093,467	$ 751,296	$ (14,792,245)	$ 115,809,989

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

December 31, 2022

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	$ 26,469	$ 2,393,962	$ 1,955,205	$ 107,163	$ 553,170	$ (13,025)	$ 5,022,944
Accrued payroll and payroll-related costs	51,658	4,868,825	5,580,788	-	-	-	10,501,271
Due to non-controlled affiliated organizations	169,030	670,977	1,103,349	-	-	-	1,943,356
Due to Nassau County AHRC Foundation, Inc.	-	43,391	-	-	141,278	(184,669)	-
Due to New York State OPWDD	-	154,368	3,152,395	-	-	-	3,306,763
Lines of credit	-	-	-	3,415,308	-	-	3,415,308
Finance lease liabilities, current portion	-	2,089,434	927,172	-	-	(1,540,856)	1,475,750
Mortgages payable, current portion	-	-	-	100,844	-	-	100,844
Bonds payable, current portion	-	-	-	2,536,834	-	-	2,536,834
Total Current Liabilities	247,157	10,220,957	12,718,909	6,160,149	694,448	(1,738,550)	28,303,070
Reserve for Potential Liabilities	-	333,124	5,099,668	-	-	-	5,432,792
Finance Lease Liabilities, net of current portion	-	5,574,623	7,924,357	-	-	(10,017,895)	3,481,085
Subvention Loan Payable	-	-	-	1,956,852	-	(1,956,852)	-
Mortgages Payable, net of current portion	-	-	-	137,126	-	-	137,126
Bonds Payable, net of current portion and deferred financing costs	-	-	-	10,493,491	-	-	10,493,491
Due to Non-Controlled Affiliated Organizations, net of current portion	-	-	1,078,948	-	-	(1,078,948)	-
Deferred Compensation Payable	194,450	180,942	171,078	-	-	-	546,470
Total Liabilities	441,607	16,309,646	26,992,960	18,747,618	694,448	(14,792,245)	48,394,034
Commitments and Contingencies							
Net Assets							
Without donor restrictions	49,094,971	5,746,268	6,164,760	2,345,849	56,848	-	63,408,696
With donor restrictions	438,474	1,431,904	2,136,881	-	-	-	4,007,259
Total Net Assets	49,533,445	7,178,172	8,301,641	2,345,849	56,848	-	67,415,955
Total Liabilities and Net Assets	$ 49,975,052	$ 23,487,818	$ 35,294,601	$ 21,093,467	$ 751,296	$ (14,792,245)	$ 115,809,989

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2022

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC (Discontinued Operations)	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue															
Program service fees:															
Educational services	$ -	$ -	$ -	$ 44,293,841	$ -	$ 44,293,841	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,293,841	$ -	$ 44,293,841
Residential services	-	-	-	5,556,701	-	5,556,701	20,654,802	-	20,654,802	-	-	-	26,211,503	-	26,211,503
Intermediate care facility services	-	-	-	-	-	-	37,285,708	-	37,285,708	-	-	-	37,285,708	-	37,285,708
Camp Loyaltown	-	-	-	-	-	-	924,303	-	924,303	-	-	-	924,303	-	924,303
Crisis respite services	-	-	-	-	-	-	687,358	-	687,358	-	-	-	687,358	-	687,358
Family support services	-	-	-	-	-	-	253,532	-	253,532	-	-	-	253,532	-	253,532
Self-direction	-	-	-	-	-	-	3,112,403	-	3,112,403	-	-	-	3,112,403	-	3,112,403
Conditional contributions	-	-	-	1,153,579	-	1,153,579	9,379,467	-	9,379,467	-	-	-	10,533,046	-	10,533,046
Total Program Service Fees	-	-	-	51,004,121	-	51,004,121	72,297,573	-	72,297,573	-	-	-	123,301,694	-	123,301,694
Rental income	-	-	-	-	-	-	41,720	-	41,720	106,845	-	(89,446)	59,119	-	59,119
Contributions	384,540	-	384,540	112,436	65,513	177,949	59,492	70,480	129,972	-	-	(198,500)	357,968	135,993	493,961
Service fees	-	-	-	-	-	-	-	-	-	-	403,802	-	403,802	-	403,802
Government grants	-	-	-	1,478,860	-	1,478,860	-	-	-	-	-	-	1,478,860	-	1,478,860
Special events, net of direct expense	484,562	-	484,562	-	-	-	-	-	-	-	-	-	484,562	-	484,562
Contracted services	260,427	-	260,427	-	-	-	-	-	-	-	-	(25,046)	235,381	-	235,381
Interest income	-	-	-	-	-	-	-	-	-	653,034	-	(467,670)	185,364	-	185,364
Other revenue	-	-	-	-	-	-	295,819	-	295,819	-	-	-	295,819	-	295,819
Net assets released from restrictions	-	-	-	204,097	(204,097)	-	-	-	-	-	-	-	204,097	(204,097)	-
Total Revenue	1,129,529	-	1,129,529	52,799,514	(138,584)	52,660,930	72,694,604	70,480	72,765,084	759,879	403,802	(780,662)	127,006,666	(68,104)	126,938,562
Expenses															
Program expenses:															
Educational services	-	-	-	45,345,242	-	45,345,242	-	-	-	-	-	(347,490)	44,997,752	-	44,997,752
Residential services	-	-	-	5,296,690	-	5,296,690	23,799,396	-	23,799,396	-	-	(160,689))	28,935,397	-	28,935,397
Intermediate care facility services	-	-	-	-	-	-	41,397,282	-	41,397,282	-	-	(12,524)	41,384,758	-	41,384,758
Camp Loyaltown	-	-	-	-	-	-	2,495,129	-	2,495,129	-	-	(2,005)	2,493,124	-	2,493,124
Crisis respite services	-	-	-	-	-	-	1,319,027	-	1,319,027	-	-	(31,567)	1,287,460	-	1,287,460
Family support services	-	-	-	-	-	-	472,992	-	472,992	-	-	(78)	472,914	-	472,914
Self-direction	-	-	-	-	-	-	3,205,082	-	3,205,082	-	-	(2,763)	3,202,319	-	3,202,319
Other	428,500	-	428,500	-	-	-	-	-	-	695,063	821,542	(198,500)	1,746,605	-	1,746,605
Total Program Services Expenses	428,500	-	428,500	50,641,932	-	50,641,932	72,688,908	-	72,688,908	695,063	821,542	(755,616)	124,520,329	-	124,520,329

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2022

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC (Discontinued Operations)	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Expenses (continued)															
Supporting services:															
Management and general	$ 574,845	$ -	$ 574,845	$ 4,577,056	$ -	$ 4,577,056	$ 5,151,798	$ -	$ 5,151,798	$ 56,000	$ 46,140	$ (25,046)	$ 10,380,793	$ -	$ 10,380,793
Fundraising - contracted services	104,279	-	104,279	-	-	-	-	-	-	-	-	-	104,279	-	104,279
Professional services	-	-	-	-	-	-	-	-	-	38,874	8,423	-	47,297	-	47,297
Total Supporting Services Expenses	679,124	-	679,124	4,577,056	-	4,577,056	5,151,798	-	5,151,798	94,874	54,563	(25,046)	10,532,369	-	10,532,369
Total Expenses	1,107,624	-	1,107,624	55,218,988	-	55,218,988	77,840,706	-	77,840,706	789,937	876,105	(780,662)	135,052,698	-	135,052,698
Operating Income (Loss)	21,905	-	21,905	(2,419,474)	(138,584)	(2,558,058)	(5,146,102)	70,480	(5,075,622)	(30,058)	(472,303)	-	(8,046,032)	(68,104)	(8,114,136)
Non-Operating Activity															
Investment loss, net	(4,604,567)	-	(4,604,567)	-	-	-	64,745	-	64,745	(1,293)	-	-	(4,541,115)	-	(4,541,115)
Interest income and other expenses, net	50,773	-	50,773	-	-	-	-	-	-	-	-		50,773	-	50,773
Forgiveness of debt	-	-	-	7,636,472	-	7,636,472	7,881,858	-	7,881,858	-	-	-	15,518,330	-	15,518,330
Total Non-Operating Income (Loss), Net	(4,553,794)	-	(4,553,794)	7,636,472	-	7,636,472	7,946,603	-	7,946,603	(1,293)	-	-	11,027,988	-	11,027,988
Change in Net Assets, before transfer of assets, gain on sale of computer software and loss on assets leased through sales-type leases	(4,531,889)	-	(4,531,889)	5,216,998	(138,584)	5,078,414	2,800,501	70,480	2,870,981	(31,351)	(472,303)	-	2,981,956	(68,104)	2,913,852
Transfer of Assets	7,330,000	-	7,330,000	-	-	-	-	-	-	-	(7,330,000)	-	-	-	-
Gain from Sale of Computer Software	-	-	-	-	-	-	-	-	-	-	798,508	-	798,508	-	798,508
Loss on Assets Leased Through Sales-Type Leases	-	-	-	-	-	-	-	-	-	(1,055,741)	-	-	(1,055,741)	-	(1,055,741)
Change in Net Assets	2,798,111	-	2,798,111	5,216,998	(138,584)	5,078,414	2,800,501	70,480	2,870,981	(1,087,092)	(7,003,795)	-	2,724,723	(68,104)	2,656,619
Net Assets, beginning of year	46,296,860	438,474	46,735,334	529,270	1,570,488	2,099,758	3,364,259	2,066,401	5,430,660	3,432,941	7,060,643	-	60,683,973	4,075,363	64,759,336
Net Assets, end of year	$ 49,094,971	$ 438,474	$ 49,533,445	$ 5,746,268	$ 1,431,904	$ 7,178,172	$ 6,164,760	$ 2,136,881	$ 8,301,641	$ 2,345,849	$ 56,848	$ -	$ 63,408,696	$ 4,007,259	$ 67,415,955

Nassau County
AHRC Foundation, Inc.
and Affiliates

Consolidated Financial Statements
and Supplementary Information
Year Ended December 31, 2021

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2021

Nassau County AHRC Foundation, Inc. and Affiliates

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Independent Auditor's Report

The Board of Directors
Nassau County AHRC Foundation, Inc.
and Affiliates
Brookville, New York

Opinion

We have audited the consolidated financial statements of Nassau County AHRC Foundation, Inc. and Affiliates (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 financial position of the Foundation as of December 31, 2021, and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the 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 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 Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 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, 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 Foundation'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 Foundation'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 audit.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Nassau County AHRC Foundation, Inc. and Affiliates, and our report dated June 30, 2021 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are 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 audit 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.

BDO USA, LLP

June 21, 2022

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2020)

December 31,	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 30,441,033**	$ 22,114,870
Investments, at fair value	**38,095,972**	28,771,848
Accounts receivable, net	**16,938,042**	20,162,973
Contributions receivable	**15,325**	72,800
Sales-type receivable, current portion	**811,309**	974,050
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	**72,949**	70,093
Prepaid expenses and other assets	**1,194,516**	1,210,482
Due from non-controlled affiliated organizations, current portion	**425,703**	346,550
Total Current Assets	**87,994,849**	73,723,666
Restricted Cash and Restricted Cash Equivalents	**31,105**	25,612
Due from Non-Controlled Affiliated Organizations, net of current portion	**993,324**	1,260,960
Assets Held for Specific Purpose	**1,021,240**	845,400
Sales-Type Receivable, net of current portion	**733,803**	1,549,113
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc., net of current portion	**520,334**	593,283
Deferred Charges	**69,201**	69,201
Computer Software, Net	**138,997**	332,259
Programmatic Investment, Net	**1,025,842**	2,051,684
Investment in Computer Software - Managed Care Organization, Net	**373,240**	746,480
Finance Lease Right-of-Use-Assets, Net	**18,115,773**	19,544,185
Fixed Assets, Net	**15,822,676**	16,000,071
Total Assets	**$ 126,840,384**	$ 116,741,914

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2020)

December 31,	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 3,441,931**	$ 9,177,503
Accrued payroll and payroll related costs	**8,966,544**	9,807,211
Due to non-controlled affiliated organizations	**450,984**	465,116
Due to New York State OPWDD	**2,622,822**	2,328,723
Lines of credit	**2,255,679**	6,565,903
Finance lease liabilities, current portion	**1,351,986**	1,221,452
Mortgages payable, current portion	**96,723**	118,977
Bonds payable, current portion	**3,449,834**	3,944,833
Paycheck Protection Program loan, current portion	**1,370,026**	-
Total Current Liabilities	**24,006,529**	33,629,718
Deferred Revenue	**-**	88,414
Reserve for Potential Liabilities	**5,339,152**	4,851,540
Finance Lease Liabilities, net of current portion	**4,887,999**	5,742,957
Mortgages Payable, net of current portion	**237,970**	334,694
Bonds Payable, net of current portion and deferred financing costs	**12,890,235**	12,895,050
Paycheck Protection Program Loan, net of current portion	**14,148,304**	-
Deferred Compensation Payable	**570,859**	487,181
Total Liabilities	**62,081,048**	58,029,554
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**60,683,973**	54,648,973
With donor restrictions	**4,075,363**	4,063,387
Total Net Assets	**64,759,336**	58,712,360
Total Liabilities and Net Assets	**$ 126,840,384**	$ 116,741,914

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2020)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenue				
Program service fees:				
Educational services	$ 41,045,044	$ -	**$ 41,045,044**	$ 42,337,649
Residential services	24,434,557	-	**24,434,557**	24,163,196
Intermediate care facility services	35,182,812	-	**35,182,812**	34,381,264
Camp Loyaltown	487,344	-	**487,344**	444,754
Crisis respite services	799,166	-	**799,166**	347,987
Family support services	73,117	-	**73,117**	114,552
Self-direction	1,921,717	-	**1,921,717**	1,323,508
Total Program Service Fees	103,943,757	-	**103,943,757**	103,112,910
Rental income	68,088	-	**68,088**	51,439
Contributions	659,162	150,254	**809,416**	1,189,272
Service fees	3,084,246	-	**3,084,246**	3,983,123
Government grants	1,404,560	-	**1,404,560**	1,069,487
CARES Act Funding	1,318,203	-	**1,318,203**	1,921,936
Special events, net of direct expense of $79,966	535,128	-	**535,128**	495,982
Contracted services	134,669	-	**134,669**	89,657
Interest income	206,730	-	**206,730**	265,671
Other revenue	124,031	-	**124,031**	62,462
Net assets released from restrictions	138,278	(138,278)	**-**	-
Total Revenue	111,616,852	11,976	**111,628,828**	112,241,939
Expenses				
Program expenses:				
Educational services	39,484,256	-	**39,484,256**	43,652,477
Residential services	22,577,656	-	**22,577,656**	21,584,876
Intermediate care facility services	33,157,763	-	**33,157,763**	37,608,898
Camp Loyaltown	1,210,412	-	**1,210,412**	1,437,970
Crisis respite services	943,309	-	**943,309**	933,879
Family support services	93,904	-	**93,904**	174,255
Self-direction	1,844,150	-	**1,844,150**	1,414,842
Other	2,129,505	-	**2,129,505**	2,480,403
Total Program Services Expenses	101,440,955	-	**101,440,955**	109,287,600

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2020)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Expenses (Continued)				
Supporting services:				
Management fee	$ 5,037,441	$ -	**$ 5,037,441**	$ 5,274,250
Management and general	2,340,099	-	**2,340,099**	2,621,926
Fundraising - contracted services	134,072	-	**134,072**	87,673
Professional services	34,045	-	**34,045**	40,092
Total Supporting Services Expenses	7,545,657	-	**7,545,657**	8,023,941
Total Expenses	108,986,612	-	**108,986,612**	117,311,541
Operating Income (Loss)	2,630,240	11,976	**2,642,216**	(5,069,602)
Non-Operating Activity				
Investment income, net	4,800,167	-	**4,800,167**	2,437,269
Interest income and other expenses	(92,642)	-	**(92,642)**	(62,557)
Impairment of Programmatic Investment and Investment in Software - Managed Care Organization	(1,399,082)	-	**(1,399,082)**	-
Total Non-Operating Income, Net	3,308,443	-	**3,308,443**	2,374,712
Change in Net Assets, before gain on assets leased through sales-type leases	5,938,683	11,976	**5,950,659**	(2,694,890)
Gain on Assets Leased Through Sales-Type Leases	96,317	-	**96,317**	84,034
Change in Net Assets	6,035,000	11,976	**6,046,976**	(2,610,856)
Net Assets, beginning of year	54,648,973	4,063,387	**58,712,360**	61,323,216
Net Assets, end of year	$ 60,683,973	$ 4,075,363	**$ 64,759,336**	$ 58,712,360

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Functional Expenses
(with comparative totals for 2020)

Year ended December 31,

	Program Services									Supporting Services					Total	
	Educational Services	Residential Services	Intermediate Care Facility Services	Camp Loyaltown	Crisis Respite Services	Family Support Services	Self-Direction	Other	Total Program Services	Management Fee	Management and General	Fundraising - Contracted Services	Professional Services	Total Supporting Services	**2021**	2020
Salaries	$ 23,198,873	$ 12,941,731	$ 19,096,364	$ 398,215	$ 531,363	$ -	$ 823,148	$ -	$ 56,989,694	$ -	$ 1,027,461	$ -	$ -	$ 1,027,461	**$ 58,017,155**	$ 61,528,082
Payroll taxes	1,822,478	1,325,665	2,109,232	44,518	58,934	-	21,656	-	5,382,483	-	71,080	-	-	71,080	**5,453,563**	6,167,731
Employee health and retirement benefits	6,576,587	2,763,234	3,715,650	78,436	103,838	-	47,298	-	13,285,043		319,354	-	-	319,354	**13,604,397**	15,928,764
Total Personnel Services	31,597,938	17,030,630	24,921,246	521,169	694,135	-	892,102	-	75,657,220	-	1,417,895	-	-	1,417,895	**77,075,115**	83,624,577
Other Expenses																
Professional fees and contracted services	1,696,435	1,045,506	1,708,742	34,719	90,310	569	148,045	1,005,920	5,730,246	-	285,347	17,690	34,045	337,082	**6,067,328**	7,359,962
Rent	-	163,123	305,819	315,310	7,358	3,808	247,147	-	1,042,565	-	-	-	-	-	**1,042,565**	1,438,055
Telephone	112,071	23,679	-	-	-	-	-	-	135,750	-	1,450	-	-	1,450	**137,200**	131,478
Transportation and travel	75,235	122,917	127,201	6,535	2,924	-	46,687	-	381,499	-	58	91	-	149	**381,648**	265,224
Repairs and maintenance	1,357,707	533,778	674,209	36,221	12,050	3,958	6,971	-	2,624,894	-	37,159	-	-	37,159	**2,662,053**	3,158,043
Equipment and vehicles	162,647	222,549	164,884	1,394	1,531	-	203	-	553,208	-	817	-	-	817	**554,025**	574,880
Staff training and dues and subscriptions	169,352	103,160	324,293	16,726	3,563	4,084	46,579	-	667,757	-	107,725	-	-	107,725	**775,482**	355,618
Supplies	321,265	393,971	749,271	1,867	15,080	-	211,002	-	1,692,456	-	1,118	6,418	-	7,536	**1,699,992**	1,852,326
Food	5,521	535,778	426,788	2,202	22,279	-	-	-	992,568	-	-	-	-	-	**992,568**	932,752
Participant incidentals	6,390	144,139	317,072	1,303	1,653	-	161,176	-	631,733	-	-	-	-	-	**631,733**	432,638
Insurance	549,566	500,413	666,971	29,319	15,422	-	28,952	-	1,790,643	-	15,509	-	-	15,509	**1,806,152**	1,484,852
Interest expense	240,104	33,860	1,140	2,219	1,060	-	-	752,643	1,031,026	-	25,466	-	-	25,466	**1,056,492**	1,146,386
Recruitment	71,736	11,959	-	-	-	-	-	-	83,695	-	22,820	-	-	22,820	**106,515**	28,328
Depreciation and amortization	2,508,864	1,066,173	432,821	148,994	61,876	596	8,053	193,262	4,420,639	-	19,891	-	-	19,891	**4,440,530**	4,283,383
Utilities	422,548	287,334	352,323	42,267	11,420	-	44,939	-	1,160,831	-	-	-	-	-	**1,160,831**	1,061,997
New York State Health Facility Assessment	-	308,368	1,893,671	-	-	-	-	-	2,202,039	-	-	-	-	-	**2,202,039**	2,340,607
Fees, licenses, and permits	-	14,935	19,213	5,003	534	80,889	538	-	121,112	-	105,439	659	-	106,098	**227,210**	154,709
Grants	-	-	-	-	-	-	-	177,501	177,501	-	-	-	-	-	**177,501**	127,500
Special events	-	-	-	-	-	-	-	-	-	-	-	64,357	-	64,357	**64,357**	62,369
Miscellaneous	186,877	35,176	64,820	1,652	2,114	-	1,756	179	292,574	-	299,405	44,857	-	344,262	**636,836**	1,171,306
Bad debt expense	-	208	7,279	43,512	-	-	-	-	50,999	-	-	-	-	-	**50,999**	50,301
Management fees	-	-	-	-	-	-	-	-	-	5,037,441	-	-	-	5,037,441	**5,037,441**	5,274,250
Total Other Expenses	7,886,318	5,547,026	8,236,517	689,243	249,174	93,904	952,048	2,129,505	25,783,735	5,037,441	922,204	134,072	34,045	6,127,762	**31,911,497**	33,686,964
Total Expenses	$ 39,484,256	$ 22,577,656	$ 33,157,763	$ 1,210,412	$ 943,309	$ 93,904	$ 1,844,150	$ 2,129,505	$ 101,440,955	$ 5,037,441	$ 2,340,099	$ 134,072	$ 34,045	$ 7,545,657	**$ 108,986,612**	$ 117,311,541

See accompanying notes to consolidated financial statements.

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Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Cash Flows
(with comparative totals for 2020)

Year ended December 31,	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 6,046,976	$ (2,610,856)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,440,530	4,283,383
Interest expense related to deferred financing costs	149,501	153,112
Realized gains on investments	(2,991,546)	(420,549)
Unrealized gains on investments	(797,304)	(1,459,906)
Gain on assets leased through sales-type leases	(96,317)	(84,034)
Impairment of Programmatic Investment and Investment in Software - Managed Care Organization	1,399,082	-
Provision for bad debt	50,999	50,301
(Increase) decrease in assets:		
Accounts receivable	3,173,932	203,382
Contributions receivable	57,475	(59,000)
Sales-type lease receivable	978,051	1,221,776
Prepaid expenses and other assets	15,966	130,162
Due from non-controlled affiliated organizations	188,483	122,888
Deferred charges	-	9,886
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(5,735,572)	5,605,168
Accrued payroll and payroll related costs	(840,667)	2,078,958
Reserve for potential liabilities	487,612	369,422
Due to non-controlled affiliated organizations	(14,132)	(2,965,507)
Due to New York State OPWDD	294,099	664,527
Deferred revenue	(88,414)	(77,193)
Net Cash Provided by Operating Activities	6,718,754	7,215,920
Cash Flows from Investing Activities		
Purchases of fixed assets	(1,938,885)	(1,391,278)
Proceeds received for repayment of subvention loan receivable	70,093	67,350
Purchases of investments	(13,933,227)	(5,573,798)
Proceeds from sale of investments	8,397,953	6,793,261
Net Cash Used in Investing Activities	(7,404,066)	(104,465)
Cash Flows from Financing Activities		
Proceeds from lines of credit	1,092,938	3,219,630
Repayments on line of credit	(5,403,162)	(1,800,000)
Principal payments made on mortgages payable	(118,978)	(204,363)
Principal payments made on bonds payable	(3,944,837)	(3,999,999)
Payments made on deferred financing costs	(292,396)	-
Proceeds from bonds payable	3,587,918	-
Principal payments made on finance lease liabilities	(1,330,683)	(1,143,703)
Proceeds from the Paycheck Protection Program loan	15,518,330	-
Net Cash Provided by (Used in) Financing Activities	9,109,130	(3,928,435)
Change in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	8,423,818	3,183,020
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year	22,498,701	19,315,681
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$ 30,922,519	$ 22,498,701
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 827,069	$ 1,456,118
Cash paid for taxes	11,662	31,515
Acquisition of property through finance leases	606,259	1,290,059

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Description of Organization and Principles of Consolidation

Nature of Operations

Nassau County AHRC Foundation, Inc. (AHRC Foundation) is a fundraising and grant-making not-for-profit corporation that supports programs to benefit children and adults who have an intellectual and/or developmental disability. AHRC Foundation is a primary source of philanthropic support for its related entities, Brookville Center for Children's Services, Inc. (BCCS) and Citizens Options Unlimited, Inc. (Citizens Options), in addition to providing grant awards to non-controlled affiliated organizations, such as NYSARC, Inc. Nassau County Chapter (AHRC Nassau), Advantage Care Diagnostic & Treatment Center, Inc. (Advantage Care), and other community-based not-for-profit organizations. AHRC Foundation's primary support is derived from contributions and special events.

Controlled Entities

AHRC Foundation is the sole member of Community Services Support Corporation (CSSC), Citizens Options, BCCS, Life Care Data Exchange, LLC (LCDX), and Metropolitan Community Partners, Inc. (MCP). Accordingly, members of AHRC Foundation's Board of Directors have the authority to approve changes to CSSC, Citizens Options, BCCS, LCDX, and MCP by-laws and appoints members of their Board of Directors.

BCCS is a not-for-profit organization that provides educational services to children with intellectual and other developmental disabilities and day-care services for children in four locations in Nassau County, New York. BCCS serves over 750 children from the ages of birth through 21 years of age in classroom and home-based environments by offering developmentally appropriate, child-centered activities and providing opportunities for hands-on integrated learning through real-life experiences. BCCS is licensed by the New York State Education Department (SED), as well as the New York State Office of Children and Family Services. BCCS is supported primarily by tuition fees paid by Nassau County, New York City Board of Education (NYCBOE) and local school districts. In addition, BCCS obtains grant funding through the Individuals with Disabilities in Education Act (IDEA). BCCS also operates a Children's Residential Program (CRP), which is funded by the New York State Office for People with Developmental Disabilities (OPWDD). The program provides residential services in four locations to 25 children diagnosed with autism who attend BCCS' school-age programs.

Citizens Options provides individualized residential alternative services (IRA), residential respite services, intermediate care facility services (ICF), and family support services for individuals with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

Citizens Options is the sole member of MRCS V, Inc. (MRCS V), a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for 12 developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, *Supportive Housing for Persons with Disabilities*. Citizens Options appoints the Board of Directors of MRCS V.

CSSC holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by AHRC Nassau, Citizens Options, BCCS, and Advantage Care. Revenues are derived mainly from the rental of these facilities.

LCDX became operational in January 2015 for the purpose of investing in development of care coordination software for licensing to third-party service providers to developmentally disabled persons. LCDX is a single-member LLC.

MCP was established in October 2017 to help facilitate the provision of services to persons with intellectual and developmental disabilities through the combination of services with other not-for-profit entities throughout the metropolitan New York City area and New York State. MCP is not yet active. As such, there is no activity to report as of and for the year ended December 31, 2021.

The accompanying consolidated financial statements include the accounts of AHRC Foundation, BCCS, the consolidated accounts of Citizens Options and MRCS V (collectively, Citizens), CSSC and LCDX (collectively, the Foundation). All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Non-Controlled Affiliated Organizations

AHRC Nassau

AHRC Nassau is one of 36 New York State county chapters of The Arc New York. The Arc New York is a membership corporation formed in 1949 for all county chapters. AHRC Nassau is governed by its own Board of Directors and is operated under guidelines promulgated by The Arc New York. AHRC Nassau provides residential, day habilitation, vocational, and other services to individuals with developmental disabilities in Nassau County, New York. AHRC Nassau is supported primarily by service fees paid by various New York State agencies and government grants.

Certain administrative services are provided to the Foundation by AHRC Nassau, a non-controlled affiliated organization. These services are provided by AHRC Nassau to AHRC Foundation's related entities pursuant to the terms of corporate and administrative services agreements and include, but are not limited to, leadership consulting, purchasing, accounts payable, payroll, human resources, accounting, budgeting, and financial reporting.

Advantage Care

Advantage Care is a Federally Qualified Health Center (FQHC) that provides medical, dental and mental health services in facilities located in Brookville and Freeport, New York.

Advantage Care also leases approximately 10,300 square feet in its Brookville, New York location from CSSC.

The accounts of AHRC Nassau and Advantage Care are not included in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Foundation.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. At December 31, 2021, the Foundation has net assets with donor restrictions held in perpetuity of $95,298. See Note 22 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2021, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidated statement of financial position.

Cash, cash equivalents, restricted cash, and restricted cash equivalents consist of the following:

December 31, 2021	
Cash and cash equivalents	$ 30,441,033
Restricted cash and restricted cash equivalents	31,105
Assets held for specific purpose	450,381
	$ 30,922,519

Assets held for specific purpose in the table above reflects only the cash and cash equivalents portion of the total balance of assets held for specific purpose related to the Debt Service Reserve Fund. See Note 6 for further information.

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, the Foundation analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation. The Foundation capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is recorded over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Building and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by OPWDD over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. The Foundation records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. The Foundation expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses. See Notes 9 and 10 for further discussion regarding impairment of long-lived assets recorded for the year ended December 31, 2021.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services provided to people with developmental disabilities. These amounts are due from third-party payors (including government programs and health insurers) and others and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, the Foundation submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Foundation measures revenue from the commencement of services to the end of the service period. The Foundation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Foundation has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Foundation will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Foundation considers these amounts in determination of the transaction price. The Foundation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Foundation determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. The Foundation is not aware of any allegations of noncompliance that could have a material adverse effect on the accompany consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, the Foundation utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Foundation accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Foundation considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Foundation believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

The following table shows the Foundation's program service fee revenue disaggregated by payor:

Year ended December 31, 2021	
Medicaid	$ 40,575,265
New York City, Nassau, and Suffolk County Boards of Education	40,503,022
Third-party payor	19,155,495
Private pay	581,255
OPWDD	1,163,694
Social Security Administration	1,371,270
Other	593,756
	$ 103,943,757

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Rental Income

MRCS V's revenue is derived principally from the renting of apartments under one-year operating leases to eligible, very-low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

The Foundation follows the provisions of ASC 958, *Not-for-Profit Entities,* related to enhanced disclosures for all endowment funds. The Foundation has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, the Foundation classifies the portion of the endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents. At times, the Foundation has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and requires management to make estimates and assumptions that affect the reported assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Taxes

The Foundation is incorporated in the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for the year ended December 31, 2021.

The Foundation adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes.* Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on the Foundation's consolidated financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service (IRS) Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2021, there were no interest or penalties recorded or included in the consolidated statement of activities. The Foundation is subject to routine audits by taxing authorities. As of December 31, 2021, the Foundation was not subject to any examination by a taxing authority.

Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of financial position and consolidated statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Risks and Uncertainties - Investments

The Foundation's investments are concentrated in marketable equity securities, funds that invest in marketable equity securities, and government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendments in this standard require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. In addition, this standard amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendment is effective for nonpublic entities for annual reporting periods beginning after December 15, 2022. Early adoption is permitted. The Foundation is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

Reclassifications

Certain reclassifications have been made to the 2020 consolidated financial statements in order to conform to the 2021 presentation.

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3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

December 31, 2021	
Cash and cash equivalents	$ 30,441,033
Investments, at fair value	38,095,972
Accounts receivable, net	16,938,042
Contributions receivable	15,325
Sales-type lease receivables, current portion	811,309
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	72,949
Total Financial Assets Available to Management for General Expenditure Within One Year	86,374,630
Amounts unavailable for general expenditures within one year, due to: Net assets with donor restrictions	(4,075,363)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 82,299,267

Liquidity Management

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, AHRC Foundation invests cash in excess of daily requirements in short-term investments. The Foundation utilizes the services of a Joint Investment Committee, that consists of certain members of the Foundation's Board of Directors and other non-controlled affiliated organizations, which provides guidance with respect to appropriate management of its investments. To help manage unanticipated liquidity needs, the Foundation has three lines of credit available totaling $9 million from which to draw down upon, of which $6,744,321 was unused as of December 31, 2021.

4. Investments, at Fair Value

Investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. A description of the valuation techniques applied to the Foundation's assets measured at fair value are as follows:

Common Stocks, Stock Index Mutual Funds, Mutual Funds, and International Stocks – These investments are carried at their aggregate market value, as determined by quoted market prices. These investments are classified as Level 1. Additionally, the Foundation has an investment in a non-publicly traded mutual fund, which is carried at the aggregate market value as determined by the fund manager. This investment is classified as Level 2.

Government Securities – These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Investments, at fair value are as follows:

December 31, 2021

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Common stocks	$ 11,347,056	$ -	$ -	$ 11,347,056
Stock index mutual funds	7,662,867	-	-	7,662,867
Mutual funds	10,418,045	3,112,442	-	13,530,487
International stocks	2,994,058	-	-	2,994,058
Government securities	-	2,561,504	-	2,561,504
	$ 32,422,026	$ 5,673,946	$ -	$ 38,095,972

There have been no changes in the methodologies used at December 31, 2021. There were no changes between levels during the year ended December 31, 2021.

The table below sets forth a summary of changes in fair value of the Level 3 assets:

Year ended December 31, 2021	
Balance, beginning of year	$ 1,422,113
Withdrawals	(1,438,430)
Investment income, net	16,317
Balance, end of year	$ -

Investment income, net, consists of the following:

Year ended December 31, 2021	
Interest and dividends	$ 1,072,110
Unrealized gains	797,304
Realized gains	2,991,546
Direct investment expenses	(60,793)
	$ 4,800,167

5. Accounts Receivable, Net

Accounts receivable, net, consists of the following:

December 31, 2021	
Educational services	$ 6,259,609
Residential services	3,351,329
Intermediate care facility services	5,290,473
Camp Loyaltown	539,783
Crisis respite services	127,208
Family support services	139,815
Self-direction	471,968
Other	757,857
	$ 16,938,042

6. Assets Held for Specific Purpose

As of December 31, 2021, assets held for specific purpose amounted to $1,021,240 and consisted of the following:

Debt Service Reserve Fund – This fund was established under the terms of the Dormitory Authority of New York State (DASNY) 2021 and 2018 bonds, the Nassau County Industrial Development Agency (IDA) bonds and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) bonds and consists of cash and cash equivalents. As of December 31, 2021, the Debt Service Reserve Fund amounted to $450,381.

457(b) Plan – The Foundation and its related entities maintain non-qualified 457(b) deferred compensation plans (the 457 Plans) for certain employees. Pursuant to the plan agreements, the Plans' assets are considered general assets of the Foundation until the assets are distributed to the respective beneficiaries. As a result, the 457 Plans' net assets available for benefits of $570,859 as of December 31, 2021 are classified as components of assets held for specific purpose and deferred compensation payable in the consolidated statement of financial position.

7. Investment in and Loan Receivable from E-Works Electronics Services, Inc.

AHRC Foundation has an investment of $500,000 in E-Works Electronic Services, Inc. (EES), constituting a 50% interest in EES. EES operates an electronics recycling vocational program, which provides educational, training, and employment opportunities for persons with developmental disabilities. At December 31, 2021, AHRC Foundation has a valuation allowance of $500,000 recorded. The remaining value of the investment at December 31, 2021 is $0.

Additionally, in November 2015, AHRC Foundation's Board of Directors authorized a working capital loan to EES not to exceed $500,000, subject to further negotiation of interest rate and other repayment terms. At December 31, 2021, AHRC Foundation has an allowance of $500,000 recorded. The remaining net loan receivable as of December 31, 2021 is $0.

8. Subvention Loan Receivable

In February 2014, the Foundation entered into a subvention loan agreement with Advantage Care. Under the terms of the subvention loan agreement, Advantage Care may borrow up to $1.1 million pursuant to a promissory note payable for a period of 15 years. Interest is payable monthly at the rate of $^{2}/_{3}$ of the maximum interest rate authorized from time to time pursuant to Section 5-501 of the New York General Obligations Law or 5.0% per annum, whichever is lower (such rate being 6% per annum for the year ended December 31, 2021). Proceeds from this loan were used for the new Freeport clinic construction, equipment, furniture, and fixtures, in connection with development of Advantage Care to a full service, managed care supporting organization. Interest income for the year ended December 31, 2021 was $25,259. As of December 31, 2021, the subvention loan receivable amounted to $593,283.

Future minimum receipts are as follows:

Year ending December 31,	
2022	$ 72,949
2023	72,949
2024	75,921
2025	79,014
2026	82,233
Thereafter	210,217
	593,283
Less: current portion	(72,949)
	$ 520,334

9. Programmatic Investment, Net

Programmatic investments by their nature meet two distinct criteria: (i) their primary purpose is to further the tax-exempt objectives of the organization, and (ii) the production of income or appreciation of the investment is not a significant purpose for making this investment.

As of December 31, 2021, the Foundation has an investment of $2,051,684 in a managed care organization (the MCO). The MCO was developed by AHRC Nassau, together with four other chapters of The Arc New York in the New York City metropolitan area, to provide a broad range of support and services for people with developmental disabilities, in transition from a fee-for-service program model to a capitated, comprehensive care management model. In 2018, ADAPT Community Network (ADAPT) (formerly known as United Cerebral Palsy of New York City, Inc.) became a member of the Board of Directors of the MCO. In 2019, Building Solutions for Tomorrow, Inc. (BST) became a member of the Board of Directors of the MCO. The MCO operations commenced on April 1, 2016. The MCO consists of Partners Health Plan, Inc. (PHP), a New York not-for-profit corporation, the operating entity, which will serve as a health management organization (HMO) for payment of claims for the support and services delivered to developmentally disabled populations in the geographic regions of each chapter. PHP is a licensed HMO under Article 44 of the New York State Public Health Law and is approved by Centers for Medicare and Medicaid Services (CMS) as a Fully Integrated Duals Advantage (FIDA) provider. PHP is the obligor for repayment of the investment pursuant to a subordinated note payable to each of the chapters. During 2021, the MCO experienced notable financial difficulties and the Foundation determined that it was no longer reasonable to expect full repayment of their investment. As such, a valuation allowance in the amount of $1,025,842 was recorded during the year ended December 31, 2021 to reduce the carrying value of the investment. The net carrying value of the investment at December 31, 2021 is $1,025,842. It is reasonably possible that the net carrying value of the investment can change in future periods.

10. Investment in Computer Software – Managed Care Organization, Net

As discussed in Note 9, the Foundation has a programmatic investment in a managed care organization. The Foundation also has an investment of $746,480 in proprietary software that is used by the managed care organization for billing, operating systems, and documentation standards in accordance with regulatory requirements, for support to third-party providers of services to developmentally disabled persons. A valuation allowance in the amount of $373,240 was recorded during the year ended December 31, 2021 to reduce the carrying value of the investment in computer software. The net carrying value of the investment in computer software at December 31, 2021 is $373,240. It is reasonably possible that the net carrying value of the investment can change in future periods. See Note 9 for further details regarding the rationale for this valuation allowance.

11. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2021	
Land	$ 600,000
Buildings and leasehold improvements	18,703,425
Equipment	6,690,328
	25,993,753
Less: accumulated depreciation and amortization	(10,171,077)
	$ 15,822,676

Depreciation and amortization expense for the year ended December 31, 2021 related to fixed assets was $1,022,404 and is included as a component of depreciation and amortization expense on the consolidated statement of functional expenses.

12. Sales-Type Lease Receivable

The Foundation adopted the provisions of ASC 842, *Leases*. The Foundation elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, the Foundation has elected to not recognize leases with terms of 12 months or less on the consolidated statement of financial position. Rental income for leases of 12 months or less for the year ended December 31, 2021 was $68,088.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 13, CSSC rents various properties to AHRC Nassau and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. As of December 31, 2021, CSSC has recorded sales-type lease receivables of $1,545,112 in the accompanying consolidated statement of financial position.

The leases are for various durations through 2069. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2021:

Year ending December 31,	
2022	$ 861,724
2023	479,157
2024	131,994
2025	78,742
2026	34,118
Thereafter	52,895
Total Minimum Lease Receipts	1,638,630
Less: amounts representing interest	(93,518)
Present Value of Net Minimum Lease Receipts	1,545,112
Less: current portion	(811,309)
	$ 733,803

Interest income for the year ended December 31, 2021 on sales-type lease receivables was $85,991 and is included as a component of interest income in the accompanying consolidated statement of activities. CSSC entered into a new lease agreement in 2021 that resulted in a gain on assets leased through a sales-type lease of $96,317 for the year ended December 31, 2021.

13. Due from (to) Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, for which the Foundation and its related entities incurred management fees of $5,037,441 for the year ended December 31, 2021.

Rental Income – Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2021		
AHRC Nassau	$	25,883

Interest Income – Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the consolidated statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2021		
AHRC Nassau	$	84,987
Advantage Care		1,004
	$	85,991

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau HSBC Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2021, the balance due to CSSC from NCMRS was approximately $525,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $93,093 for the year ended December 31, 2021.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III, and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $326,471 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $46,818 for the year ended December 31, 2021.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV, and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $191,628 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2021, the outstanding balance carried by Advantage Care was $1,000,000. At December 31, 2021, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next six years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2021, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens Options and BCCS, each in the amount of $2.0 million. As of December 31, 2021, there was no amount outstanding under the Citizens Options and the BCCS line of credit. There were no defaults under the terms of these agreements.

AHRC Foundation unconditionally guarantees a line of credit agreement entered into by EES up to $500,000.

AHRC Foundation unconditionally guarantees a lease agreement entered into by PHP over the period January 1, 2016 to May 30, 2022, with minimum aggregate payments due of approximately $1,625,000, or $25,000 per month. The Foundation may be released as guarantor on or after December 31, 2019, when PHP meets certain financial requirements. As of December 31, 2021, the Foundation has not been released as guarantor.

Citizens Options unconditionally guarantees separate line of credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2021, there was no outstanding balance under the BCCS line of credit, and there was approximately $2,256,000 outstanding under the CSSC line of credit. At December 31, 2021, there was no default of the terms of these agreements.

14. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which it purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, as long as the housing remains available to eligible, very-low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions (see Note 21).

15. Lines of Credit

As of December 31, 2021, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2021). As of December 31, 2021, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either Citizens or the lender.

As of December 31, 2021, BCCS has an unsecured revolving bank line of credit under which a maximum amount of $2.0 million can be borrowed. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2021). As of December 31, 2021, there were no amounts outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either BCCS or the lender.

As of December 31, 2021, CSSC has an uncommitted discretionary demand line of credit under which a maximum amount of $5.0 million can be borrowed with interest payable monthly at the prevailing prime rate (such rate being 3.25% at December 31, 2021). The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and SED, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens, and the Foundation (collectively, the Guarantors). As of December 31, 2021, there was $2,255,679 outstanding under this line of credit. The agreement is subject to annual review by the lender, and the continuing availability and amount of the line of credit shall at all times be as determined by the lender. The agreement can be terminated at any time by either the CSSC or the lender.

16. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties, which mature in February 2025 and May 2025, respectively.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

Future minimum annual principal payments are as follows:

Year ending December 31,		
2022	$	96,723
2023		100,844
2024		105,141
2025		31,985
		334,693
Less: current portion		(96,723)
	$	237,970

17. Bonds Payable

2021 Bonds

On June 23, 2021, CSSC obtained financing of $3,415,000 through DASNY for the acquisition and renovation of three different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2021A-1 and 2021A-2), requires monthly interest payments and bears interest ranging from 2.2% to 5%. The Series 2021A-1 bond is a tax-exempt bond and Series 2021A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2021 DASNY Bonds are subject to certain covenants. CSSC, along with AHRC Foundation and Citizens, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with AHRC Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with AHRC Foundation and Citizens, is in compliance with these covenants as of December 31, 2021.

2018 Bonds

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The 2018 DASNY Bonds are subject to certain covenants. CSSC, along with AHRC Foundation and Citizens, must maintain a specified debt service coverage ratio; must obtain prior written consent from DASNY before incurring any additional indebtedness; and CSSC, together with AHRC Foundation and Citizens, must deposit and maintain a specified average balance that is to be maintained by a trustee. CSSC, along with AHRC Foundation and Citizens, is in compliance with these covenants as of December 31, 2021.

2014 Bonds

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB) in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as the 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million, to purchase and/or renovate four new projects of $2.1 million, and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

2012 Bonds

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchased and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as the 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC Bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment, and furnishings in addition to the rents, issues, and profits generated by the facilities.

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with AHRC Foundation, AHRC Nassau, BCCS, and Citizens Options (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with AHRC Foundation, BCCS, Citizens Options, and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2021.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

Future minimum annual principal payments are as follows:

Year Ending December 31,	2021 Bonds	2018 Bonds	2014 Bonds	2012 Bonds	Total
2022	$ 107,917	$ 182,917	$ 805,000	$ 2,354,000	$ 3,449,834
2023	104,167	196,667	150,000	2,086,000	2,536,834
2024	102,917	205,000	160,000	833,000	1,300,917
2025	105,000	210,833	165,000	553,000	1,033,833
2026	110,833	212,083	165,000	331,000	818,916
Thereafter	2,822,918	4,642,500	545,000	45,000	8,055,418
	3,353,752	5,650,000	1,990,000	6,202,000	17,195,752
Less: unamortized balance of deferred financing costs	(55,219)	(518,259)	(23,863)	(258,342)	(855,683)
Less: current portion	(107,917)	(182,917)	(805,000)	(2,354,000)	(3,449,834)
	$ 3,190,616	$ 4,948,824	$ 1,161,137	$ 3,589,658	$12,890,235

18. Retirement Expense

Each of AHRC Foundation, BCCS, and Citizens Options maintains a defined contribution plan, as defined by IRC Section 403(b), and is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period and have 1,000 hours of credited service. The annual employer contributions to the plans for AHRC Foundation and Citizens Options were 4% of total eligible salaries for all employees covered. The annual employer contributions to the BCCS plan were 6.5% of total eligible salaries for all employees covered. Total retirement expense for AHRC Foundation, BCCS, and Citizens Options for the year ended December 31, 2021 was approximately $2,370,000 and has been accrued as part of accrued payroll and payroll related costs on the accompanying consolidated statement of financial position and employee health and retirement benefits in the consolidated statement of functional expenses.

19. Due to New York State OPWDD

BCCS and Citizens Options have entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes, and operations. BCCS and Citizens Options have agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

20. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review, or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of $5,339,152 as of December 31, 2021.

21. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2021		
Subject to expenditure for specified purpose or period:		
HUD time restrictions	$	1,396,400
Camp Loyaltown general purposes		359,864
ICF services		44,301
Other (purpose)		170,538
Autism programs		861,843
Special needs children		651,646
Parent associations		30,766
CRP		26,233
Educational program		428,474
Scholarship		10,000
Total Subject to Expenditure for Specified Purpose or Period		3,980,065
Endowments subject to spending policy and appropriation, which, once appropriated, are expendable to support:		
Shoreham ICF grounds maintenance		95,298
Total Endowments Subject to Spending Policy and Appropriation		95,298
Total Net Assets with Donor Restrictions	$	4,075,363

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor.

Net assets were released for the following purposes:

Year ended December 31, 2021		
Autism programs	$	130,238
Special needs children		3,769
Parent associations		4,271
	$	138,278

22. Endowment

Citizens received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts, as allowing Citizens to appropriate for expenditure or accumulate earnings as Citizens determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor, as expressed in the gift instrument. As a result of this interpretation, Citizens has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens.

Investment and Spending Policies - Citizens has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of Citizens and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of Citizens.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens.
- The investment policy of Citizens.

The following represents the composition of endowment net assets by fund type:

December 31, 2021		With Donor Restrictions		Total
Endowment funds	$	95,298	$	95,298

The change in endowment net assets was as follows:

December 31, 2021

	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 95,298	$ 95,298
Endowment Net Assets, end of year	$ 95,298	$ 95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2021.

23. Leases

The Foundation has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the Foundation records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Foundation is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Foundation has elected to use the incremental borrowing rate based on the information available at the lease inception date. The Foundation has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Foundation's accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Foundation has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the consolidated statement of financial position. Rent expense for leases with terms of 12 months or less was approximately $1,043,000 for the year ended December 31, 2021 and is included in the consolidated statement of functional expenses.

Finance Leases - Lessee

The Foundation leases various buildings and vehicles under finance leases. These leases are deemed to be finance leases based on the underlying terms of the agreement and the criteria included in ASC 842. The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest at rates ranging from 3.25% - 4.25% per annum.

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2021	
Lease costs:	
Finance lease cost:	
Amortization of right-of-use assets	$ 3,224,864
Interest on lease liabilities	265,827
Total Lease Cost	$ 3,490,691

December 31, 2021	
Right-of-use assets and liabilities:	
Finance lease right-of-use assets, net	$ 18,115,773
Finance lease liabilities	6,239,985

Year ended December 31, 2021	
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 1,330,683

Weighted-average remaining lease term – finance leases	4.00 years
Weighted-average discount rate – finance leases	3.30%

For finance leases, right-of-use assets are recorded in finance lease right-of-use assets, net and lease liabilities are recorded in finance lease liabilities in the accompanying consolidated statement of financial position. Amortization expense is recorded as a component of depreciation and amortization expense and interest expense is recorded as a component of interest expense in the consolidated statement of functional expenses.

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The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2021:

Year ending December 31,		
2022	$	1,674,486
2023		1,659,895
2024		1,623,190
2025		1,544,710
2026		277,779
Total Minimum Lease Payments		6,780,060
Less: amounts representing interest		(540,075)
Present Value of Net Minimum Lease Payments		6,239,985
Less: current portion		(1,351,986)
	$	4,887,999

Leases with Controlled Affiliates

Citizens and BCCS rent various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842. The associated sales-type lease receivable for CSSC and finance lease liability for Citizens and BCCS has been eliminated in consolidation. A right-of-use asset for these leases totaling $12,420,690 as of December 31, 2021 and depreciation expense related to these leases of $1,711,407 for the year ended December 31, 2021 has been recorded by Citizens and BCCS, which is not eliminated in consolidation.

24. Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. On May 26, 2021, Citizens Options received funds of $7,881,858 from the SBA PPP. The loan bears interest at 1.00% per annum and is payable in five years, with principal and interest payments beginning in October 2022. On April 27, 2021, BCCS received funds of $7,636,472 from the SBA PPP. The loan bears interest at 1.00% per annum and is payable in five years, with principal and interest payments beginning in September 2022.The loans have been included in Paycheck Protection Program Loan on the accompanying consolidated statement of financial position. The loans under the SBA PPP may be forgiven according to Citizens Options' and BCCS' compliance with the terms of the loan. As of December 31, 2021, the total balance of the PPP loans was $15,518,330.

25. Commitments and Contingencies

Legal Matters

The Foundation is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.

Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

New York State Office of the State Comptroller Audit

BCCS has been subject to an audit of its preschool programs by the New York State Office of the State Comptroller (NYSOSC). The preschool programs consist of the preschool segregated (SED Code 9100), preschool integrated (SED Code 9160) and the Special Education Itinerant Teacher (SED Code 9135) programs. The periods covered under audit were the fiscal years ended June 30, 2012 through June 30, 2014. The amounts subject to audit were total program expense of approximately $72.2 million. In February 2018, BCCS commenced a civil action and proceeding, pursuant to Article 78 of the New York Civil Practice Law and Rules. This action was taken to enable BCCS to preserve its ability to pursue a favorable outcome to the NYSOSC audit.

In August 2019, BCCS signed a stipulation of settlement agreement and order of discontinuance of the NYSOSC audit described above. The settlement terms require BCCS to implement measures set forth in its Corrective Action Plan, as submitted to and mandated by SED, relative to certain findings in the NYSOSC audit. BCCS recorded a liability of approximately $413,000 as a result of the NYSOSC audit. As of December 31, 2021, approximately $314,000 has been repaid. The remaining liability of approximately $99,000 is included as a component of reserve for potential liabilities in the consolidated statement of financial position.

26. CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, the President signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to deferment of employer side social security payments.

Effective May 18, 2020, Citizens' Board of Directors unanimously approved Citizens taking advantage of a provision of the CARES Act, which allows for employers to delay payment of its 50% portion of the aggregate 12.4% Old-Age, Survivors, and Disability Insurance program tax (Social Security tax). Citizens must continue, as before, to timely withhold from the pay of each employee and deposit with the IRS the employee's share of the Social Security tax. The payment of the employer portion of the Social Security tax for 2020 may be remitted to the IRS in two equal installments, with 50% of the deferred amount due by December 31, 2021 and the remainder due by December 31, 2022. As of December 31, 2021, the balance of the deferred employer Social Security tax was approximately $539,000 and has been included in accrued payroll and payroll related costs on the accompanying consolidated statement of financial position.

The CARES Act also appropriated $178 billion for the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) to be distributed to hospitals and healthcare providers for lost revenues and incremental increases in expenses as a result of the COVID-19 pandemic. During 2021, Citizens has applied for and received $1,318,203 from HHS for the PRF. This has been reported as CARES Act funding on the accompanying consolidated statement of activities.

Additionally, the CARES Act appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment. See Note 24 for further details on Citizens' and BCCS' PPP loans.

27. Subsequent Events

The Foundation has evaluated subsequent events through June 21, 2022, the date the consolidated financial statements were available for issuance. There were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein.

Supplementary Information

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

December 31, 2021

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Assets							
Current							
Cash and cash equivalents	$ 11,661,268	$ 5,896,839	$ 11,721,809	$ 519,031	$ 642,086	$ -	$ 30,441,033
Investments, at fair value	36,948,810	-	38,848	1,108,314	6,000,000	(6,000,000)	38,095,972
Accounts receivable, net	-	6,841,926	9,681,910	-	414,206	-	16,938,042
Contributions receivable	15,325	-	-	-	-	-	15,325
Sales-type receivable, current portion	-	-	-	2,556,447	-	(1,745,138)	811,309
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	72,949	-	-	-	-	-	72,949
Prepaid expenses and other assets	233,427	508,170	310,052	142,490	441	(64)	1,194,516
Due from non-controlled affiliated organizations, current portion	1,199	108,897	-	315,607	-	-	425,703
Due from controlled affiliates	212,295	-	-	-	-	(212,295)	-
Total Current Assets	49,145,273	13,355,832	21,752,619	4,641,889	7,056,733	(7,957,497)	87,994,849
Restricted Cash and Restricted Cash Equivalents	-	-	31,105	-	-	-	31,105
Due from Non-Controlled Affiliated Organizations, net of current portion	-	-	-	2,225,519	-	(1,232,195)	993,324
Assets Held for Specific Purpose	202,350	190,441	178,068	450,381	-	-	1,021,240
Sales-Type Receivable, net of current portion	-	-	-	11,023,454	-	(10,289,651)	733,803
Loan Receivable from Community Services Support Corporation	1,950,017	-	-	-	-	(1,950,017)	-
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc.	520,334	-	-	-	-	-	520,334
Deferred Charges	-	-	69,201	-	-	-	69,201
Computer Software, Net	-	-	-	-	138,997	-	138,997
Programmatic Investment, Net	1,025,842	-	-	-	-	-	1,025,842
Investment in Computer Software - Managed Care Organization, Net	373,240	-	-	-	-	-	373,240
Finance Lease Right-Of-Use-Assets, Net	-	9,562,943	8,552,830	-	-	-	18,115,773
Fixed Assets, Net	-	2,752,543	7,068,720	6,001,413	-	-	15,822,676
Total Assets	$ 53,217,056	$ 25,861,759	$ 37,652,543	$ 24,342,656	$ 7,195,730	$ (21,429,360)	$ 126,840,384

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

December 31, 2021

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	$ 77,128	$ 1,340,900	$ 1,989,351	$ 29,256	$ 135,087	$ (129,791)	$ 3,441,931
Accrued payroll and payroll related costs	107,699	4,243,150	4,615,695	-	-	-	8,966,544
Investments held for LCDX	6,000,000	-	-	-	-	(6,000,000)	-
Due to non-controlled affiliated organizations	94,545	-	402,809	-	-	(46,370)	450,984
Due to controlled affiliates	-	64	-	-	-	(64)	-
Due to Nassau County AHRC Foundation, Inc.	-	82,503	-	-	-	(82,503)	-
Due to New York State OPWDD	-	92,471	2,530,351	-	-	-	2,622,822
Lines of credit	-	-	-	2,255,679	-	-	2,255,679
Finance lease liabilities, current portion	-	2,085,993	1,011,131	-	-	(1,745,138)	1,351,986
Mortgages payable, current portion	-	-	-	96,723	-	-	96,723
Bonds payable, current portion	-	-	-	3,449,834	-	-	3,449,834
Paycheck Protection Program loan, current portion	-	834,430	535,596	-	-	-	1,370,026
Total Current Liabilities	6,279,372	8,679,511	11,084,933	5,831,492	135,087	(8,003,866)	24,006,529
Deferred Revenue	-	-	-	-	-	-	-
Reserve for Potential Liabilities	-	333,124	5,006,028	-	-	-	5,339,152
Finance Lease Liabilities, net of current portion	-	7,756,883	7,420,767	-	-	(10,289,651)	4,887,999
Subvention Loan Payable	-	-	-	1,950,018	-	(1,950,018)	-
Mortgages Payable, net of current portion	-	-	-	237,970	-	-	237,970
Bonds Payable, net of current portion and deferred financing costs	-	-	-	12,890,235	-	-	12,890,235
Due to Non-Controlled Affiliated Organizations, net of current portion	-	-	1,185,825	-	-	(1,185,825)	-
Paycheck Protection Program Loan, net of current portion	-	6,802,042	7,346,262	-	-	-	14,148,304
Deferred Compensation Payable	202,350	190,441	178,068	-	-	-	570,859
Total Liabilities	6,481,722	23,762,001	32,221,883	20,909,715	135,087	(21,429,360)	62,081,048
Commitments and Contingencies							
Net Assets							
Without donor restrictions	46,296,860	529,270	3,364,259	3,432,941	7,060,643	-	60,683,973
With donor restrictions	438,474	1,570,488	2,066,401	-	-	-	4,075,363
Total Net Assets	46,735,334	2,099,758	5,430,660	3,432,941	7,060,643	-	64,759,336
Total Liabilities and Net Assets	$ 53,217,056	$ 25,861,759	$ 37,652,543	$ 24,342,656	$ 7,195,730	$ (21,429,360)	$ 126,840,384

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2021

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue															
Program service fees:															
Educational services	$ -	$ -	$ -	$ 41,045,044	$ -	$ 41,045,044	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,045,044	$ -	$ 41,045,044
Residential services	-	-	-	5,857,860	-	5,857,860	18,576,697	-	18,576,697	-	-	-	24,434,557	-	24,434,557
Intermediate care facility services	-	-	-	-	-	-	35,182,812	-	35,182,812	-	-	-	35,182,812	-	35,182,812
Camp Loyaltown	-	-	-	-	-	-	487,344	-	487,344	-	-	-	487,344	-	487,344
Crisis respite services	-	-	-	-	-	-	799,166	-	799,166	-	-	-	799,166	-	799,166
Family support services	-	-	-	-	-	-	73,117	-	73,117	-	-	-	73,117	-	73,117
Self-direction	-	-	-	-	-	-	1,921,717	-	1,921,717	-	-	-	1,921,717	-	1,921,717
Total Program Service Fees	-	-	-	46,902,904	-	46,902,904	57,040,853	-	57,040,853	-	-	-	103,943,757	-	103,943,757
Rental income	-	-	-	-	-	-	41,994	-	41,994	166,205	-	(140,111)	68,088	-	68,088
Contributions	687,463	-	687,463	101,216	39,623	140,839	85,694	110,631	196,325	-	-	(215,211)	659,162	150,254	809,416
Service fees	-	-	-	-	-	-	-	-	-	-	3,084,246	-	3,084,246	-	3,084,246
Government grants	-	-	-	1,404,560	-	1,404,560	-	-	-	-	-	-	1,404,560	-	1,404,560
CARES Act funding	-	-	-	-	-	-	1,318,203	-	1,318,203	-	-	-	1,318,203	-	1,318,203
Special events, net of direct expense	535,128	-	535,128	-	-	-	-	-	-	-	-	-	535,128	-	535,128
Contracted services	288,526	-	288,526	-	-	-	-	-	-	-	-	(153,857)	134,669	-	134,669
Interest income	-	-	-	-	-	-	-	-	-	669,404	-	(462,674)	206,730	-	206,730
Other revenue	-	-	-	-	-	-	124,031	-	124,031	-	-	-	124,031	-	124,031
Net assets released from restrictions	-	-	-	138,278	(138,278)	-	-	-	-	-	-	-	138,278	(138,278)	-
Total Revenue	1,511,117	-	1,511,117	48,546,958	(98,655)	48,448,303	58,610,775	110,631	58,721,406	835,609	3,084,246	(971,853)	111,616,852	11,976	111,628,828
Expenses															
Program expenses:															
Educational services	-	-	-	39,634,093	-	39,634,093	-	-	-	-	-	(149,837)	39,484,256	-	39,484,256
Residential services	-	-	-	5,702,279	-	5,702,279	17,264,767	-	17,264,767	-	-	(389,390)	22,577,656	-	22,577,656
Intermediate care facility services	-	-	-	-	-	-	33,182,834	-	33,182,834	-	-	(25,071)	33,157,763	-	33,157,763
Camp Loyaltown	-	-	-	-	-	-	1,212,600	-	1,212,600	-	-	(2,188)	1,210,412	-	1,210,412
Crisis respite services	-	-	-	-	-	-	976,415	-	976,415	-	-	(33,106)	943,309	-	943,309
Family support services	-	-	-	-	-	-	94,002	-	94,002	-	-	(98)	93,904	-	93,904
Self-direction	-	-	-	-	-	-	1,847,245	-	1,847,245	-	-	(3,095)	1,844,150	-	1,844,150
Other	392,712	-	392,712	-	-	-	-	-	-	752,797	1,199,207	(215,211)	2,129,505	-	2,129,505
Total Program Services Expenses	392,712	-	392,712	45,336,372	-	45,336,372	54,577,863	-	54,577,863	752,797	1,199,207	(817,996)	101,440,955	-	101,440,955

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2021

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Expenses (Continued)															
Supporting services:															
Management fee	$ 120,143	$ -	$ 120,143	$ 1,791,298	$ -	$ 1,791,298	$ 3,025,000	$ -	$ 3,025,000	$ 51,000	$ 50,000	$ -	$ 5,037,441	$ -	$ 5,037,441
Management and general	503,889	-	503,889	1,688,767	-	1,688,767	296,316	-	296,316	-	4,984	(153,857)	2,340,099	-	2,340,099
Fundraising - contracted services	134,072	-	134,072	-	-	-	-	-	-	-	-	-	134,072	-	134,072
Professional services	-	-	-	-	-	-	-	-	-	33,557	488	-	34,045	-	34,045
Total Supporting Services Expenses	758,104	-	758,104	3,480,065	-	3,480,065	3,321,316	-	3,321,316	84,557	55,472	(153,857)	7,545,657	-	7,545,657
Total Expenses	1,150,816	-	1,150,816	48,816,437	-	48,816,437	57,899,179	-	57,899,179	837,354	1,254,679	(971,853)	108,986,612	-	108,986,612
Operating Income (Loss)	360,301	-	360,301	(269,479)	(98,655)	(368,134)	711,596	110,631	822,227	(1,745)	1,829,567	-	2,630,240	11,976	2,642,216
Non-Operating Activity															
Investment income, net	4,796,265	-	4,796,265	-	-	-	5,442	-	5,442	(1,540)	-	-	4,800,167	-	4,800,167
Interest and other expenses	(92,642)	-	(92,642)	-	-	-	-	-	-	-	-		(92,642)	-	(92,642)
Impairment of Programmatic Investment and Investment in Software - Managed Care Organization	(1,399,082)	-	(1,399,082)	-	-	-	-	-	-	-	-	-	(1,399,082)	-	(1,399,082)
Total Non-Operating Income, Net	3,304,541	-	3,304,541	-	-	-	5,442	-	5,442	(1,540)	-	-	3,308,443	-	3,308,443
Change in Net Assets, before gain on assets leased through sales-type leases	3,664,842	-	3,664,842	(269,479)	(98,655)	(368,134)	717,038	110,631	827,669	(3,285)	1,829,567	-	5,938,683	11,976	5,950,659
Gain on Assets Leased Through Sales-Type Leases	-	-	-	-	-	-	-	-	-	96,317	-	-	96,317	-	96,317
Change in Net Assets	3,664,842	-	3,664,842	(269,479)	(98,655)	(368,134)	717,038	110,631	827,669	93,032	1,829,567	-	6,035,000	11,976	6,046,976
Net Assets, beginning of year	42,632,018	438,474	43,070,492	798,749	1,669,143	2,467,892	2,647,221	1,955,770	4,602,991	3,339,909	5,231,076	-	54,648,973	4,063,387	58,712,360
Net Assets, end of year	$ 46,296,860	$ 438,474	$ 46,735,334	$ 529,270	$ 1,570,488	$ 2,099,758	$ 3,364,259	$ 2,066,401	$ 5,430,660	$ 3,432,941	$ 7,060,643	$ -	$ 60,683,973	$ 4,075,363	$ 64,759,336

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2020

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2020

Nassau County AHRC Foundation, Inc. and Affiliates

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Independent Auditor's Report

The Board of Directors
Nassau County AHRC Foundation, Inc.
and Affiliates
Brookville, New York

Opinion

We have audited the consolidated financial statements of Nassau County AHRC Foundation, Inc. and Affiliates (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 financial position of the Foundation as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the 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 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 Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 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, 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 Foundation'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 Foundation'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 audit.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Nassau County AHRC Foundation, Inc. and Affiliates, and our report dated August 5, 2020 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis 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 audit 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.

BDO USA, LLP

June 30, 2021

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2019)

December 31,	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	**$ 22,114,870**	$ 18,939,190
Investments, at fair value	**28,771,848**	28,110,856
Accounts receivable, net	**20,162,973**	20,416,656
Contributions receivable	**72,800**	13,800
Sales-type receivable, current portion	**974,050**	1,221,974
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	**70,093**	67,350
Accrued interest receivable	**25,431**	-
Prepaid expenses and other assets	**1,210,482**	1,340,644
Due from non-controlled affiliated organizations, current portion	**346,550**	311,119
Total Current Assets	**73,749,097**	70,421,589
Restricted Cash and Restricted Cash Equivalents	**25,612**	19,686
Due from Non-Controlled Affiliated Organizations, net of current portion	**1,260,960**	1,419,279
Assets Held for Specific Purpose	**845,400**	749,781
Sales-Type Receivable, net of current portion	**1,549,113**	2,522,965
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc., net of current portion	**593,283**	663,376
Deferred Charges	**69,201**	79,087
Computer Software, Net	**332,259**	525,521
Investment in Computer Software - Managed Care Organization	**746,480**	746,480
Programmatic Investment	**2,051,684**	2,051,684
Finance Lease Right-of-Use-Assets, Net	**19,544,185**	21,331,476
Fixed Assets, Net	**16,000,071**	16,827,589
Total Assets	**$ 116,767,345**	$ 117,358,513

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2019)

December 31,	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 9,202,934**	$ 3,572,335
Accrued payroll and payroll related costs	**9,807,211**	7,728,253
Due to non-controlled affiliated organizations	**465,116**	3,430,623
Due to New York State OPWDD	**2,328,723**	1,664,196
Lines of credit	**6,565,903**	5,146,273
Finance lease liabilities, current portion	**1,221,452**	1,141,511
Mortgages payable, current portion	**118,977**	204,364
Bonds payable, current portion	**3,944,833**	4,002,834
Total Current Liabilities	**33,655,149**	26,890,389
Deferred Revenue	**88,414**	165,607
Reserve for Potential Liabilities	**4,851,540**	4,482,118
Finance Lease Liabilities, net of current portion	**5,742,957**	6,966,601
Mortgages Payable, net of current portion	**334,694**	453,670
Bonds Payable, net of current portion and deferred financing costs	**12,895,050**	16,683,936
Deferred Compensation Payable	**487,181**	392,976
Total Liabilities	**58,054,985**	56,035,297
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**54,648,973**	57,029,492
With donor restrictions	**4,063,387**	4,293,724
Total Net Assets	**58,712,360**	61,323,216
Total Liabilities and Net Assets	**$ 116,767,345**	$ 117,358,513

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2019)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenue				
Program service fees:				
Educational services	$ 42,337,649	$ -	**$ 42,337,649**	$ 45,044,809
Residential services	24,163,196	-	**24,163,196**	21,591,164
Intermediate care facility services	34,381,264	-	**34,381,264**	27,114,195
Camp Loyaltown	444,754	-	**444,754**	5,243,786
Crisis respite services	347,987	-	**347,987**	554,140
Family support services	114,552	-	**114,552**	341,764
Self-direction	1,323,508	-	**1,323,508**	1,206,329
Total Program Service Fees	103,112,910	-	**103,112,910**	101,096,187
Rental income	51,439	-	**51,439**	60,447
Contributions	1,006,260	183,012	**1,189,272**	938,650
Service fees	3,983,123	-	**3,983,123**	3,911,152
Government grants	1,069,487	-	**1,069,487**	1,097,165
CARES Act Funding	1,921,936	-	**1,921,936**	-
Special events, net of direct expense of $51,000	495,982	-	**495,982**	526,240
Contracted services	89,657	-	**89,657**	-
Interest income	265,671	-	**265,671**	331,056
Other revenue	62,462	-	**62,462**	259
Net assets released from restrictions	413,349	(413,349)	**-**	-
Total Revenue	112,472,276	(230,337)	**112,241,939**	107,961,156
Expenses				
Program expenses:				
Educational services	43,652,477	-	**43,652,477**	43,559,677
Residential services	21,584,876	-	**21,584,876**	20,009,233
Intermediate care facility services	37,608,898	-	**37,608,898**	25,486,979
Camp Loyaltown	1,437,970	-	**1,437,970**	4,276,308
Crisis respite services	933,879	-	**933,879**	611,078
Family support services	174,255	-	**174,255**	392,811
Self-direction	1,414,842	-	**1,414,842**	1,292,965
Other	2,480,403	-	**2,480,403**	2,315,397
Total Program Services Expenses	109,287,600	-	**109,287,600**	97,944,448

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2019)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Expenses (Continued)				
Supporting services:				
Management fee	$ 5,274,250	$ -	**$ 5,274,250**	$ 5,057,616
Management and general	2,621,926	-	**2,621,926**	2,550,405
Fundraising - contracted services	87,673	-	**87,673**	136,742
Professional services	40,092	-	**40,092**	538,701
Total Supporting Services Expenses	8,023,941	-	**8,023,941**	8,283,464
Total Expenses	117,311,541	-	**117,311,541**	106,227,912
Operating (Loss) Income	(4,839,265)	(230,337)	**(5,069,602)**	1,733,244
Non-Operating Activity				
Investment income, net	2,437,269	-	**2,437,269**	5,226,405
Interest and other (expense) income	(62,557)	-	**(62,557)**	231,762
Total Non-Operating Income	2,374,712	-	**2,374,712**	5,458,167
Change in Net Assets, before transfer of assets and gain (loss) on assets leased through sales-type leases	(2,464,553)	(230,337)	**(2,694,890)**	7,191,411
Transfer of Assets	-	-	**-**	95,298
Gain (Loss) on Assets Leased Through Sales-Type Leases	84,034	-	**84,034**	(10,074,193)
Change in Net Assets	(2,380,519)	(230,337)	**(2,610,856)**	(2,787,484)
Net Assets, beginning of year	57,029,492	4,293,724	**61,323,216**	64,110,700
Net Assets, end of year	$ 54,648,973	$ 4,063,387	**$ 58,712,360**	$ 61,323,216

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidated Statement of Functional Expenses
(with comparative totals for 2019)

Year ended December 31,

	Program Services									Supporting Services					Total	
	Educational Services	Residential Services	Intermediate Care Facility Services	Camp Loyaltown	Crisis Respite Services	Family Support Services	Self-Direction	Other	Total Program Services	Management Fee	Management and General	Fundraising - Contracted Services	Professional Services	Total Supporting Services	**2020**	2019
Salaries	$ 25,241,136	$ 12,314,248	$ 21,266,391	$ 559,414	$ 533,121	$ 61,477	$ 564,450	$ -	$ 60,540,237	$ -	$ 987,845	$ -	$ -	$ 987,845	**$ 61,528,082**	$ 55,030,571
Payroll taxes	1,876,949	1,375,737	2,631,802	70,738	65,316	7,925	69,652	-	6,098,119	-	69,612	-	-	69,612	**6,167,731**	5,199,066
Employee health and retirement benefits	8,126,211	2,865,138	4,238,799	113,697	105,219	12,766	112,204	-	15,574,034	-	354,730	-	-	354,730	**15,928,764**	13,117,705
Total Personnel Services	35,244,296	16,555,123	28,136,992	743,849	703,656	82,168	746,306	-	82,212,390	-	1,412,187	-	-	1,412,187	**83,624,577**	73,347,342
Other Expenses																
Professional fees and contracted services	1,792,160	1,044,062	2,588,442	6,786	64,910	16,994	142,280	1,322,571	6,978,205	-	326,958	14,707	40,092	381,757	**7,359,962**	7,375,498
Rent	148,244	134,519	476,152	343,627	3,291	4,983	327,239	-	1,438,055	-	-	-	-	-	**1,438,055**	1,311,954
Telephone	107,777	21,671	-	-	-	-	-	-	129,448	-	2,030	-	-	2,030	**131,478**	140,614
Transportation and travel	54,639	70,520	92,276	7,971	3,116	40	35,869	-	264,431	-	662	131	-	793	**265,224**	684,965
Repairs and maintenance	1,593,353	547,088	845,109	52,796	15,208	7,312	21,011	-	3,081,877	-	76,166	-	-	76,166	**3,158,043**	2,793,859
Equipment and vehicles	283,099	127,546	146,654	3,177	13,029	-	274	-	573,779	-	1,101	-	-	1,101	**574,880**	574,864
Staff training and dues and subscriptions	93,873	57,826	118,724	15,278	2,937	-	3,868	-	292,506	-	63,112	-	-	63,112	**355,618**	481,484
Supplies	378,789	441,332	960,475	2,403	21,417	2,175	35,500	-	1,842,091	-	8,827	1,408	-	10,235	**1,852,326**	1,662,869
Food	5,976	474,948	432,254	2,243	17,025	74	107	-	932,627	-	125	-	-	125	**932,752**	1,128,614
Participant incidentals	10,988	85,847	284,573	-	1,841	4,507	44,141	-	431,897	-	741	-	-	741	**432,638**	657,941
Insurance	490,444	371,292	568,710	196	15,587	24	23,226	-	1,469,479	-	15,373	-	-	15,373	**1,484,852**	912,654
Interest expense	252,227	12,037	1,743	979	-	-	-	836,814	1,103,800	-	42,586	-	-	42,586	**1,146,386**	1,358,939
Recruitment	12,212	12,127	-	-	-	-	-	-	24,339	-	3,989	-	-	3,989	**28,328**	62,571
Depreciation and amortization	2,325,173	1,014,892	517,709	146,820	56,928	596	8,112	193,262	4,263,492	-	19,891	-	-	19,891	**4,283,383**	4,208,837
Utilities	380,833	227,439	329,922	83,770	12,460	1,510	25,854	-	1,061,788	-	209	-	-	209	**1,061,997**	988,645
New York State Health Facility Assessment	-	305,815	2,034,792	-	-	-	-	-	2,340,607	-	-	-	-	-	**2,340,607**	1,716,220
Fees, licenses and permits	-	6,439	20,875	2,052	389	53,872	262	-	83,889	-	70,820	-	-	70,820	**154,709**	223,577
Grants	-	-	-	-	-	-	-	127,500	127,500	-	-	-	-	-	**127,500**	69,000
Special events	-	-	-	-	-	-	-	-	-	-	-	62,369	-	62,369	**62,369**	78,595
Miscellaneous	478,394	74,353	29,218	-	2,085	-	793	256	585,099	-	577,149	9,058	-	586,207	**1,171,306**	927,254
Bad debt expense	-	-	24,278	26,023	-	-	-	-	50,301	-	-	-	-	-	**50,301**	-
Provision for contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	464,000
Management fees	-	-	-	-	-	-	-	-	-	5,274,250	-	-	-	5,274,250	**5,274,250**	5,057,616
Total Other Expenses	8,408,181	5,029,753	9,471,906	694,121	230,223	92,087	668,536	2,480,403	27,075,210	5,274,250	1,209,739	87,673	40,092	6,611,754	**33,686,964**	32,880,570
Total Expenses	$ 43,652,477	$ 21,584,876	$ 37,608,898	$ 1,437,970	$ 933,879	$ 174,255	$ 1,414,842	$ 2,480,403	$ 109,287,600	$ 5,274,250	$ 2,621,926	$ 87,673	$ 40,092	$ 8,023,941	**$ 117,311,541**	$ 106,227,912

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows
(with comparative totals for 2019)

December 31,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ **(2,610,856)**	$ (2,787,484)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**4,283,383**	4,208,837
Interest expense related to deferred financing costs	**153,112**	205,608
Realized gains on investments	**(420,549)**	(1,234,724)
Unrealized gains on investments	**(1,459,906)**	(3,364,372)
(Gain) loss on assets leased through sales-type leases	**(84,034)**	10,074,193
Provision for bad debt	**50,301**	-
(Increase) decrease in assets:		
Accounts receivable	**203,382**	(2,921,253)
Contributions receivable	**(59,000)**	21,355
Sales-type lease receivable	**1,221,776**	1,380,900
Accrued interest receivable	**(25,431)**	5,569
Prepaid expenses and other assets	**130,162**	(95,518)
Due from non-controlled affiliated organizations	**122,888**	334,021
Deferred charges	**9,886**	16,947
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**5,630,599**	1,313,668
Accrued payroll and payroll related costs	**2,078,958**	2,072,691
Reserve for potential liabilities	**369,422**	1,444,167
Due to non-controlled affiliated organizations	**(2,965,507)**	831,135
Due to New York State OPWDD	**664,527**	1,075,452
Deferred revenue	**(77,193)**	(22,114)
Net Cash Provided by Operating Activities	**7,215,920**	12,559,078
Cash Flows from Investing Activities		
Purchases of fixed assets	**(1,391,278)**	(3,007,227)
Proceeds received for repayment of subvention loan receivable	**67,350**	64,713
Purchases of investments	**(5,573,798)**	(8,240,394)
Proceeds from sale of investments	**6,793,261**	9,843,738
Net Cash Used in Investing Activities	**(104,465)**	(1,339,170)
Cash Flows from Financing Activities		
Proceeds from lines of credit	**3,219,630**	3,180,175
Repayments on line of credit	**(1,800,000)**	(1,850,000)
Principal payments made on mortgages payable	**(204,363)**	(247,476)
Principal payments made on bonds payable	**(3,999,999)**	(3,926,494)
Principal payments made on finance lease liabilities	**(1,143,703)**	(1,020,228)
Net Cash Used in Financing Activities	**(3,928,435)**	(3,864,023)
Change in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**3,183,020**	7,355,885
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year	**19,315,681**	11,959,796
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	$ **22,498,701**	$ 19,315,681
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ **1,456,118**	$ 1,646,921
Cash paid for taxes	**31,515**	29,286
Acquisition of property through finance leases	**1,290,059**	9,128,340
Investment in assets leased through sales-type leases	**-**	5,125,839

See accompanying notes to consolidated financial statements.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Description of Organization and Principles of Consolidation

Nature of Operations

Nassau County AHRC Foundation, Inc. (AHRC Foundation) is a fundraising and grant-making not-for-profit corporation that supports programs to benefit children and adults who have an intellectual and/or developmental disability. AHRC Foundation is a primary source of philanthropic support for its related entities, Brookville Center for Children's Services, Inc. (BCCS) and Citizens Options Unlimited, Inc. (Citizens Options), in addition to providing grant awards to non-controlled entities, such as NYSARC, Inc. Nassau County Chapter (AHRC Nassau), Advantage Care Diagnostic & Treatment Center, Inc. (Advantage Care) and other community-based not-for-profit organizations. AHRC Foundation's primary support is derived from contributions and special events.

Controlled Entities

AHRC Foundation is the sole member of Community Services Support Corporation (CSSC), Citizens Options, BCCS, Life Care Data Exchange, LLC (LCDX) and Metropolitan Community Partners, Inc. (MCP). Accordingly, members of AHRC Foundation's Board of Directors have authority to approve changes to CSSC, Citizens Options, BCCS, LCDX and MCP by-laws and may appoint members of their Board of Directors.

BCCS is a not-for-profit organization that provides educational services to children with intellectual and other developmental disabilities and day-care services for children in five locations in Nassau County, New York. BCCS serves over 1,000 children from the ages of birth through 21 years of age in classroom and home-based environments by offering developmentally appropriate, child-centered activities and providing opportunities for hands-on integrated learning through real-life experiences. BCCS also provides child-care services in its day-care programs. BCCS is licensed by the New York State Education Department (SED), as well as the New York State Office for People with Developmental Disabilities (OPWDD). BCCS is supported primarily by tuition fees paid by Nassau County, New York City Board of Education (NYCBOE) and local school districts. In addition, BCCS obtains grant funding through the Individuals with Disabilities in Education Act (IDEA). BCCS also operates a Children's Residential Program (CRP), which is funded by OPWDD. The program provides residential services in four locations to 25 children diagnosed with autism who attend BCCS' school-age programs.

Citizens Options provides individualized residential alternative services (IRA), residential respite services, intermediate care facility services (ICF) and family support services for people with intellectual and other developmental disabilities. Additionally, Citizens Options operates Camp Loyaltown in Hunter, New York, a respite program providing services to developmentally disabled children and adults. Citizens Options is governed by its own Board of Directors, which is responsible for its operations. Citizens Options is supported primarily by service fees paid by various New York state and local government agencies. Citizens Options continually pursues growth opportunities to expand its program services.

Citizens Options is the sole member of MRCS V, Inc. (MRCS V), a not-for-profit organization. Its purpose is to operate and maintain two residences, located in Commack and Greenlawn, New York, for 12 developmentally disabled adults. MRCS V became operational in September 2016. Funding is derived primarily from rental fees paid by tenants and the United States Department of Housing and Urban Development (HUD) under Section 811 of the National Affordable Housing Act, Supportive Housing for Persons with Disabilities. Citizens Options appoints the Board of Directors of MRCS V.

CSSC holds title to and maintains properties for various programs, such as residential facilities, for the developmentally disabled, operated by AHRC Nassau, Citizens Options, BCCS and Advantage Care. Revenues are derived mainly from the rental of these facilities.

LCDX became operational in January 2015 for the purpose of investing in development of care coordination software for licensing to third-party service providers to developmentally disabled persons. LCDX is a single-member LLC.

MCP was established in October 2017 to help facilitate the provision of services to persons with intellectual and developmental disabilities through the combination of services with other not-for-profit entities throughout the metropolitan New York City area and New York State. MCP is not yet active. As such, there is no activity to report as of and for the year ended December 31, 2020.

The accompanying consolidated financial statements include the accounts of AHRC Foundation, BCCS, the consolidated accounts of Citizens Options and MRCS V (collectively, Citizens), CSSC and LCDX (collectively, the Foundation). All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Non-Controlled Affiliated Organizations

AHRC Nassau

AHRC Nassau is one of 42 New York State county chapters of The Arc New York (formerly known as NYSARC, Inc.). The Arc New York is a membership corporation formed in 1949 for all county chapters. AHRC Nassau is governed by its own Board of Directors and is operated under guidelines promulgated by The Arc New York. AHRC Nassau provides residential, day habilitation, vocational and other services to individuals with developmental disabilities in Nassau County, New York. AHRC Nassau is supported primarily by service fees paid by various New York State agencies and government grants.

Certain administrative services are provided to the Foundation by AHRC Nassau, a non-controlled affiliated organization. These services are provided by AHRC Nassau to AHRC Foundation's related entities pursuant to the terms of corporate and administrative services agreements and include, but are not limited to, leadership consulting, purchasing, accounts payable, payroll, human resources, accounting, budgeting and financial reporting.

Advantage Care

Advantage Care is a Federally Qualified Health Center (FQHC) that provides medical and mental health services in facilities located in Brookville and Freeport, New York.

Advantage Care also leases approximately 10,300 square feet in its Brookville, New York location from CSSC.

The accounts of AHRC Nassau and Advantage Care are not included in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Foundation.

With Donor Restrictions – This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. At December 31, 2020, the Foundation has net assets with donor restrictions held in perpetuity of $95,298. See Note 22 for further discussion of net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

MRCS V maintains replacement reserve accounts, as required by HUD, for future repairs and maintenance. Distributions may be made from the reserve account only upon approval by HUD. As of December 31, 2020, the funds were invested in interest-bearing savings accounts. These restricted deposits and funded reserves have been included in restricted cash and restricted cash equivalents on the consolidated statement of financial position.

Cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following:

December 31, 2020		
Cash and cash equivalents	$	22,114,870
Restricted cash and restricted cash equivalents		25,612
Assets held for specific purpose		358,219
	$	22,498,701

Assets held for specific purpose in the table above reflects only the cash and cash equivalents portion of the total balance of assets held for specific purpose related to the Debt Service Reserve Fund. See Note 6 for further information.

Fair Value Measurement

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains or losses on investments are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

Accounts Receivable, Net

Accounts receivable, net, are recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, the Foundation analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Fixed Assets, Net

Fixed assets, net, are recorded at cost, less accumulated depreciation. The Foundation capitalizes fixed assets that have a cost of $5,000 or more and useful life of more than a year. Depreciation and amortization is recorded over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Years
Building and leasehold improvements	5-25
Equipment	3-25

Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Maintenance and repairs are charged to operations when incurred. When fixed assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Fixed assets purchased in starting up certain Medicaid-funded programs are funded up to approved amounts by OPWDD over a 60-month period, in accordance with a rate notice issued by OPWDD. The amortization of fixed assets is consistent with the funding period. The Foundation records a deferred charge equal to the net future reimbursement it expects to realize in the operation of its programs. The deferred charge is amortized over the period of reimbursement. The Foundation expenses all non-reimbursable start-up costs.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2020, there have been no such losses.

Revenue Recognition

Program Service Fees

Program service fee revenue is generated from services provided to people with developmental disabilities, mental health services and other services. These amounts are due from third-party payors (including government programs and health insurers) and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews and investigations. Generally, the Foundation submits per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Foundation measures revenue from the commencement of services to the continuation of services, and until services are no longer required. The Foundation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Foundation has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Foundation will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Foundation considers these amounts in determination of the transaction price. The Foundation determines its estimates of contractual adjustments based on contractual agreements, its policies and historical experience. The Foundation determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. The Foundation is not aware of any allegations of noncompliance that could have a material adverse effect on the accompany consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, the Foundation utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Foundation accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Foundation considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Foundation believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Nassau County AHRC Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

The following table shows the Foundation's program service fee revenue disaggregated by payor:

Year ended December 31, 2020	
Medicaid	$ 37,929,268
New York City, Nassau and Suffolk County Boards of Education	27,148,139
Third-party payor	20,094,008
Various school districts	14,404,976
Private pay	799,707
OPWDD	1,013,638
Social Security Administration	1,304,745
Other	418,429
	$ 103,112,910

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Rental Income

MRCS V's revenue is derived principally from the renting of apartments under one-year operating leases to eligible, very-low-income individuals. Tenant rental fees are supplemented by tenant assistance payments from HUD under a Housing Assistance Payment Contract, which is renewed annually. Rental income for MRCS V is recognized as earned when housing is provided to individuals each month.

CSSC's revenue is derived principally from the renting of various properties under operating and sales-type leases. For operating leases, rental income is recognized as earned when housing is provided to individuals each month. For sales-type leases, interest income is recognized as earned.

Functional Allocation of Expenses

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and interest expense is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

Endowment

The Foundation follows the provisions of ASC 958, *Not-for-Profit Entities,* related to enhanced disclosures for all endowment funds. The Foundation has also adopted provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. Specifically, the Foundation classifies the portion of the endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by the Foundation. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose also has been met.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents. At times, the Foundation has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and requires management to make estimates and assumptions that affect the reported assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Taxes

The Foundation is incorporated in the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for the year ended December 31, 2020.

The Foundation adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes.* Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on the Foundation's consolidated financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service (IRS) Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended December 31, 2020, there were no interest or penalties recorded or included in the consolidated statement of activities. The Foundation is subject to routine audits by taxing authorities. As of December 31, 2020, the Foundation was not subject to any examination by a taxing authority.

Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of financial position, consolidated statement of activities and consolidated statement of functional expenses, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Risks and Uncertainties - Investments

The Foundation's investments are concentrated in marketable equity securities, funds that invest in marketable equity securities and government securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements in order to conform to the 2020 presentation.

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

December 31, 2020	
Cash and cash equivalents	$ 22,114,870
Investments, at fair value	28,771,848
Accounts receivable, net	20,162,973
Contributions receivable	72,800
Sales-type lease receivables, current portion	974,050
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	70,093
Accrued interest receivable	25,431
Total Financial Assets Available to Management for General Expenditure Within One Year	72,192,065
Amounts unavailable for general expenditures within one year, due to:	
Net assets with donor restrictions	(4,063,387)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 68,128,678

Liquidity Management

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, AHRC Foundation invests cash in excess of daily requirements in short-term investments. The Foundation utilizes the services of a Joint Investment Committee, that consists of certain members of the Foundation's Board of Directors and other non-controlled affiliated organizations, which provides guidance with respect to appropriate management of its investments. To help manage unanticipated liquidity needs, the Foundation has three lines of credit available totaling $9 million from which to draw down upon, of which $2,434,097 was unused as of December 31, 2020.

4. Investments, at Fair Value

Investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. A description of the valuation techniques applied to the Foundation's assets measured at fair value are as follows:
Common Stocks, Stock Index Mutual Funds, Mutual Funds and International Stocks – These investments are carried at their aggregate market value, as determined by quoted market prices. These investments are classified as Level 1.

Government Securities – These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Institutional Equities Fund – Given the absence of market quotations, the fair value of this investment is estimated using information provided to the Foundation by the fund manager. The value is based on estimates that require varying degrees of judgment and are primarily based on financial data supplied by the fund manager. The financial statements of the fund is audited annually by a nationally recognized firm of independent auditors. The Foundation does not directly invest in the underlying securities of the fund. This investment is classified as Level 3.

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Nassau County AHRC Foundation, Inc. and Affiliates
Notes to Consolidated Financial Statements

Investments, at fair value are as follows:

December 31, 2020

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Common stocks	$ 9,388,714	$ -	$ -	$ 9,388,714
Stock index mutual funds	8,692,106	-	-	8,692,106
Mutual funds	5,114,234	-	-	5,114,234
International stocks	2,756,326	-	-	2,756,326
Government securities	-	1,398,355	-	1,398,355
Institutional equities fund	-	-	1,422,113	1,422,113
	$ 25,951,380	$ 1,398,355	$ 1,422,113	$ 28,771,848

There have been no changes in the methodologies used at December 31, 2020. There were no changes between levels during the year ended December 31, 2020.

The table below sets forth a summary of changes in fair value of the Level 3 assets:

Year ended December 31, 2020	
Balance, beginning of year	$ 2,837,113
Withdrawals	(974,393)
Investment income, net	(440,607)
Balance, end of year	$ 1,422,113

Investment income, net, consists of the following:

Year ended December 31, 2020	
Interest and dividends	$ 654,678
Unrealized gains	1,459,906
Realized gains	420,549
Direct investment expenses	(97,864)
	$ 2,437,269

5. Accounts Receivable, Net

Accounts receivable, net, consists of the following:

December 31, 2020		
Educational services	$	9,208,598
Residential services		3,220,107
Intermediate care facility services		5,055,965
Camp Loyaltown		357,447
Crisis respite services		201,656
Family support services		80,780
Self-direction		455,867
Other		1,582,553
	$	20,162,973

6. Assets Held for Specific Purpose

As of December 31, 2020, assets held for specific purpose amounted to $845,400 and consisted of the following:

Debt Service Reserve Fund – This fund was established under the terms of the Dormitory Authority of New York State (DASNY) 2018 bonds, the Nassau County Industrial Development Agency (IDA) bonds and the 2014 and 2012 Nassau County Local Economic Assistance Corporation (LEAC) bonds and consists of cash and cash equivalents. As of December 31, 2020, the Debt Service Reserve Fund amounted to $358,219.

457(b) Plan – The Foundation and its related entities maintain non-qualified 457(b) deferred compensation plans (the Plans) for certain employees. Pursuant to the plan agreements, the Plans' assets are considered general assets of the Foundation until the assets are distributed to the respective beneficiaries. As a result, the Plans' net assets available for benefits of $487,181 as of December 31, 2020 are classified as components of assets held for specific purpose and deferred compensation payable in the consolidated statement of financial position.

7. Investment in and Loan Receivable from E-Works Electronics Services, Inc.

AHRC Foundation has an investment of $500,000 in E-Works Electronic Services, Inc. (EES), constituting a 50% interest in EES. EES operates an electronics recycling vocational program, which provides educational, training and employment opportunities for persons with developmental disabilities. At December 31, 2020, AHRC Foundation has a valuation allowance of $500,000 recorded. The remaining value of the investment at December 31, 2020 is $0.

Additionally, in November 2015, AHRC Foundation's Board of Directors authorized a working capital loan to EES not to exceed $500,000, subject to further negotiation of interest rate and other repayment terms. At December 31, 2020, AHRC Foundation has an allowance of $500,000 recorded. The remaining net loan receivable as of December 31, 2020 is $0.

8. Subvention Loan Receivable

In February 2014, the Foundation entered into a subvention loan agreement with Advantage Care. Under the terms of the subvention loan agreement, Advantage Care may borrow up to $1.1 million pursuant to a promissory note payable for a period of 15 years. Interest is payable monthly at the rate of $\frac{2}{3}$ of the maximum interest rate authorized from time to time pursuant to Section 5-501 of the New York General Obligations Law or 5.0% per annum, whichever is lower (such rate being 4% per annum for the year ended December 31, 2020). Proceeds from this loan were used for the new Freeport clinic construction, equipment, furniture and fixtures, in connection with development of Advantage Care to a full service, managed care supporting organization. Interest income for the year ended December 31, 2020 was $28,003. As of December 31, 2020, the subvention loan receivable amounted to $663,376.

Future minimum receipts are as follows:

Year ending December 31,		
2021	$	70,093
2022		72,949
2023		75,921
2024		79,014
2025		82,233
Thereafter		283,166
		663,376
Less: current portion		(70,093)
	$	593,283

9. Investment in Computer Software

The Foundation has an investment in proprietary software that is used for billing, operating systems and documentation standards in accordance with regulatory requirements, for support to third-party providers of services to developmentally disabled persons. As of December 31, 2020, there was $746,480 invested.

10. Programmatic Investment

Programmatic investment by its nature meets two distinct criteria: (i) its primary purpose is to further the tax-exempt objectives of the organization, and (ii) the production of income or appreciation of the investment is not a significant purpose for making this investment.

As of December 31, 2020, the Foundation has an investment of $2,051,684 in a managed care organization (the MCO). The MCO was developed by AHRC Nassau, together with four other chapters of The Arc New York in the New York City metropolitan area, to provide a broad range of support and services for people with developmental disabilities, in transition from a fee-for-service program model to a capitated, comprehensive care management model. In 2018, ADAPT Community Network (ADAPT) (formerly known as United Cerebral Palsy of New York City, Inc.) became a member of the Board of Directors of the MCO. In 2019, Building Solutions for Tomorrow, Inc. (BST) became a member of the Board of Directors of the MCO. The MCO operations commenced on April 1, 2016.

The MCO consists of Partners Health Plan, Inc. (PHP), a New York not-for-profit corporation, the operating entity, which will serve as a health management organization (HMO) for payment of claims for the support and services delivered to developmentally disabled populations in the geographic regions of each chapter. PHP is a licensed HMO under Article 44 of the New York State Public Health Law and is approved by Centers for Medicare and Medicaid Services (CMS) as a Fully Integrated Duals Advantage (FIDA) provider. PHP is the obligor for repayment of the investment pursuant to a subordinated note payable to each of the chapters. The carrying value and recoverability of the investment in the MCO will be periodically evaluated over the course of its operations. Based on management's review and assessment of the MCO, no impairment has been identified and recorded as of December 31, 2020.

11. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2020		
Land	$	600,000
Buildings and leasehold improvements		18,006,260
Equipment		6,576,163
		25,182,423
Less: accumulated depreciation and amortization		(9,182,352)
	$	16,000,071

Depreciation and amortization expense for the year ended December 31, 2020 related to fixed assets was $1,206,033 and is included as a component of depreciation and amortization expense on the consolidated statement of functional expenses.

12. Sales-Type Lease Receivable

The Foundation adopted the provisions of ASC 842, *Leases*. The Foundation elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, the Foundation has elected to not recognize leases with terms of 12 months or less on the consolidated statement of financial position. Rental income for leases of 12 months or less for the year ended December 31, 2020 was $51,439.

Sales-type lease receivables are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date.

As discussed in Notes 1 and 13, CSSC rents various properties to AHRC Nassau and Advantage Care. These leases have been deemed to be sales-type leases under ASC 842. As of December 31, 2020, CSSC has recorded sales-type lease receivables of $2,523,163 in the accompanying consolidated statement of financial position. The leases are for various durations through 2069.

The leases require monthly payments of principal and interest at rates ranging from 3.25% to 8.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, CSSC used the incremental borrowing rate based on the information available at the lease inception date in determining the

present value of future payments. The incremental borrowing rate is defined as interest CSSC would pay to borrow on a collateralized basis.

The following is a schedule of future minimum lease receipts, including interest, under the term of the leases, together with the present value of the net minimum lease receipts, as of December 31, 2020.

Year ending December 31,		
2021	$	1,064,041
2022		861,724
2023		479,157
2024		131,994
2025		136,120
Thereafter		165,561
Total Minimum Lease Receipts		2,838,597
Less: amounts representing interest		(315,434)
Present Value of Net Minimum Lease Receipts		2,523,163
Less: current portion		(974,050)
	$	1,549,113

Interest income for the year ended December 31, 2020 on sales-type lease receivables was $135,923 and is included as a component of interest income in the accompanying consolidated statement of activities. CSSC entered into a new lease agreement in 2020 that resulted in a gain on assets leased through a sales-type lease of $84,034 for the year ended December 31, 2020.

13. Due from (to) Non-Controlled Affiliated Organizations

Management Fee

Certain administrative services are provided by AHRC Nassau, a non-controlled affiliated organization, for which the Foundation and its related entities incurred management fees of approximately $5,274,250 for the year ended December 31, 2020.

Rental Income - Operating Leases

Rental income earned from non-controlled affiliated organizations was as follows:

Year ended December 31, 2020		
AHRC Nassau	$	10,564

Interest Income – Sales-Type Leases

Interest income earned under sales-type leases and included as a component of interest income in the consolidated statement of activities from non-controlled affiliated organizations was as follows:

Year ended December 31, 2020		
AHRC Nassau	$	134,329
Advantage Care		1,594
	$	135,923

Tri-Party Agreement

On December 28, 2012, AHRC Nassau and Nassau Community Mental Retardation Services Company, Inc. (NCMRS) entered into a tri-party agreement (Tri-Party Lease) with CSSC. The Tri-Party Lease provided for CSSC's purchase of the corresponding receivable held by AHRC Nassau from NCMRS. NCMRS has a payable to CSSC in connection with the Tri-Party Lease for the December 28, 2012 LEAC Bonds Series G and K. The 2012 LEAC Bonds were established to refinance the outstanding debt of each of the Nassau County IDA Civic Facility Revenue Bond and the AHRC Nassau HSBC Line of Credit, of which the proceeds were used for improvements to the NCMRS property. As of December 31, 2020, the balance due to CSSC from NCMRS was approximately $609,000.

Debt Forgiveness - Acquisition of Property

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project III, Inc. (MRCS III) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. MRCS III realizes debt forgiveness commensurate with reimbursement amounts received by AHRC Nassau from OPWDD. The debt forgiveness amounted to $89,288 for the year ended December 31, 2020.

In accordance with a January 2012 agreement between AHRC Nassau, MRCS III and CSSC, the debt owed by MRCS III to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS III will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $419,564 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

AHRC Nassau paid for a portion of property acquisitions on behalf of Mental Retardation Community Services of Nassau County – Project IV, Inc. (MRCS IV) in a prior year. AHRC Nassau is being reimbursed for its funding of the property acquisitions by OPWDD over a number of years. AHRC Nassau forgives a portion of the debt due from MRCS IV, as it receives reimbursement from OPWDD and MRCS IV records a forgiveness of debt accordingly. The debt forgiveness amounted to $54,839 for the year ended December 31, 2020.

In accordance with a December 2014 agreement between AHRC Nassau, MRCS IV and CSSC, the debt owed by MRCS IV to AHRC Nassau was purchased by CSSC. Effective with this transaction, and with substantially the same terms as the original agreement with AHRC Nassau as mentioned above, the debt owed by MRCS IV will be forgiven by CSSC. The remaining balance due to CSSC relating to this acquisition is $278,447 and is included as a component of due from non-controlled affiliated organizations in the consolidated statement of financial position.

Guarantees of Obligations

CSSC unconditionally guarantees a Nassau County IDA bond financing agreement entered into by Advantage Care. At December 31, 2020, the outstanding balance carried by Advantage Care was $1,110,100. At December 31, 2020, Advantage Care was not in default of the scheduled bond payments.

CSSC unconditionally guarantees a lease agreement entered into by BCCS over the next six years, with minimum aggregate payments due of approximately $12,600,000. As of December 31, 2020, BCCS was not in default of the terms of the lease agreement.

CSSC unconditionally guarantees separate revolving line of credit agreements for each of Citizens Options and BCCS, each in the amount of $2.0 million. As of December 31, 2020, there was no amount outstanding under the Citizens Options line of credit, and there was $2,000,000 outstanding under the BCCS line of credit. There were no defaults under the terms of these agreements.

AHRC Foundation unconditionally guarantees a line of credit agreement entered into by EES up to $500,000.

AHRC Foundation unconditionally guarantees a lease agreement entered into by PHP over the period January 1, 2016 to May 30, 2022, with minimum aggregate payments due of approximately $1,625,000, or $25,000 per month. The Foundation may be released as guarantor on or after December 31, 2019, when PHP meets certain financial requirements.

Citizens Options unconditionally guarantees separate line of credit agreements for CSSC and BCCS in the amounts of $5 million and $2 million, respectively. At December 31, 2020, there was $2,000,000 outstanding under the BCCS line of credit, and there was $4,565,903 outstanding under the CSSC line of credit. At December 31, 2020, there was no default of the terms of these agreements.

14. Capital Advance from HUD

MRCS V has a Capital Advance/Building Loan Agreement with HUD under Section 811 of the National Affordable Housing Act aggregating $1,396,400, with which it purchased and renovated community residences to provide housing for persons with disabilities.

The Capital Advance/Building Loan bears no interest and is not required to be repaid, as long as the housing remains available to eligible, very-low-income households for a period of 40 years. This advance is recorded as net assets with donor restrictions.

15. Lines of Credit

As of December 31, 2020, Citizens Options has an unsecured revolving bank line of credit under which a maximum amount of $2 million can be borrowed. The line of credit agreement requires that Citizens Options comply with certain financial covenants. Citizens Options was in compliance with its financial covenants as of December 31, 2020. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2020). There were no amounts borrowed under the line of credit and no interest expense incurred for the year ended December 31, 2020. The agreement expires on December 8, 2021 and may be renewed with the bank's approval.

As of December 31, 2020, BCCS has an unsecured revolving bank line of credit under which a maximum amount of $2.0 million can be borrowed. The line of credit agreement requires that BCCS comply with certain financial covenants. BCCS was in compliance with its financial covenants as of December 31, 2020. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2020). As of December 31, 2020, there was $2,000,000 outstanding under the line of credit and $42,586 of interest expense incurred for the year ended December 31, 2020. The agreement expires on December 8, 2021 and may be renewed with the bank's approval. BCCS repaid the $2,000,000 balance on their line of credit on April 30, 2021.

As of December 31, 2020, CSSC has a secured revolving bank line of credit with HSBC Bank, under which a maximum amount of $5.0 million can be borrowed. The line of credit agreement requires that CSSC comply with certain financial covenants. CSSC was in compliance with its financial covenants as of December 31, 2020. The line of credit bears interest at the prevailing prime rate (such rate being 3.25% at December 31, 2020). The line of credit is to be used to fund the acquisition of property and/or renovation of residences approved by OPWDD and SED, as applicable. The line of credit is secured by the assets of CSSC and guaranteed by each of BCCS, Citizens and the Foundation (collectively, the Guarantors). As of December 31, 2020, there was $4,565,903 outstanding under this line of credit. The agreement expires on December 8, 2021 and may be renewed with the bank's approval.

16. Mortgages Payable

On February 23, 2012, CSSC entered into mortgage loans with HSBC Bank for two residential properties. The loans are payable in monthly installments of $9,073 at interest rates of 4.17% and 4.19% per annum for each of these properties, which mature in February 2025 and May 2025, respectively.

CSSC has entered into loan agreements with Facilities Development Corporation (FDC), acting by and through its agent, the Commissioner of OPWDD and its successors. The loans are secured by four residential properties. The loans bear interest at rates ranging from 3.33% to 7.82% and are payable in semi-annual installments through varying dates from February 2016 to February 2025.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	118,977
2022		96,723
2023		100,844
2024		105,141
2025		31,986
	$	453,671

17. Bonds Payable

On August 15, 2018, CSSC obtained financing of $6,265,000 through DASNY for the acquisition and renovation of six different properties in Long Island, New York. The bond, which consists of two series of bonds (Series 2018A-1 and 2018A-2), requires monthly interest payments and bears interest ranging from 3.5% to 4%. The Series 2018A-1 bond is a tax-exempt bond and Series 2018A-2 is a

taxable bond. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of CSSC. As the conduit debt obligor, CSSC is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	175,833
2022		182,917
2023		196,667
2024		205,000
2025		210,833
Thereafter		4,854,583
		5,825,833
Less: unamortized balance of deferred financing costs		(543,237)
	$	5,282,596

The 2018 DASNY Bonds are subject to certain covenants. CSSC, along with the Foundation and Citizens, must maintain a specified debt service coverage ratio, must obtain prior written consent from DASNY before incurring any additional indebtedness, and CSSC, together with the Foundation and Citizens, must deposit and maintain a specified average balance, which is to be maintained by a trustee. The CSSC, along with the Foundation and Citizens, is in compliance with these covenants as of December 31, 2020.

On December 30, 2014, CSSC entered into a loan agreement with Israel Discount Bank (IDB), in the aggregate amount of $12,763,000. IDB purchased and holds bonds pursuant to a bond purchase agreement by and between IDB and Bank of New York Mellon as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreement consists of a series of four bonds, referred to as 2014 LEAC Bonds Series A through D. Proceeds from the bond purchase agreement were used by CSSC to refinance years 2007 and 2006 IDA bonds of $10.2 million to purchase and/or renovate four new projects of $2.1 million and $500,000 to pay loan closing costs. The 2014 LEAC Bonds mature at varying dates from December 1, 2021 through January 1, 2030, with interest rates ranging from 2.35% to 4.50%. Series A through C bonds are tax-exempt bonds and Series D is a taxable bond.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	1,485,000
2022		805,000
2023		150,000
2024		160,000
2025		165,000
Thereafter		710,000
		3,475,000
Less: unamortized balance of deferred financing costs		(45,487)
	$	3,429,513

On December 28, 2012, CSSC entered into loan agreements aggregating $31,299,000. These agreements consist of a separate agreement with each of two banks, TD Bank and IDB, with substantially identical terms in the amounts of $19,559,000 and $11,740,000, respectively. Each bank purchased and holds bonds pursuant to separate bond purchase agreements by and between each bank and U.S. Bank, NA, as trustee. CSSC remits monthly payments of principal and interest to the trustee.

The bond purchase agreements consist of a series of 13 bonds, referred to as 2012 LEAC Bonds Series A through M. Proceeds from the bond purchase agreement were used by CSSC to refinance then-existing long-term debt of $22.6 million to purchase and/or renovate three new projects for $6.5 million, and $2.2 million to pay loan closing costs. The 2012 LEAC Bonds mature at varying dates from April 1, 2015 through June 1, 2027, with interest rates ranging from 1.81% to 4.25%. Series A through L bonds are tax-exempt bonds and Series M is a taxable bond. The bond proceeds were deposited into bond funds held by U.S. Bank, which were used for purchase and renovations of the respective facilities and debt service repayments. U.S. Bank has a lien on, and security interest in, the facilities, property, equipment and furnishings in addition to the rents, issues and profits generated by the facilities.

Future minimum annual principal payments are as follows:

Year ending December 31,		
2021	$	2,284,000
2022		2,354,000
2023		2,086,000
2024		833,000
2025		553,000
Thereafter		376,000
		8,486,000
Less: unamortized balance of deferred financing costs		(358,226)
	$	8,127,774

The 2014 LEAC Bonds and the 2012 LEAC Bonds are subject to certain covenants. CSSC, along with the Foundation, AHRC Nassau, BCCS and Citizens (collectively, the Institution) must maintain a specified debt service coverage ratio, a specified amount of unrestricted liquid net assets, and CSSC, together with the Foundation, BCCS, Citizens and LCDX, must deposit and maintain a specified average balance with each lender measured semi-annually on the last day of the second fiscal quarter and on the last day of each fiscal year. The Institution is in compliance with these covenants as of December 31, 2020.

18. Retirement Expense

Each of AHRC Foundation, BCCS and Citizens Options maintains a defined contribution plan, as defined by IRC Section 403(b), and is offered to all employees who have attained the age of 20½ years, completed six months of service at the beginning of the contribution period and have 1,000 hours of credited service. The annual employer contributions to the plans for AHRC Foundation and Citizens Options were 4% of total eligible salaries for all employees covered. The annual employer contributions to the BCCS plan were 6.5% of total eligible salaries for all employees covered. Total retirement expense for AHRC Foundation, BCCS and Citizens Options for the year ended December 31, 2020 was approximately $2,710,000 and has been accrued as part of accrued payroll and payroll related costs on the accompanying consolidated statement of financial position.

19. Due to New York State OPWDD

BCCS and Citizens Options have entered into various contracts with OPWDD for the operation of various programs. As part of the agreements, OPWDD advanced funds for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes and operations. BCCS and Citizens Options have agreed to repay OPWDD all of the above funds to the extent that such costs are reimbursed by Medicaid.

20. Reserve for Potential Liabilities

Program service revenue is recognized based on program reimbursement rates published by OPWDD and other regulatory agencies. Retroactive adjustments of such rates are considered variable consideration in the recognition of revenue for applicable service periods and are recorded as rate changes become known or as years are no longer subject to audit, review or investigation. The reserve for potential liabilities includes the accrual for pending, retroactive rate adjustments. Management has estimated a reserve for potential liabilities of approximately $4,852,000 as of December 31, 2020.

21. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

December 31, 2020		
Subject to expenditure for specified purpose or period:		
HUD time restrictions	$	1,396,400
Camp Loyaltown general purposes		291,973
ICF services		28,360
Autism programs		989,523
Special needs children		654,504
Parent associations		19,384
CRP		5,732
Educational program		428,474
Scholarship		10,000
Other		143,739
Total Subject to Expenditure for Specified Purpose or Period		3,968,089
Endowments subject to spending policy and appropriation, which, once appropriated, are expendable to support:		
Shoreham ICF grounds maintenance		95,298
Total Endowments Subject to Spending Policy and Appropriation		95,298
Total Net Assets with Donor Restrictions	$	4,063,387

Income earned on net assets with donor restrictions is expendable to support operations, unless otherwise specified by the donor.

Net assets were released for the following purposes:

Year ended December 31, 2020		
Autism programs	$	386,739
Special needs children		4,793
Parent associations		3,861
CRP		1,522
Other		16,434
	$	413,349

22. Endowment

Citizens received $95,298 as a transfer of assets for the Shoreham ICF Grounds Maintenance Endowment Fund as part of a change in auspice that occurred in 2019. The endowment consists of cash that is donor-restricted in perpetuity. In accordance with the requirements under ASC 958, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the state of New York was governed by the Uniform Management of Institutional Funds Act

(UMIFA), as enacted in 1978, until September 17, 2010, when the state of New York enacted the NYPMIFA. Citizens has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post-September 17, 2010 gifts, as allowing Citizens to appropriate for expenditure or accumulate earnings as Citizens determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor, as expressed in the gift instrument. As a result of this interpretation, Citizens has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Citizens.

Investment and Spending Policies - Citizens has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Citizens must hold in perpetuity and are currently held in cash.

In accordance with NYPMIFA, Citizens considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of Citizens and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation/depreciation of investments
- Other resources of Citizens
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Citizens
- The investment policy of Citizens

The following represents the composition of endowment net assets by fund type:

December 31, 2020		With Donor Restrictions		Total
Endowment funds	$	95,298	$	95,298

The change in endowment net assets was as follows:

December 31, 2020

		With Donor Restrictions		Total
Endowment net assets, beginning of year	$	95,298	$	95,298
Endowment net assets, end of year		95,298		95,298

Endowment assets consist of cash. There are no underwater endowments as of December 31, 2020.

23. Leases

The Foundation adopted the provisions of ASC 842, *Leases*. As part of its adoption, the Foundation elected the practical expedient that permits an entity to not reassess whether expired or existing contracts contain leases. Additionally, the Foundation has elected to not recognize leases with terms of 12 months or less on the balance sheet. Rent expense for leases with terms of 12 months or less was $1,438,055 for the year ended December 31, 2020.

Finance lease right-of-use assets and finance lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the lease commencement date. Finance lease right-of-use assets are depreciated on the straight-line method over the life of the payment terms of the lease.

Finance Leases - Lessee

The Foundation leases various buildings and vehicles under finance leases from third parties. These leases are deemed to be finance leases under ASC 842. As of December 31, 2020, the Foundation has recorded finance lease right-of-use assets of $6,535,245 and finance lease liabilities of $6,964,409 in the consolidated statement of financial position.

The leases are for various durations through December 31, 2068. The leases require monthly payments of principal and interest at rates ranging from 3.25% to 4.25% per annum. Interest rates are based on rates that were explicitly stated in the lease agreement. In the event an interest rate is not explicitly stated in the lease agreement, the Foundation used the incremental borrowing rate based on the information available at the lease inception date in determining the present value of future payments. The incremental borrowing rate is defined as interest that the Foundation would pay to borrow on a collateralized basis.

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The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2020:

Year ending December 31,		
2021	$	1,450,374
2022		1,493,507
2023		1,473,582
2024		1,472,369
2025		1,527,928
Thereafter		274,908
Total Minimum Lease Payments		7,692,668
Less: amounts representing interest		(728,259)
Present Value of Net Minimum Lease Payments		6,964,409
Less: current portion		(1,221,452)
	$	5,742,957

Depreciation expense for the year ended December 31, 2020 on these finance lease right-of-use assets totaled $1,317,343 and is included as a component of depreciation and amortization expense on the consolidated statement of functional expenses. Interest expense for the year ended December 31, 2020 related to finance leases payable was $233,027 and is included on the consolidated statement of functional expenses.

Leases with Controlled Affiliates

Citizens and BCCS rent various facilities and residential sites from CSSC. These leases are deemed to be finance leases under ASC 842. The associated sales-type lease receivable for CSSC and finance lease liability for Citizens and BCCS has been eliminated in consolidation. A right-of-use asset for these leases totaling $13,008,940 as of December 31, 2020 and depreciation expense related to these leases of $1,760,007 for the year ended December 31, 2020 has been recorded by Citizens and BCCS, which is not eliminated in consolidation.

24. Commitments and Contingencies

Legal Matters

The Foundation is a party to certain routine legal actions and complaints arising in the ordinary course of business. Management is unable to determine at this time the likelihood of the outcomes. In the opinion of management, all such matters are adequately covered by insurance.

HUD Contingencies

MRCS V receives certain of its funding from HUD. Continuation of such funding is dependent on budgetary allocations from HUD. Such funding is subject to change and may have an effect on operations. Further, reimbursements under contracts are subject to audit by HUD on a regular basis. Liabilities, if any, resulting from these audits, are not presently determinable.

Pursuant to certain contractual obligations, MRCS V must operate the sites as residential facilities for the developmentally disabled for a period of 40 years through 2056 from the date of construction, which began in 2016. In addition, the status of ownership must remain the same for this period.

New York State Office of the State Comptroller Audit

BCCS has been subject to an audit of its preschool programs by the New York State Office of the State Comptroller (NYSOSC). The preschool programs consist of the preschool segregated (SED Code 9100), preschool integrated (SED Code 9160) and the Special Education Itinerant Teacher (SED Code 9135) programs. The periods covered under audit were the fiscal years ended June 30, 2012 through June 30, 2014. The amounts subject to audit were total program expense of approximately $72.2 million. In February 2018, BCCS commenced a civil action and proceeding, pursuant to Article 78 of the New York Civil Practice Law and Rules. This action was taken to enable BCCS to preserve its ability to pursue a favorable outcome to the NYSOSC audit.

In August 2019, BCCS signed a stipulation of settlement agreement and order of discontinuance of the NYSOSC audit described above. The settlement terms require BCCS to implement measures set forth in its Corrective Action Plan, as submitted to and mandated by SED, relative to certain findings in the NYSOSC audit. BCCS recorded a liability of approximately $413,000 as a result of the NYSOSC audit. As of December 31, 2020, approximately $314,000 has been repaid. The remaining liability of approximately $99,000 is included as a component of reserve for potential liabilities in the consolidated statement of financial position.

Third-Party Vendor Ransomware Attack

On July 16, 2020, the Foundation was notified by its third-party vendor that manages its donor information that a ransomware attack occurred in May 2020 on the third-party vendor's back-up system, from which certain data was exfiltrated. The third-party vendor took immediate and decisive action to address the incident. This incident had no impact on the Foundation's operations or the data on the Foundation's system. As of the date of this report, the Foundation cannot estimate the financial impact this event will have on its financial position, if any, and as a result, the Foundation has not accrued any liability.

25. Risk and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the impact that the pandemic will have on AHRC Foundation's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, AHRC Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition and liquidity for 2021. If the pandemic continues, it may

have an adverse effect on AHRC Foundation's results of future operations, financial condition and liquidity in 2021.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act appropriated $178 billion for the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) to be distributed to hospitals and healthcare providers for lost revenues and incremental increases in expenses as a result of the COVID-19 outbreak. As of the date of this report, Citizens has applied for and received $1,921,936 from HHS for the PRF. This amount has been reported as a component of prepaid expenses and other assets on the accompanying consolidated statement of financial position and CARES Act funding on the accompany consolidated statement of activities.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans (EIDL) to provide liquidity to small businesses harmed by the COVID-19 outbreak.

Effective May 18, 2020, Citizens' Board of Directors unanimously approved Citizens taking advantage of a provision of the CARES Act, which allows for employers to delay payment of its 50% portion of the aggregate 12.4% Old-Age, Survivors and Disability Insurance program tax (Social Security tax). Citizens must continue, as before, to withhold, in a timely manner, from the pay of each employee, and deposit with the IRS, the employee's share of the Social Security tax. The payment of the employer portion of the Social Security tax for 2020 may be remitted to the IRS in two equal installments, with 50% of the deferred amount due by December 31, 2021 and the remainder due by December 31, 2022. As of December 31, 2020, the balance of the deferred employer Social Security tax was approximately $1,004,000 and has been included in accrued payroll and payroll related costs on the accompanying consolidated statement of financial position.

Management continues to examine the impact that the CARES Act may have on its business. Management currently is unable to determine the impact that the CARES Act will have on the financial condition, results of operation or liquidity.

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief as a result of the COVID-19 outbreak. AHRC Foundation is currently evaluating the impact of the Act and as of the date of this report, has not applied for any funding from the Act.

26. Subsequent Events

The Foundation has evaluated subsequent events through June 30, 2021, the date the consolidated financial statements were available for issuance. There were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein, except:

On March 10, 2021, the President signed the $1.9 trillion American Rescue Plan Act (ARPA) into law. As of the date of this report, the Foundation has not applied for any funding from ARPA.

On April 27, 2021, BCCS received proceeds from an SBA PPP Loan in the amount of $7,636,472. The loan bears interest at 1.00% per annum and is payable in five years, with principal and interest payments beginning in September 2022. On May 26, 2021, Citizens received proceeds from an SBA PPP loan in the amount of $7,881,858. The loan bears interest at 1.00% per annum and is payable in five years, with principal and interest payments beginning in October 2022. The loans under the SBA PPP may be forgiven according to BCCS and Citizens' use of the proceeds and their compliance with the terms of the loans. BCCS and Citizens plan to apply for forgiveness of these loans, however there is no assurance that the loans will be forgiven.

Supplementary Information

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

Year ended December 31, 2020

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Assets							
Current							
Cash and cash equivalents	$ 13,900,226	$ 1,420,356	$ 4,321,540	$ 318,017	$ 2,154,731	$ -	$ 22,114,870
Investments, at fair value	27,373,493	-	61,236	1,337,119	3,000,000	(3,000,000)	28,771,848
Accounts receivable, net	-	9,794,482	9,590,970	-	777,521	-	20,162,973
Contributions receivable	72,800	-	-	-	-	-	72,800
Sales-type receivable, current portion	-	-	-	2,836,602	-	(1,862,552)	974,050
Subvention loan receivable from Advantage Care Diagnostic and Treatment Center, Inc., current portion	70,093	-	-	-	-	-	70,093
Accrued interest receivable	25,431	-	-	-	-	-	25,431
Prepaid expenses and other assets	375,760	465,373	406,304	12,668	441	(50,064)	1,210,482
Due from non-controlled affiliated organizations, current portion	959	41,951	-	303,640	-	-	346,550
Due from controlled affiliates	143,396	-	-	-	-	(143,396)	-
Total Current Assets	41,962,158	11,722,162	14,380,050	4,808,046	5,932,693	(5,056,012)	73,749,097
Restricted Cash and Restricted Cash Equivalents	-	-	25,612	-	-	-	25,612
Due from Non-Controlled Affiliated Organizations, net of current portion	-	-	-	2,616,128	-	(1,355,168)	1,260,960
Assets Held for Specific Purpose	165,873	189,088	132,220	358,219	-	-	845,400
Sales-Type Receivable, net of current portion	-	-	-	12,380,094	-	(10,830,981)	1,549,113
Receivable from Life Care Data Exchange, LLC	25,000	-	-	-	-	(25,000)	-
Loan Receivable from Community Services Support Corporation	1,041,102	-	-	-	-	(1,041,102)	-
Subvention Loan Receivable from Advantage Care Diagnostic and Treatment Center, Inc.	593,283	-	-	-	-	-	593,283
Deferred Charges	-	-	69,201	-	-	-	69,201
Computer Software, Net	-	-	-	-	332,259	-	332,259
Investment in Computer Software - Managed Care Organization	746,480	-	-	-	-	-	746,480
Programmatic Investment	2,051,684	-	-	-	-	-	2,051,684
Finance Lease Right-Of-Use-Assets, Net	-	11,385,002	8,159,183	-	-	-	19,544,185
Fixed Assets, Net	-	3,094,820	6,687,790	6,217,461	-	-	16,000,071
Total Assets	$ 46,585,580	$ 26,391,072	$ 29,454,056	$ 26,379,948	$ 6,264,952	$ (18,308,263)	$ 116,767,345

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Financial Position

Year ended December 31, 2020

	Nassau County AHRC Foundation, Inc.	Brookville Center for Children's Services, Inc.	Citizens Options Unlimited, Inc. and Affiliate	Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Total
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	$ 69,736	$ 5,023,281	$ 3,133,508	$ 51,066	$ 959,130	$ (33,787)	$ 9,202,934
Accrued payroll and payroll related costs	69,945	4,596,327	5,140,939	-	-	-	9,807,211
Assets held for related organizations	50,000	-	-	-	-	(50,000)	-
Investments held for LCDX	3,000,000	-	-	-	-	(3,000,000)	-
Due to non-controlled affiliated organizations	159,534	-	1,660,750	-	-	(1,355,168)	465,116
Due to controlled affiliates	-	64	-	-	-	(64)	-
Due to Nassau County AHRC Foundation, Inc.	-	59,863	-	-	74,746	(134,609)	-
Due to New York State OPWDD	-	129,447	2,199,276	-	-	-	2,328,723
Lines of credit	-	2,000,000	-	4,565,903	-	-	6,565,903
Finance lease liabilities, current portion	-	2,065,677	1,018,327	-	-	(1,862,552)	1,221,452
Mortgages payable, current portion	-	-	-	118,977	-	-	118,977
Bonds payable, current portion	-	-	-	3,944,833	-	-	3,944,833
Total Current Liabilities	3,349,215	13,874,659	13,152,800	8,680,779	1,033,876	(6,436,180)	33,655,149
Deferred Revenue	-	-	-	88,414	-	-	88,414
Reserve for Potential Liabilities	-	333,124	4,518,416	-	-	-	4,851,540
Finance Lease Liabilities, net of current portion	-	9,526,309	7,047,629	-	-	(10,830,981)	5,742,957
Subvention Loan Payable	-	-	-	1,041,102	-	(1,041,102)	-
Mortgages Payable, net of current portion	-	-	-	334,694	-	-	334,694
Bonds Payable, net of current portion and deferred financing costs	-	-	-	12,895,050	-	-	12,895,050
Deferred Compensation Payable	165,873	189,088	132,220	-	-	-	487,181
Total Liabilities	3,515,088	23,923,180	24,851,065	23,040,039	1,033,876	(18,308,263)	58,054,985
Commitments and Contingencies							
Net Assets							
Without donor restrictions	42,632,018	798,749	2,647,221	3,339,909	5,231,076	-	54,648,973
With donor restrictions	438,474	1,669,143	1,955,770	-	-	-	4,063,387
Total Net Assets	43,070,492	2,467,892	4,602,991	3,339,909	5,231,076	-	58,712,360
Total Liabilities and Net Assets	$ 46,585,580	$ 26,391,072	$ 29,454,056	$ 26,379,948	$ 6,264,952	$ (18,308,263)	$ 116,767,345

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2020

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue															
Program service fees:															
Educational services	$ -	$ -	$ -	$ 42,337,649	$ -	$ 42,337,649	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,337,649	$ -	$ 42,337,649
Residential services	-	-	-	6,666,723	-	6,666,723	17,496,473	-	17,496,473	-	-	-	24,163,196	-	24,163,196
Intermediate care facility services	-	-	-	-	-	-	34,381,264	-	34,381,264	-	-	-	34,381,264	-	34,381,264
Camp Loyaltown	-	-	-	-	-	-	444,754	-	444,754	-	-	-	444,754	-	444,754
Crisis respite services	-	-	-	-	-	-	347,987	-	347,987	-	-	-	347,987	-	347,987
Family support services	-	-	-	-	-	-	114,552	-	114,552	-	-	-	114,552	-	114,552
Self-direction	-	-	-	-	-	-	1,323,508	-	1,323,508	-	-	-	1,323,508	-	1,323,508
Total Program Service Fees	-	-	-	49,004,372	-	49,004,372	54,108,538	-	54,108,538	-	-	-	103,112,910	-	103,112,910
Rental income	-	-	-	-	-	-	40,875	-	40,875	243,551	-	(232,987)	51,439	-	51,439
Contributions	943,011	-	943,011	102,069	70,185	172,254	61,180	112,827	174,007	-	-	(100,000)	1,006,260	183,012	1,189,272
Service fees	-	-	-	-	-	-	-	-	-	-	3,983,123	-	3,983,123	-	3,983,123
Government grants	-	-	-	1,069,487	-	1,069,487	-	-	-	-	-	-	1,069,487	-	1,069,487
CARES Act funding	-	-	-	-	-	-	1,921,936	-	1,921,936	-	-	-	1,921,936	-	1,921,936
Special events, net of direct expense	495,982	-	495,982	-	-	-	-	-	-	-	-	-	495,982	-	495,982
Contracted services	228,065		228,065	-	-	-	-	-	-	-	-	(138,408)	89,657	-	89,657
Interest income	-	-	-	-	-	-	-	-	-	746,502	-	(480,831)	265,671	-	265,671
Other revenue	-	-	-	-	-	-	(10,738)	-	(10,738)	73,200	-	-	62,462	-	62,462
Net assets released from restrictions	-	-	-	396,915	(396,915)	-	16,434	(16,434)	-	-	-	-	413,349	(413,349)	-
Total Revenue	1,667,058	-	1,667,058	50,572,843	(326,730)	50,246,113	56,138,225	96,393	56,234,618	1,063,253	3,983,123	(952,226)	112,472,276	(230,337)	112,241,939
Expenses															
Program expenses:															
Educational services	-	-	-	43,804,409	-	43,804,409	-	-	-	-	-	(151,932)	43,652,477	-	43,652,477
Residential services	-	-	-	6,040,123	-	6,040,123	16,030,330	-	16,030,330	-	-	(485,577)	21,584,876	-	21,584,876
Intermediate care facility services	-	-	-	-	-	-	37,644,660	-	37,644,660	-	-	(35,762)	37,608,898	-	37,608,898
Camp Loyaltown	-	-	-	-	-	-	1,440,333	-	1,440,333	-	-	(2,363)	1,437,970	-	1,437,970
Crisis respite services	-	-	-	-	-	-	968,510	-	968,510	-	-	(34,631)	933,879	-	933,879
Family support services	-	-	-	-	-	-	174,396	-	174,396	-	-	(141)	174,255	-	174,255
Self-direction	-	-	-	-	-	-	1,418,254	-	1,418,254	-	-	(3,412)	1,414,842	-	1,414,842
Other	227,500	-	227,500	-	-	-	-	-	-	837,070	1,515,833	(100,000)	2,480,403	-	2,480,403
Total Program Services Expenses	227,500	-	227,500	49,844,532	-	49,844,532	57,676,483	-	57,676,483	837,070	1,515,833	(813,818)	109,287,600	-	109,287,600

Nassau County AHRC Foundation, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended December 31, 2020

	Nassau County AHRC Foundation, Inc.			Brookville Center for Children's Services, Inc.			Citizens Options Unlimited, Inc. and Affiliate			Community Services Support Corporation	Life Care Data Exchange, LLC	Eliminations	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Expenses (Continued)															
Supporting services:															
Management fee	$ 51,313	$ -	$ 51,313	$ 1,758,300	$ -	$ 1,758,300	$ 3,264,637	$ -	$ 3,264,637	$ 150,000	$ 50,000	$ -	$ 5,274,550	$ -	$ 5,274,550
Management and general	439,523	-	439,523	2,029,804	-	2,029,804	287,481	-	287,481	-	3,526	(138,408)	2,621,926	-	2,621,926
Fundraising - contracted services	87,673	-	87,673	-	-	-	-	-	-	-	-	-	87,673	-	87,673
Professional services	-	-	-	-	-	-	-	-	-	37,534	2,558	-	40,092	-	40,092
Total Supporting Services Expenses	578,509	-	578,509	3,788,104	-	3,788,104	3,552,118	-	3,552,118	187,534	56,084	(138,408)	8,023,941	-	8,023,941
Total Expenses	806,009	-	806,009	53,632,636	-	53,632,636	61,228,601	-	61,228,601	1,024,604	1,571,917	(952,226)	117,311,541	-	117,311,541
Operating (Loss) Income	861,049	-	861,049	(3,059,793)	(326,730)	(3,386,523)	(5,090,376)	96,393	(4,993,983)	38,649	2,411,206	-	(4,839,265)	(230,337)	(5,069,602)
Non-Operating Activity															
Investment income, net	2,385,654	-	2,385,654	-	-	-	1,470	-	1,470	50,145	-	-	2,437,269	-	2,437,269
Interest and other income	(62,557)	-	(62,557)	-	-	-	-	-	-	-	-	-	(62,557)	-	(62,557)
Total Non-Operating Income	2,323,097	-	2,323,097	-	-	-	1,470	-	1,470	50,145	-	-	2,374,712	-	2,374,712
Change in Net Assets, before transfer of assets and gain on assets leased through sales-type leases	3,184,146	-	3,184,146	(3,059,793)	(326,730)	(3,386,523)	(5,088,906)	96,393	(4,992,513)	88,794	2,411,206	-	(2,464,553)	(230,337)	(2,694,890)
Transfer of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Assets Leased Through Sales-Type Leases	-	-	-	-	-	-	-	-	-	84,034	-	-	84,034	-	84,034
Change in Net Assets	3,184,146	-	3,184,146	(3,059,793)	(326,730)	(3,386,523)	(5,088,906)	96,393	(4,992,513)	172,828	2,411,206	-	(2,380,519)	(230,337)	(2,610,856)
Net Assets, beginning of year	39,447,872	438,474	39,886,346	3,858,542	1,995,873	5,854,415	7,736,127	1,859,377	9,595,504	3,167,081	2,819,870	-	57,029,492	4,293,724	61,323,216
Net Assets, end of year	$ 42,632,018	$ 438,474	$ 43,070,492	$ 798,749	$ 1,669,143	$ 2,467,892	$ 2,647,221	$ 1,955,770	$ 4,602,991	$ 3,339,909	$ 5,231,076	$ -	$ 54,648,973	$ 4,063,387	$ 58,712,360

APPENDIX B-II

DEVELOPMENTAL DISABILITIES INSTITUTE, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2021 AND DECEMBER 31, 2020)

Developmental Disabilities Institute, Inc.

Financial Statements
Year Ended December 31, 2022

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Developmental Disabilities Institute, Inc.

Financial Statements
Year Ended December 31, 2022

Contents

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Independent Auditor's Report

The Board of Directors
Developmental Disabilities Institute, Inc.
Smithtown, New York

Opinion

We have audited the financial statements of Developmental Disabilities Institute, Inc. (the Agency), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 audit.

Report on Summarized Comparative Information

We have previously audited Developmental Disabilities Institute, Inc.'s 2021 financial statements, and our report dated May 25, 2022 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 25, 2023

Developmental Disabilities Institute, Inc.

Statement of Financial Position
(with comparative totals for 2021)

December 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ **20,447,836**	$ 30,434,071
Assets limited as to use, current portion	**321,355**	339,719
Accounts receivable, net	**22,313,029**	14,352,499
Government and other grants receivable	**726,436**	736,217
Current portion of contributions and pledges receivable	**30,810**	30,147
Prepaid expenses and other assets	**1,075,409**	1,605,687
Total Current Assets	**44,914,875**	47,498,340
Security Deposits	**159,080**	159,080
Right-of-Use Asset - Operating Lease	**7,856,910**	9,098,618
Right-of-Use Asset - Financing Lease	**2,408,847**	660,700
Other Assets	**22,323**	22,388
Contributions and Pledges Receivable, Net, less current portion	**22,381**	35,195
Assets Limited as to Use, less current portion	**3,337,236**	3,597,425
Fixed Assets, Net	**32,215,192**	33,775,974
Total Assets	$ **90,936,844**	$ 94,847,720

Developmental Disabilities Institute, Inc.

Statement of Financial Position
(with comparative totals for 2021)

December 31,	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ **6,175,500**	$ 4,964,495
Accrued interest payable	**184,267**	329,733
Accrued payroll and related benefits	**4,497,304**	4,234,546
Deferred payroll tax, current portion	**-**	1,558,428
Accrued retirement contribution payable	**-**	1,186,922
Deferred revenue, current	**1,307,510**	1,040,019
Operating lease liability, current	**1,034,686**	1,454,248
Line of credit	**281,296**	281,296
Mortgages and loans payable, current	**505,074**	634,935
Finance lease obligations, current	**754,579**	225,962
Bonds payable, current	**2,428,853**	2,131,310
Due to governmental agencies	**1,526,273**	2,271,657
Total Current Liabilities	**18,695,342**	20,313,551
Deferred Revenue, less current portion	**880,972**	1,138,598
Paycheck Protection Program (PPP) Loan	**-**	10,000,000
Operating Lease Liability, less current portion	**7,242,640**	8,009,082
Mortgages and Loans Payable, less current portion	**3,147,303**	1,272,381
Finance Lease Liability, less current portion	**1,667,996**	436,080
Bonds Payable, less current portion	**15,279,957**	20,263,310
Total Liabilities	**46,914,210**	61,433,002
Net Assets		
Net assets without donor restrictions	**43,628,305**	33,018,175
Net assets with donor restrictions	**394,329**	396,543
Total Net Assets	**44,022,634**	33,414,718
Total Liabilities and Net Assets	$ **90,936,844**	$ 94,847,720

See accompanying notes to financial statements.

Developmental Disabilities Institute, Inc.

Statement of Activities
(with comparative totals for 2021)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Program Revenues				
Fees for services	$ 126,663,103	$ -	**$ 126,663,103**	$ 113,905,743
Government and other grants	14,990,141	-	**14,990,141**	2,276,996
Other program revenues	1,896,433	-	**1,896,433**	1,503,603
Net assets released from restrictions	117,393	(117,393)	**-**	-
Total Program Revenues	143,667,070	(117,393)	**143,549,677**	117,686,342
Expenses				
Program services:				
Education services	38,419,660	-	**38,419,660**	34,621,033
Adult day services	30,006,328	-	**30,006,328**	22,537,164
Children's residential services	13,944,307	-	**13,944,307**	11,518,776
Adult residential services	53,635,679	-	**53,635,679**	39,292,824
Other programs	662,865	-	**662,865**	660,737
Total Program Services	136,668,839	-	**136,668,839**	108,630,534
Supporting services:				
Management and general	8,345,365	-	**8,345,365**	7,904,967
Fundraising	465,847	-	**465,847**	407,221
Total Supporting Services	8,811,212	-	**8,811,212**	8,312,188
Total Expenses	145,480,051	-	**145,480,051**	116,942,722
Change in Net Assets, before non-operating revenues and expenses	(1,812,981)	(117,393)	**(1,930,374)**	743,620
Non-Operating Revenues				
Special events revenues	359,017	6,890	**365,907**	374,012
Direct cost to donors	(110,713)	-	**(110,713)**	(107,163)
Net Revenues from Special Events	248,304	6,890	**255,194**	266,849
Contributions	145,785	367	**146,152**	135,734
Gain on sale of fixed assets	925,314	-	**925,314**	136,516
Unrealized gain (losses) on investments	4,854	-	**4,854**	(1,443)
Interest income	215,622	-	**215,622**	53,098
Other income	109,810	-	**109,810**	109,810
Prior-period revenue	777,792	-	**777,792**	576,885
Program-designated revenue	-	57,318	**57,318**	12,740
Board initiative revenue	-	50,604	**50,604**	59,701
Gain on extinguishment of debt	9,995,630	-	**9,995,630**	-
Total Non-Operating Revenues and Expenses	12,423,111	115,179	**12,538,290**	1,349,890
Change in Net Assets	10,610,130	(2,214)	**10,607,916**	2,093,510
Net Assets, beginning of year	33,018,175	396,543	**33,414,718**	31,321,208
Net Assets, end of year	$ 43,628,305	$ 394,329	**$ 44,022,634**	$ 33,414,718

See accompanying notes to financial statements.

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Developmental Disabilities Institute, Inc.

Statement of Functional Expenses
(with comparative totals for 2021)

Year ended December 31,

	Program Services						Supporting Services			Total	
	Education Services	Adult Day Services	Children's Residential Services	Adult Residential Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2022**	2021
Salaries and Related Expenses											
Salaries	$ 26,384,300	$ 18,798,950	$ 8,644,119	$ 37,728,727	$ 60,567	$ 91,616,663	$ 4,180,153	$ 206,897	$ 4,387,050	**$ 96,003,713**	$ 72,753,924
Payroll taxes and employee benefits	8,035,497	4,205,199	1,816,264	8,686,393	16,767	22,760,120	1,208,219	61,321	1,269,540	**24,029,660**	22,596,885
Total Salaries and Related Expenses	34,419,797	23,004,149	10,460,383	46,415,120	77,334	114,376,783	5,388,372	268,218	5,656,590	**120,033,373**	95,350,809
Fee-for-services professionals	2,602	675,744	519,874	243,289	-	1,441,509	668,869	2,230	671,099	**2,112,608**	1,295,136
Building occupancy	639,209	1,258,735	146	3,305	280,708	2,182,103	22,320	1	22,321	**2,204,424**	2,087,205
Telephone	201,029	246,959	75,457	209,493	10,304	743,242	66,478	3,077	69,555	**812,797**	807,539
Travel	47,044	289,833	12,711	49,495	1,860	400,943	21,918	544	22,462	**423,405**	285,591
Supplies	506,106	1,525,357	326,870	853,736	13,007	3,225,076	822,748	54,167	876,915	**4,101,991**	3,176,923
Food and household	230	18,199	349,240	1,049,923	-	1,417,592	203	-	203	**1,417,795**	1,281,310
Office expense	127,597	32,454	31,746	64,166	133	256,096	180,345	25,583	205,928	**462,024**	414,736
Dues and subscriptions	1,004	2,493	136	1,208	1	4,842	87,705	1,574	89,279	**94,121**	117,966
Postage	9,043	2,040	934	828	409	13,254	28,059	1,402	29,461	**42,715**	50,872
Staff development	137,185	64,686	60,018	128,189	65,770	455,848	93,199	13,283	106,482	**562,330**	504,382
Legal and accounting	23,999	2,717	10,375	49,760	6,336	93,187	441,643	1	441,644	**534,831**	307,321
Utilities	409,107	459,769	179,803	559,189	70,383	1,678,251	42,850	1,008	43,858	**1,722,109**	1,403,124
Repairs and maintenance	669,543	462,708	265,329	738,293	17,682	2,153,555	73,974	20,483	94,457	**2,248,012**	1,566,536
Equipment and furniture	48,329	15,496	71,774	83,291	5	218,895	22,204	14,451	36,655	**255,550**	266,926
Interest	158,683	109,038	145,825	520,300	48,728	982,574	37,430	343	37,773	**1,020,347**	1,128,866
Insurance	372,672	582,380	175,997	771,336	8,324	1,910,709	70,286	1,885	72,171	**1,982,880**	1,875,028
Medicaid assessment taxes	-	-	679,447	186,455	-	865,902	-	-	-	**865,902**	806,445
Debt-related expenses	-	-	-	-	-	-	36,084	-	36,084	**36,084**	27,267
Transportation subcontracting fees	-	22,220	-	-	-	22,220	-	-	-	**22,220**	26,226
Vehicle expense	11,116	538,089	58,513	323,064	158	930,940	4,702	12	4,714	**935,654**	647,975
Total Expenses, before depreciation and amortization	37,784,295	29,313,066	13,424,578	52,250,440	601,142	133,373,521	8,109,389	408,262	8,517,651	**141,891,172**	113,428,183
Depreciation and Amortization	635,365	693,262	519,729	1,385,239	61,723	3,295,318	235,976	57,585	293,561	**3,588,879**	3,514,539
Total Expenses	$ 38,419,660	$ 30,006,328	$ 13,944,307	$ 53,635,679	$ 662,865	$ 136,668,839	$ 8,345,365	$ 465,847	$ 8,811,212	**$ 145,480,051**	$ 116,942,722

See accompanying notes to financial statements.

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Statement of Cash Flows
(with comparative totals for 2021)

Year ended December 31,		2022		2021
Cash Flows from Operating Activities				
Change in net assets	$	**10,607,916**	$	2,093,510
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**3,113,931**		3,308,056
Interest on debt issuance costs		**214,189**		167,551
Gain on sale of fixed assets		**(925,314)**		(136,516)
Discount on pledges receivables		**(1,338)**		1,050
Unrealized losses on investments		**65**		88
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable		**(7,960,530)**		2,880,518
Government and other grants receivable		**9,782**		62,221
Contributions and pledges receivable		**13,489**		23,155
Prepaid expenses and other assets		**530,277**		(152,132)
Increase (decrease) in:				
Accounts payable and accrued expenses		**1,211,005**		(2,191,343)
Accrued interest payable		**(145,466)**		69,371
Accrued payroll and related benefits		**(1,295,670)**		(1,031,909)
Accrued retirement contribution payable		**(1,186,922)**		36,727
Deferred revenue		**9,865**		(401,221)
Due to governmental agencies		**(745,384)**		(50,568)
Net Cash Provided by Operating Activities		**3,449,895**		4,678,558
Cash Flows from Investing Activities				
Purchases of fixed assets		**(1,556,991)**		(3,228,158)
Proceeds from sale of fixed assets		**929,156**		142,306
Purchases on finance lease		**2,197,162**		-
Net Cash Provided by (Used in) Investing Activities		**1,569,327**		(3,085,852)
Cash Flows from Financing Activities				
Right-of-use asset - operating		**1,241,708**		367,062
Right-of-use asset - financing		**(1,748,147)**		82,000
Operating lease liability		**(1,186,003)**		(286,021)
Credit line additions		**-**		281,296
PPP loan forgiveness		**(10,000,000)**		10,000,000
Repayments on finance lease		**(436,629)**		(80,737)
Proceeds from term loan		**2,438,363**		-
Principal payments on mortgages and loans payable		**(693,302)**		(813,527)
Proceeds from bonds		**-**		3,433,258
Principal payments on bonds payable		**(4,900,000)**		(2,390,000)
Net Cash (Used in) Provided by Financing Activities		**(15,284,010)**		10,593,331
Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents		**(10,264,788)**		12,186,037
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year		**34,371,215**		22,185,178
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$	**24,106,427**	$	34,371,215
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**1,020,347**	$	1,128,866
Non-cash transaction related to finance leases		**2,197,162**		117,339

See accompanying notes to financial statements.

Notes to Financial Statements

1. Nature of the Organization

Developmental Disabilities Institute, Inc. (the Agency) is a New York State not-for-profit corporation founded in 1961 to address the special needs of children with autism and other developmental disabilities and provide therapeutic intervention. Today, the Agency is a multi-site corporation serving over 1,500 children and adults with autism and other developmental disabilities throughout Long Island, providing educational, residential, day habilitation, and vocational services to help the individuals it serves experience personal growth and fulfillment. The Agency embodies its core values of integrity, dignity, compassion, and teamwork while providing innovative supports and services to its population.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Agency's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either action of the Agency pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

Net Assets Without Donor Restrictions - This class consists of net assets that are without donor-imposed stipulations and/or net assets over which the Board of Directors has discretionary control in carrying out the operations of the Agency, in accordance with its charter and by-laws. From time-to-time, the Board of Directors designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. For the year ended December 31, 2022, Board-designated net assets amounted to $1,809,037.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

The Agency considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows.

The following is a reconciliation of cash and cash equivalents between the statement of financial position and the statement of cash flows:

December 31,	2022	2021
Cash and cash equivalents	$ 20,447,836	$ 30,434,071
Assets limited as to use	3,658,591	3,937,144
Total Cash and Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	**$ 24,106,427**	$ 34,371,215

Investments at Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Agency would use in pricing the Agency's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Agency are traded. The Agency estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include U.S. Treasury securities, certain common stock, mutual funds, and cash and cash equivalents.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. Most debt securities, preferred stock, certain equity investments, short-term investments, and derivatives are model-priced using observable inputs and are classified as Level 2.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private-equity investments.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements and equipment under finance leases are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
Buildings	15-40
Building and leasehold improvements	5-25
Furniture, fixtures, and office equipment	5-15
Machinery and equipment, vehicles under finance lease obligations, and IT equipment	3-10

Impairment of Fixed Assets

The Agency reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2022, there have been no such losses.

Other Assets

The Agency owns a 12.5% interest in LI Alliance, LLC (the Alliance), which was established to strategically position the Agency and other Alliance members to participate in programs relating to delivery of care to persons with developmental disabilities and other disorders through managed care or other models. The Agency's interest in the Alliance amounted to $22,323 at December 31, 2022. As of September 15, 2022, the Alliance amended its corporate documents to designate the Agency a New York State not-for-profit corporation as its sole corporate member. The transaction was based on the understanding that the common purpose of both entities is to promote the availability of services to persons in New York State who have intellectual or other developmental disabilities, and that efficiencies in their respective operations may be attained by consolidating and providing services under this affiliation. The Alliance and the Agency will remain as tax-exempt organizations under Section 501(c) of the Internal Revenue Code (the Code).

Contributions and Pledges Receivable

Contributions and pledges receivable, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Promises to give are recorded at the present value of estimated future cash flows, based on an appropriate discount rate at the time of the gift. Amortization of the discount in subsequent years is included in contribution revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions for capital projects are reported as nonoperating revenues. Conditional contributions, including conditional promises to give, are not recognized until the conditions are substantially met.

Unconditional promises to give are recorded in the financial statements at present value using a discount rate that represents risk-free interest rates applicable to the years in which promises are received. For the year ended December 31, 2022, the Agency used a discount rate of 2.45%.

Contributions receivable consist of $7,029 for the capital campaign and $46,162 for pledges receivable at December 31, 2022.

The capital campaign represents funds donated to the Agency for the purpose of renovations of the Little Plains School located in Huntington, New York and the Hollywood Drive campus located in Smithtown, New York, and expenses related to the capital campaign.

During the year ended December 31, 2022, the Agency received $13,912,038 of Federal Medical Assistance Percentage (FMAP) funding that was designated under Section 9817 of the American Rescue Plan Act of 2021. These monies, which were received by the Agency from OPWDD, are to be paid to eligible employees as workforce stabilization bonuses. As this is a nonexchange transaction in which no commensurate value is exchanged, they will be accounted for as a conditional contribution in accordance with ASC Topic 958, *Not-for-Profit Entities*. During the year ended December 31, 2022, $13,833,351 was distributed to employees as workforce stabilization bonuses and is included in government and other grants in the accompanying statement of activities and is included in salaries and payroll taxes in the accompanying consolidating statement of functional expenses. These amounts are recorded as conditional contributions for which the conditions have been satisfied.

The Agency also received $820,293 from the NYSDOH New York State Health Care and Mental Hygiene Worker Bonus Program for the payment of bonuses for certain frontline health care workers. These amounts are treated as an agency transaction on the Agency's financial statements due to the fact that the Agency did not have discretion or variance power over these amounts. No revenue or expenses are recorded on the financial statements for these amounts.

Third-Party Reimbursements and Revenue Recognition

The Agency receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies—primarily the Office for People with Developmental Disabilities (OPWDD), New York State Department of Health, and the State Education Department (SED) of New York. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. The financial statement impact of such adjustments is recognized in the period in which the retroactive adjustment occurred.

Fee-for-service revenue is generated from services to individuals with developmental disabilities, education services, and other services. These amounts are due from third-party payors (including government programs), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits, disallowances, reviews, and investigations. Generally, the Agency submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Agency measures revenue from the commencement of services to the continuation of services, and until services are no longer required. The Agency believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Agency has elected, as part of its adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Agency will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Agency considers these amounts in determination of the transaction price. The Agency determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Agency determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs.

As a practical expedient, the Agency utilizes the portfolio approach for analyzing the revenue contracts. The Agency accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Agency considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Agency believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Agency's revenue disaggregated by payor:

Year ended December 31, 2022	
Medicaid (OPWDD/Early Intervention)	$ 98,373,930
School Districts (School Age)	18,115,621
County (Preschool/Early Intervention)	20,718,881
Other	6,341,245
Total Revenue	$ 143,549,677

The following table shows the Agency's revenue disaggregated by service line:

Year ended December 31, 2022	
OPWDD	$ 102,874,342
SED	38,834,502
Other	1,840,833
Total Revenue	$ 143,549,677

Revenue is recognized as earned from third parties and when received or pledged for contributions, special events, and fundraising activities.

Deferred Revenue

Receipts that have not been spent are available for applicable future years and are, therefore, classified as deferred revenue. As of December 31, 2022, the total deferred revenue is $2,188,482.

Prior-Period Income

The Agency records amounts related to retroactive rate and other adjustments as prior-period income on the statement of activities.

Allocation Methodology

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. These expenses include depreciation, salaries, payroll taxes and employee benefits, and supplies. Depreciation is allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

Concentration of Credit Risk

Financial instruments that potentially subject the Agency to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Agency has cash deposits at financial institutions that exceed the Federal Depository Insurance Corporation insurance limits.

Income Taxes

The Agency was incorporated in the state of New York and is exempt from federal and state income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Agency has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2022. Management believes that the Agency is no longer subject to income tax examinations for years prior to 2019.

Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Agency does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Agency has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Agency has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2022, there was no interest or penalties recorded or included in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2021, from which the summarized information was derived in total but not by net asset class.

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation.

3. Assets Limited as to Use

The cost and respective fair values of assets limited as to use are as follows:

December 31, 2022

	Cost	Fair Value
Cash and cash equivalents	$ 321,355	$ 321,355
Federated Treasury Obligations Fund	1,759,711	1,759,711
Debt service reserve fund - money market fund	1,577,525	1,577,525
Total	$ 3,658,591	$ 3,658,591

Assets limited as to use consist of cash held in banks for future contributions to the employee benefit plan and future workers' compensation claims and debt service reserve funds.

The Agency's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Agency's policies regarding this hierarchy. A description of the valuation techniques applied to the Agency's major categories of assets measured at fair value is below.

The Agency has investments in treasury obligations. The Agency's custodian prices these investments using nationally recognized pricing services. The Agency's Federated Treasury Obligations Fund and debt service reserve fund are classified as Level 1 of the fair value hierarchy.

The following table shows, by level within the fair value hierarchy, the Agency's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2022. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There have been no changes in the levels from the prior year.

December 31, 2022

	Fair Value Measurement at Reporting Date			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Cash and cash equivalents	$ 321,355	$ -	$ -	$ 321,355
2006 A-B Civic Facility Revenue Bonds:	67	-	-	67
2012 AA-AF Local Development Corp. Revenue Bond	1,211,469	-	-	1,211,469
2012 BA-BE County Economic Development Corp. Revenue Bond	548,175	-	-	548,175
Facilities Development Corp. mortgages payable - debt service reserve fund	1,577,525	-	-	1,577,525
	$ 3,658,591	$ -	$ -	$ 3,658,591

4. Accounts Receivable, Net, and Government and Other Grants Receivable

Accounts receivable, net, and government and other grants receivable consist of the following:

December 31, 2022

Office for People with Developmental Disabilities	$ 10,382,537
New York State Education Department	11,546,497
Other	383,995
Subtotal	22,313,029
Government and other grants	726,436
	$ 23,039,465

5. Contributions and Pledges Receivable, Net

At December 31, 2022, the net present value of contributions and pledges receivable is $53,191. The net present value of pledges receivable was calculated using a discount rate of 2.45%.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

The net present value of pledges receivable is summarized below:

December 31, 2022

Total contributions and pledges receivable	$ 54,529
Discount	(1,338)
Net Present Value of Contributions Receivable	**$ 53,191**
Amount due in:	
One year	$ 30,810
Two to five years	23,719
	$ 54,529

6. Fixed Assets, Net

Fixed assets, net, including equipment under finance leases, consist of the following:

December 31, 2022

Land	$ 7,166,383
Buildings and building improvements	58,371,772
Furniture, fixtures, and office equipment	7,348,633
Vehicles under finance lease obligations	4,316,322
Machinery and equipment	125,910
IT equipment	2,976,320
Leasehold improvements	2,018,661
	82,324,001
Less: accumulated depreciation and amortization	(51,208,608)
Construction-in-progress	1,099,799
	$ 32,215,192

Depreciation and amortization expense for the year ended December 31, 2022 was $3,588,879. The estimated cost to complete the construction-in-progress is $1,655,246.

7. Employee Benefit Plan

The Agency is the sponsor of a 403(b) tax-deferred annuity plan that covers all Agency employees meeting eligibility requirements. Employee contributions are immediately vested. The Agency also makes a discretionary contribution based upon a percentage of an employee's salary, which will become 100% vested after three or five years depending on date of hire. There was no accrued employer contribution payable for the year ended December 31, 2022. In 2022, employer contributions of $1,183,183 were made.

8. Due to Governmental Agencies

Due to governmental agencies consists of the following:

December 31, 2022		
Advances by funding sources to be recouped in future years	$	1,526,273

Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, which are forgivable in certain situations to promote continued employment. On April 22, 2021, the Agency received proceeds from a PPP loan in the amount of $10,000,000. The loan was fully forgiven on January 20, 2022, and recorded as a nonoperating revenue in the statement of activities for the year ended December 31, 2022.

9. Finance Lease Obligations

Finance lease obligations consisted of the following:

December 31, 2022		
The Agency financed the cost of vehicles with leases in various monthly installments through 2026. Interest rates on these leases range from 0.38% to 4.21%.	$	2,422,575
Less: current maturities		(754,579)
	$	1,667,996

Future minimum principal payments are as follows:

Year ending December 31,		
2023	$	754,579
2024		737,749
2025		590,595
2026		339,652
Total Minimum Lease Payments	$	2,422,575

10. Line of Credit

The Agency has a revolving line of credit with a bank of up to $20,000,000 and expires on August 31, 2023. Interest is charged at the prevailing prime interest rate (7.5% as of December 31, 2022). There is $281,296 outstanding at December 31, 2022. The line of credit is secured by outstanding accounts receivable excluding any receivables, subject to subordination agreements.

11. Mortgages and Loans Payable

Mortgages and loans payable consist of the following:

December 31, 2022		
Various loans payable, due from March 2023 - June 2037, payable in current monthly installments ranging from $490 to $18,195, including interest from 3.69%-6.89%; secured by related vehicles, land, and buildings.	$	3,652,377
Less: current maturities		(505,074)
	$	3,147,303

Mortgages and loans payable mature as follows:

Year ending December 31,		
2023	$	505,074
2024		322,116
2025		320,171
2026		280,835
2027		269,776
Thereafter		1,954,405
	$	3,652,377

12. Bonds Payable

On August 29, 2012, the Agency obtained financing of $20,016,071 through the Town of Huntington Local Development Corporation to renovate properties in Smithtown and Huntington, New York and to refinance outstanding amounts associated with financing obtained in 1993 and 1998 through SCIDA. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 3.8%. On June 1, 2022, the agency fully paid the variable portion of these bonds, approximately $2,760,000, and extinguished the debt recorded on the books. At December 31, 2022, $5,374,476 remains outstanding.

On August 29, 2012, the Agency obtained financing of $5,880,138 through the Suffolk County Economic Development Corporation to renovate properties in Hauppauge, New York and to refinance outstanding amounts associated with financing obtained in 1993, 1998, and 1999. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4.4%. At December 31, 2022, $1,162,482 remains outstanding.

On October 5, 2016, the Agency obtained financing of $2,355,000 through the Dormitory Authority of New York State (DASNY) for properties in Deer Park, New York and Centereach, New York and to renovate properties in Smithtown, New York. The bond, which requires monthly interest payments, bears interest ranging from 1.5% to 4.0%. At December 31, 2022, $1,985,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

On March 6, 2019, the Agency obtained financing of $6,720,000 through DASNY for properties in East Setauket, New York; Dix Hills, New York; Coram, New York; Miller Place, New York; Greenlawn, New York; and Smithtown, New York. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4%. At December 31, 2022, $6,155,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

On May 5, 2021, the Agency obtained financing of $3,535,000 through DASNY for properties in Smithtown, New York and Selden, New York. The bond, which requires monthly interest payments, bears interest ranging from 2.68% to 3.13% At December 31, 2022, $3,410,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

The Agency is required to comply with certain financial covenants on an annual basis throughout the life of the bonds. The Agency was in compliance with these financial covenants as of December 31, 2022.

The aggregate principal maturities are as follows:

Year ending December 31,		
2023	$	2,519,558
2024		1,522,400
2025		960,000
2026		970,000
2027		1,025,000
Thereafter		11,090,000
		18,086,958
Less: unamortized balance of deferred financing costs		(378,148)
	$	17,708,810

All bonds are secured by the related properties.

Interest expense related to the bonds for the year ended December 31, 2022 was $685,991.

13. Operating Leases

The Agency leases building and office space primarily for operation of day habilitation and educational services. The Agency estimates the expected lease term by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term, and the exercise of such renewal is at the sole discretion of the Agency. The expected lease term is used in the determination of whether a lease is a finance or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of

the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in determining straight-line rent expense for operating leases.

Lessor accounting under the new guidance is consistent with the current model, with updates to align with certain changes to the lessee model and the new revenue standard (Topic 606). Similar to current guidance, lessors will classify leases as operating, direct financing, or sales-type. The Agency follows lessor accounting in respect of its sublease of clinic space in Riverhead, New York with LISH.

The standard will also require lessors to allocate (rather than recognize as currently required) certain variable payments to the lease and non-lease components when the changes in facts and circumstances on which the variable payment is based occur.

The standard permits lessors, as an accounting policy election, to not evaluate whether certain sales taxes and other similar taxes are lessor costs or lessee costs. Instead, those lessors will account for those costs as if they are lessee costs. The Agency has made this accounting policy election. In addition, the standard also allows lessors to exclude certain costs from variable payments, and therefore revenue, for lessor costs paid by lessees directly to third parties. The Agency has also made this accounting policy election.

The standard also permits lessors, as an accounting policy election, to not separate lease and non-lease components if the non-lease components would otherwise be accounted for under Topic 606, the timing and pattern of both the lease and non-lease components is the same, and the lease component would be accounted for as an operating lease under the standard. The Agency has not made this accounting policy election.

The Agency has completed its assessment and implementation activities, which included compiling the lease inventory, concluding on industry issues, and implementing transition controls over the requirements.

Pursuant to several lease agreements, the Agency is obligated for minimum annual rentals payable to nonrelated entities, as indicated below. The Agency is obligated for certain operating costs at these sites.

The future minimum commitments to all nonrelated parties are as follows:

Year ending December 31,		
2023	$	1,370,170
2024		977,883
2025		894,564
2026		894,564
2027		894,564
Thereafter		4,534,804
Total Minimum Lease Payments	$	9,566,549

The following table summarizes information related to the lease assets and liabilities:

December 31, 2022		
Right-of-use assets and liabilities:		
Right-of-use assets – operating leases	$	7,856,910
Lease liability – operating leases		8,277,326

Year ended December 31, 2022		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	
Weighted-average remaining lease term – operating leases		1-10 years
Weighted-average discount rate – operating leases		3.70%

Total rental expense under noncancelable operating leases amounted to $1,840,230 for the year ended December 31, 2022.

14. Commitments and Contingencies

For the year ended December 31, 2022, revenues from Medicare and Medicaid programs accounted for a significant portion of the Agency's revenues. The Agency believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. In the event that noncompliance is determined, the Agency would be subject to regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Additionally, the Agency is involved in certain disputes arising from the normal course of its businesses. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material adverse effect on the Agency's financial position.

On July 15, 2015, the Agency entered into an irrevocable letter of credit amounting to $3,816,837 from a bank in conjunction with the Agency's workers' compensation policy. On May 27, 2020, the agreement was amended to step up the irrevocable letter of credit by $500,000. On July 29, 2021, the agreement was amended to step up the irrevocable letter of credit by $150,000 through February 2022. On May 24, 2022, the agreement was amended to increase the irrevocable letter of credit by $950,000. The amount of this letter of credit at December 31, 2022 was $5,416,837.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

15. Net Assets Released from Restrictions

During 2022, net assets with donor restrictions that were released from restrictions by incurring expenses satisfying the restricted purpose are as follows:

December 31, 2022		
Program-designated	$	56,283
Capital campaign		26,360
Board initiatives		34,750
Total	$	117,393

16. Net Assets with Donor Restrictions

Net assets with donor restrictions held for specific purposes are as follows:

December 31, 2022		
Program-designated	$	115,129
Capital campaign		146,938
Board initiatives		125,371
Special events		6,891
Total	$	394,329

17. Liquidity and Availability of Resources

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31, 2022		
Cash and cash equivalents	$	20,447,836
Accounts receivable, net		22,313,029
Government and other grants receivable		726,436
Contributions and pledges receivable, current portion		30,810
Total Financial Assets Available Within One Year		43,518,111
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose		394,329
Board-designated		1,809,037
Total Amounts Unavailable to Management Within One Year		2,203,366
Total Financial Assets Available to Management	$	41,314,745

Liquidity Management

As part of the Agency's liquidity management, the Agency structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Additionally, the Agency has board-designated net assets without donor restrictions that, while the Agency does not intend to spend these for purposes other than those intended, the amounts could be made available for current operations if necessary.

To help manage unanticipated liquidity needs, the Agency has a line of credit of $20,000,000 that it could draw upon.

18. Subsequent Events

On March 3, 2023, the Agency's joined together with two other premier human services agencies on Long Island, Family Residences and Essential Enterprises and Life's WORC, to create a fourth new entity, an administrative services organization called Quality Resource Network, Inc., with the intent of bringing together the resources and expertise of each entity. This partnership was formed to identify collaborative opportunities and achieve efficiencies of scale to improve outcomes for people supported by all three agencies, while at the same time enhancing the work experience for all the Agency's team members. Sharing best practices and capitalizing on the combined strengths of the organizations will further improve the quality of the Agency's services for people with intellectual and developmental disabilities, autism, mental illness, and traumatic brain injuries.

The Agency's management has performed subsequent events procedures through May 25, 2023, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

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Developmental Disabilities Institute, Inc.

Financial Statements
Year Ended December 31, 2021

Developmental Disabilities Institute, Inc.

Financial Statements
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Developmental Disabilities Institute, Inc.

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Independent Auditor's Report

The Board of Directors
Developmental Disabilities Institute, Inc.
Smithtown, New York

Opinion

We have audited the financial statements of Developmental Disabilities Institute, Inc. (the Agency), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 audit.

Report on Summarized Comparative Information

We have previously audited Developmental Disabilities Institute, Inc.'s 2020 financial statements, and our report dated May 21, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 25, 2022

Developmental Disabilities Institute, Inc.

Statement of Financial Position
(with comparative totals for 2020)

December 31,	**2021**	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 30,434,071**	$ 17,873,027
Assets limited as to use, current	**339,719**	336,370
Accounts receivable, net	**14,241,606**	17,233,017
Government and other grants receivable	**736,217**	798,438
Current portion of contributions and pledges receivable	**30,147**	37,468
Prepaid expenses and other assets	**1,605,687**	1,453,555
Total Current Assets	**47,387,447**	37,731,875
Security Deposits	**159,080**	159,080
Right of Use Asset - Operating	**9,098,618**	9,465,680
Right of Use Asset - Financing	**660,700**	742,700
Other Assets	**22,388**	22,476
Contributions and Pledges Receivable, Net, less current portion	**35,195**	52,079
Assets Limited as to Use, less current portion	**3,597,425**	3,975,781
Fixed Assets, Net	**33,775,974**	33,861,662
Total Assets	**$ 94,736,827**	$ 86,011,333

Developmental Disabilities Institute, Inc.

Statement of Financial Position
(with comparative totals for 2020)

December 31,	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ **4,964,495**	$ 7,155,837
Accrued interest payable	**329,733**	260,362
Accrued payroll and related benefits	**4,234,546**	3,708,075
Deferred payroll tax, current portion	**1,558,428**	1,558,404
Accrued retirement contribution payable	**1,186,922**	1,150,195
Deferred revenue, current	**1,040,019**	1,024,803
Operating lease liability, current	**1,454,248**	1,365,571
Line of credit	**281,296**	-
Mortgages and loans payable, current	**634,935**	813,130
Finance lease obligations, current	**225,962**	196,027
Bonds payable, current	**2,131,310**	2,254,376
Due to governmental agencies	**2,160,764**	2,322,225
Total Current Liabilities	**20,202,658**	21,809,005
Deferred Payroll Tax, less current portion	**-**	1,558,404
Deferred Revenue, less current portion	**1,138,598**	1,555,035
Paycheck Protection Program Loan (PPP)	**10,000,000**	-
Operating Lease Liability, less current portion	**8,009,082**	8,383,780
Mortgages and Loans Payable, less current portion	**1,272,381**	1,907,713
Finance Lease Liability, less current portion	**436,080**	546,752
Bonds Payable, less current portion	**20,263,310**	18,929,436
Total Liabilities	**61,322,109**	54,690,125
Net Assets		
Net assets without donor restrictions	**33,018,175**	30,860,522
Net assets with donor restrictions	**396,543**	460,686
Total Net Assets	**33,414,718**	31,321,208
Total Liabilities and Net Assets	$ **94,736,827**	$ 86,011,333

See accompanying notes to financial statements.

Developmental Disabilities Institute, Inc.

Statement of Activities
(with comparative totals for 2020)

Year ended December 31,			Total	
	Without Donor Restrictions	With Donor Restrictions	2021	2020
Program Revenues				
Fees for services	$ 113,905,743	$ -	**$ 113,905,743**	$ 107,363,431
Government and other grants	2,276,996	-	**2,276,996**	3,058,112
Other program revenues	1,503,603	-	**1,503,603**	1,444,166
Net assets released from restrictions	136,713	(136,713)	**-**	-
Total Program Revenues	117,823,055	(136,713)	**117,686,342**	111,865,709
Expenses				
Program services:		-		
Education services	34,621,033	-	**34,621,033**	35,973,671
Adult day services	22,537,164	-	**22,537,164**	19,944,067
Children's residential services	11,518,776	-	**11,518,776**	11,219,934
Adult residential services	39,292,824	-	**39,292,824**	36,619,379
Other programs	660,737	-	**660,737**	775,952
Total Program Services	108,630,534	-	**108,630,534**	104,533,003
Supporting services:				
Management and general	7,904,967	-	**7,904,967**	7,533,780
Fundraising	407,221	-	**407,221**	451,322
Total Supporting Services	8,312,188	-	**8,312,188**	7,985,102
Total Expenses	116,942,722	-	**116,942,722**	112,518,105
Change in Net Assets, before nonoperating revenues and expenses	880,333	(136,713)	**743,620**	(652,396)
Special events revenues	374,012	-	**374,012**	324,157
Direct cost to donors	(107,163)	-	**(107,163)**	(90,699)
Net Revenues from Special Events	266,849	-	**266,849**	233,458
Contributions	135,605	129	**135,734**	767,903
Gain on sale of fixed assets	136,516	-	**136,516**	93,481
Unrealized gain or (losses) on investments	(1,443)	-	**(1,443)**	(6,977)
Interest income	53,098	-	**53,098**	119,001
Other income	109,810	-	**109,810**	109,810
Prior period revenue (expense)	576,885	-	**576,885**	(73,063)
Program designated revenue	-	12,740	**12,740**	-
Board Initiative Revenue	-	59,701	**59,701**	-
Total Nonoperating Revenues and Expenses	1,277,320	72,570	**1,349,890**	1,243,613
Change in Net Assets	2,157,653	(64,143)	**2,093,510**	591,217
Net Assets, beginning of year	30,860,522	460,686	**31,321,208**	30,729,991
Net Assets, end of year	$ 33,018,175	$ 396,543	**$ 33,414,718**	$ 31,321,208

See accompanying notes to financial statements.

Developmental Disabilities Institute, Inc.

Statement of Functional Expenses
(with comparative totals for 2020)

Year ended December 31,	Program Services						Supporting Services			Total	
	Education Services	Adult Day Services	Children's Residential Services	Adult Residential Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2021**	2020
Salaries and Related Expenses											
Salaries	$ 22,895,909	$ 13,147,697	$ 6,931,757	$ 25,485,961	$ 72,962	$ 68,534,286	$ 4,013,076	$ 206,562	$ 4,219,638	**$ 72,753,924**	$ 69,711,977
Payroll taxes and employee benefits	8,136,975	3,595,879	1,861,339	7,565,904	23,279	21,183,376	1,365,193	48,316	1,413,509	**22,596,885**	22,618,326
Total Salaries and Related Expenses	31,032,884	16,743,576	8,793,096	33,051,865	96,241	89,717,662	5,378,269	254,878	5,633,147	**95,350,809**	92,330,303
Fee-for-services professionals	1,003	539,084	99,336	40,470	-	679,893	596,903	18,340	615,243	**1,295,136**	658,008
Building occupancy	618,508	1,178,162	-	3,257	265,065	2,064,992	22,213	-	22,213	**2,087,205**	2,054,898
Telephone	207,837	237,889	76,128	207,174	10,701	739,729	65,644	2,166	67,810	**807,539**	794,055
Travel	43,665	182,747	7,440	32,962	1,537	268,351	16,659	581	17,240	**285,591**	185,624
Supplies	349,835	1,075,350	270,873	813,605	18,883	2,528,546	622,003	26,374	648,377	**3,176,923**	3,050,576
Food and household	532	14,264	331,460	935,054	-	1,281,310	-	-	-	**1,281,310**	1,348,321
Office expense	121,717	40,986	27,297	43,105	45	233,150	164,745	16,841	181,586	**414,736**	404,267
Dues and subscriptions	6,495	1,267	1,769	1,734	11	11,276	102,904	3,786	106,690	**117,966**	107,727
Postage	8,627	1,824	751	667	389	12,258	35,618	2,996	38,614	**50,872**	64,670
Meetings and conferences	418	1,138	242	1,133	1	2,932	2,285	237	2,522	**5,454**	9,319
Employee training and recruitment	114,926	60,702	36,057	106,826	50,542	369,053	122,062	7,813	129,875	**498,928**	510,791
Legal and accounting	10,515	-	20,626	70,443	-	101,584	205,737	-	205,737	**307,321**	391,234
Utilities	376,193	342,298	158,432	428,379	62,311	1,367,613	34,700	811	35,511	**1,403,124**	1,184,773
Repairs and maintenance	472,911	357,075	185,688	472,638	14,904	1,503,216	60,443	2,877	63,320	**1,566,536**	1,234,706
Equipment and furniture	61,481	14,489	54,328	95,966	63	226,327	24,815	15,784	40,599	**266,926**	366,269
Interest	166,235	126,541	147,295	515,079	67,411	1,022,561	105,932	373	106,305	**1,128,866**	1,203,839
Insurance	381,143	558,215	164,795	699,125	7,973	1,811,251	63,449	328	63,777	**1,875,028**	1,818,865
Medicaid assessment taxes	-	-	632,977	173,468	-	806,445	-	-	-	**806,445**	779,544
Debt-related expenses	-	-	-	-	-	-	27,267	-	27,267	**27,267**	32,531
Transportation subcontracting fees	-	26,226	-	-	-	26,226	-	-	-	**26,226**	12,856
Vehicle expense	18,451	381,539	22,499	220,769	232	643,490	4,465	20	4,485	**647,975**	501,846
Total Expenses, before depreciation	33,993,376	21,883,372	11,031,089	37,913,719	596,309	105,417,865	7,656,113	354,205	8,010,318	**113,428,183**	109,045,022
Depreciation and Amortization	627,657	653,792	487,687	1,379,105	64,428	3,212,669	248,854	53,016	301,870	**3,514,539**	3,473,083
Total Expenses	$ 34,621,033	$ 22,537,164	$ 11,518,776	$ 39,292,824	$ 660,737	$ 108,630,534	$ 7,904,967	$ 407,221	$ 8,312,188	**$ 116,942,722**	$ 112,518,105

See accompanying notes to financial statements.

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Statement of Cash Flows
(with comparative totals for 2020)

Year ended December 31,		2021		2020
Cash Flows from Operating Activities				
Change in net assets	$	**2,093,510**	$	591,217
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**3,308,056**		3,473,083
Interest on debt issuance costs		**167,551**		195,563
Gain on sale of fixed assets		**(136,516)**		(93,481)
Discount on pledges receivables		**1,050**		(1,233)
Unrealized losses on investments		**88**		271
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable		**2,991,411**		(372,004)
Government and other grants receivable		**62,221**		(125,121)
Contributions and pledges receivable		**23,155**		28,296
Prepaid expenses and other assets		**(152,132)**		(49,410)
Increase (decrease) in:				
Accounts payable and accrued expenses		**(2,191,343)**		1,866,489
Accrued interest payable		**69,371**		(2,822)
Accrued payroll and related benefits		**(1,031,909)**		3,660,677
Accrued retirement contribution payable		**36,727**		24,767
Deferred revenue		**(401,221)**		131,994
Due to governmental agencies		**(161,461)**		(275,232)
Net Cash Provided by Operating Activities		**4,678,558**		9,053,054
Cash Flows from Investing Activities				
Purchases of fixed assets		**(3,228,158)**		(3,396,881)
Proceeds from sale of fixed assets		**142,306**		104,372
Net Cash Used in Investing Activities		**(3,085,852)**		(3,292,509)
Cash Flows from Financing Activities				
Right of use asset - operating		**367,062**		492,167
Right of use asset - financing		**82,000**		-
Operating lease liability		**(286,021)**		(359,524)
Credit line		**281,296**		-
Paycheck Protection Program Loan (PPP)		**10,000,000**		-
Repayments on finance lease		**(80,737)**		(27,816)
Principal payments on mortgages and loans payable		**(813,527)**		(1,071,330)
Proceeds from bonds		**3,433,258**		-
Principal payments on bonds payable		**(2,390,000)**		(2,385,000)
Net Cash Provided by (Used in) Financing Activities		**10,593,331**		(3,351,503)
Net Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents		**12,186,037**		2,409,042
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year		**22,185,178**		19,776,136
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year	$	**34,371,215**	$	22,185,178
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**1,128,866**	$	1,008,276
Noncash transaction related to capital leases		**117,339**		796,400

See accompanying notes to financial statements.

Notes to Financial Statements

1. Nature of the Organization

Developmental Disabilities Institute, Inc. (the Agency) is a New York State not-for-profit corporation founded in 1961 to address the special needs of children with autism and other developmental disabilities and provide therapeutic intervention. Today, the Agency is a multi-site corporation serving over 1,500 children and adults with autism and other developmental disabilities throughout Long Island, providing educational, residential, day habilitation, and vocational services to help the individuals they serve experience personal growth and fulfillment. The Agency embodies its core values of integrity, dignity, compassion, and teamwork while providing innovative supports and services to its population.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis. In the statement of financial position, assets, and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Agency's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of the Agency pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

Net Assets Without Donor Restrictions - This class consists of net assets that are without donor-imposed stipulations and/or net assets over which the Board of Directors has discretionary control in carrying out the operations of the Agency, in accordance with its charter and by-laws. From time to time, the Board of Directors designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. For the year ended December 31, 2021, board-designated net assets amounted to $2,007,254.

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

The Agency considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows.

The following is a reconciliation of cash and cash equivalents between the statement of financial position and the statement of cash flows:

December 31,	**2021**	2020
Cash and cash equivalents	**$ 30,434,071**	$ 17,873,027
Assets limited as to use	**3,937,144**	4,312,151
Total Cash and Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	**$ 34,371,215**	$ 22,185,178

Investments at Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Agency would use in pricing the Agency's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Agency are traded. The Agency estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include U.S. Treasury securities, certain common stock, mutual funds, and cash and cash equivalents.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. Most debt securities, preferred stock, certain equity investments, short-term investments, and derivatives are model-priced using observable inputs and are classified as Level 2.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private-equity investments.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements and equipment under capital leases are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
Buildings	15-40
Building improvements	5-25
Furniture, fixtures, and office equipment	5-15
Equipment and vehicles	3-10

Impairment of Fixed Assets

The Agency reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses.

Other Assets

The Agency owns a 12.5% interest in LI Alliance, LLC (the Alliance), which was established to strategically position the Agency and other Alliance members to participate in programs relating to delivery of care to persons with developmental disabilities and other disorders through managed care or other models. The Agency's interest in the Alliance amounted to $22,388 at December 31, 2021.

Contributions and Pledges Receivable

Contributions and pledges receivable, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Promises to give are recorded at the present value of estimated future cash flows, based on an appropriate discount rate at the time of the gift. Amortization of the discount in subsequent years is included in contribution revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions for capital projects are reported as nonoperating revenues. Conditional contributions, including conditional promises to give, are not recognized until the conditions are substantially met.

Unconditional promises to give are recorded in the financial statements at present value using a discount rate that represents risk-free interest rates applicable to the years in which promises are received. For the year ended December 31, 2021, the Agency used a discount rate of 2.64%.

Contributions receivable consist of $12,851 for the capital campaign and $52,491 for pledges receivable at December 31, 2021.

The capital campaign represents funds donated to the Agency for the purpose of renovations of the Little Plains School located in Huntington, New York and the Hollywood Drive campus located in Smithtown, New York, and expenses related to the capital campaign.

Third-Party Reimbursements and Revenue Recognition

The Agency receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies—primarily the Office for People with Developmental Disabilities (OPWDD), New York State Department of Health, and the State Education Department (SED) of New York. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. The financial statement impact of such adjustments is recognized in the period in which the retroactive adjustment occurred.

Fee-for-service revenue is generated from services to individuals with developmental disabilities, education services, and other services. These amounts are due from third-party payors (including government programs), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits, and disallowances, reviews, and investigations. Generally, the Agency submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Agency measures revenue from the commencement of services to the continuation of services, and until services are no longer required. The Agency believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Agency has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Agency will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Agency considers these amounts in determination of the transaction price. The Agency determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Agency determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs.

As a practical expedient, the Agency utilizes the portfolio approach for analyzing the revenue contracts. The Agency accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Agency considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Agency believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

The following table shows the Agency's revenue disaggregated by payor:

Year ended December 31, 2021	
Medicaid (OPWDD/Early Intervention)	$ 74,369,079
School Districts (School Age)	17,367,670
County (Preschool/Early Intervention)	18,717,383
Other	7,232,210
Total Revenue	$ 117,686,342

The following table shows the Agency's revenue disaggregated by service line:

Year ended December 31, 2021	
OPWDD	$ 74,369,079
SED	36,085,053
Other	7,232,210
Total Revenue	$ 117,686,342

Revenue is recognized as earned from third parties and when received or pledged for contributions, special events and fundraising activities.

Deferred Revenue

Receipts that have not been spent are available for applicable future years and are, therefore, classified as deferred revenue. As of December 31, 2021, the total deferred revenue is $2,178,617.

Prior-Period Income

The Agency records amounts related to retroactive rate and other adjustments as prior-period income on the statement of activities.

Allocation Methodology

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. These expenses include depreciation, salaries, payroll taxes and employee benefits, and supplies. Depreciation is allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

Concentration of Credit Risk

Financial instruments that potentially subject the Agency to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Agency has cash deposits at financial institutions that exceed the Federal Depository Insurance Corporation insurance limits.

Income Taxes

The Agency was incorporated in the state of New York and is exempt from federal and state income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Agency has been determined by the IRS not to be "private foundations" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2021. Management believes that the Agency is no longer subject to income tax examinations for years prior to 2018.

Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Agency does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for unrecognized tax benefits. The Agency has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Agency has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2021, there was no interest or penalties recorded or included in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2020, from which the summarized information was derived in total but not by net asset class.

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation.

3. Assets Limited as to Use

The cost and respective fair values of assets limited as to use are as follows:

December 31, 2021

	Cost	Fair Value
Cash and cash equivalents	$ 339,719	$ 339,719
Federated Treasury Obligations Fund	1,917,629	1,917,628
Debt service reserve fund - money market fund	1,681,348	1,679,797
Total	$ 3,938,696	$ 3,937,144

Assets limited as to use consists of cash held in banks for future contributions to the employee benefit plan and future workers' compensation claims and debt service reserve funds.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

The Agency's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Agency's policies regarding this hierarchy. A description of the valuation techniques applied to the Agency's major categories of assets measured at fair value is below.

The Agency has investments in treasury obligations. The Agency's custodian prices these investments using nationally recognized pricing services. The Agency's Federated Treasury Obligations Fund and debt service reserve fund are classified as Level 1 of the fair value hierarchy.

The following table shows, by level within the fair value hierarchy, the Agency's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2021. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There have been no changes in the levels from the prior year.

December 31, 2021

	Fair Value Measurement at Reporting Date			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Cash and cash equivalents	$ 339,719	$ -	$ -	$ 339,719
2006 A-B Civic Facility Revenue Bonds:	58,776	-	-	58,776
2012 AA-AF Local Development Corp. Revenue Bond	1,364,046	-	-	1,364,046
2012 BA-BE County Economic Development Corp. Revenue Bond	494,806	-	-	494,806
Facilities Development Corp. mortgages payable - debt service reserve fund	1,679,797	-	-	1,679,797
	$ 3,937,144	$ -	$ -	$ 3,937,144

4. Accounts Receivable, Net, and Government and Other Grants Receivable

Accounts receivable, net, and government and other grants receivable consists of the following:

December 31, 2021

Office for People with Developmental Disabilities	$ 6,918,183
New York State Education Department	7,251,890
Other	71,533
Subtotal	14,241,606
Government and other grants	736,217
	$ 14,977,823

5. Contributions and Pledges Receivable, Net

At December 31, 2021, the net present value of contributions and pledges receivable is $65,342. The net present value of pledges receivable was calculated using a discount rate of 2.64%.

The net present value of pledges receivable is summarized below:

December 31, 2021		
Total contributions and pledges receivable	$	67,065
Discount		(1,723)
Net Present Value of Contributions Receivable	$	65,342
Amount due in:		
One year	$	30,147
Two to five years		36,918
	$	67,065

6. Fixed Assets, Net

Fixed assets, net, including equipment under capital leases, consists of the following:

December 31, 2021		
Land	$	7,166,382
Buildings and building improvements		55,719,926
Furniture, fixtures, and office equipment		7,064,646
Vehicles under capital lease obligations		5,970,620
Machinery and equipment		125,911
IT equipment		2,787,273
Leasehold improvements		2,018,661
		80,853,419
Less: accumulated depreciation and amortization		(49,761,432)
Construction-in-progress		2,683,987
	$	33,775,974

Depreciation and amortization expense for the year ended December 31, 2021 was $3,514,539. The estimated cost to complete the construction-in-progress is $1,145,800.

7. Employee Benefit Plan

The Agency is the sponsor of a 403(b) tax-deferred annuity plan that covers all Agency employees meeting eligibility requirements. Employee contributions are immediately vested. The Agency also makes a discretionary contribution based upon a percentage of an employee's salary, which will become 100% vested after three or five years depending on date of hire. Accrued employer contribution payable for the year ended December 31, 2021 was $1,186,922. In 2021, employer contributions of $ 1,146,106 were made.

8. Due to Governmental Agencies

Due to governmental agencies consists of the following:

December 31, 2021		
Advances by funding sources to be recouped in future years	$	2,160,764

Small Business Administration - Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, which are forgivable in certain situations to promote continued employment. On April 22, 2021, the Agency received proceeds from a PPP loan in the amount of $10,000,000. The loan under the SBA PPP may be forgiven according to the Agency's compliance with the terms of the loan. As of December 31, 2021, the PPP loan had a balance of $10,000,000, with accrued interest payable of $67,500. See Note 18 for further discussion over forgiveness of the PPP loan.

9. Finance Lease Obligations

Finance lease obligations consisted of the following:

December 31, 2021		
The Agency financed the cost of vehicles with notes payable in various monthly installments through 2023. The interest rates on these leases range from 2.66% to 4.16%.	$	662,042
Less: current maturities		(225,962)
	$	436,080

Future minimum principal payments are as follows:

Year ending December 31,		
2022	$	225,962
2023		224,188
2024		189,893
2025		21,999
Total Minimum Lease Payments	$	662,042

10. Line of Credit

The Agency has a revolving line of credit with a bank of up to $20,000,000 and expires on August 31, 2023. Interest is charged at the prevailing prime interest rate (3.25% as of December 31, 2021). There is $281,296 outstanding at December 31, 2021. The line of credit is secured by outstanding accounts receivable excluding any receivables, subject to subordination agreements.

11. Mortgages and Loans Payable

Mortgages and loans payable consist of the following:

December 31, 2021		
Various loans payable, due from January 2021 to July 2030, payable in current monthly installments ranging from $585 to $7,125, including interest from 3.65% to 7.44%; secured by related vehicles, land, and buildings.	$	1,907,316
Less: current maturities		(634,935)
	$	1,272,381

Mortgages and loans payable mature as follows:

Year ending December 31,		
2022	$	634,935
2023		380,453
2024		192,433
2025		183,342
2026		140,008
Thereafter		376,145
	$	1,907,316

12. Bonds Payable

On September 27, 2006, the Agency obtained financing of $3,857,000 of Civic Facility Revenue Bonds through SCIDA to renovate properties located in Nesconset, NY; Commack, NY; Babylon, NY; Smithtown, NY; and Bohemia, NY, and for acquisitions and renovations of properties located in Ridge, NY and Yaphank, NY. The bonds, which require quarterly interest payments, bear interest at 5.95%. At December 31, 2021, there was no balance outstanding.

On August 29, 2012, the Agency obtained financing of $20,016,071 through the Town of Huntington Local Development Corporation to renovate properties in Smithtown and Huntington, NY and to refinance outstanding amounts associated with financing obtained in 1993 and 1998 through SCIDA. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 3.8%. At December 31, 2021, $9,534,476 remains outstanding.

On August 29, 2012, the Agency obtained financing of $5,880,138 through the Suffolk County Economic Development Corporation to renovate properties in Hauppauge, NY and to refinance outstanding amounts associated with financing obtained in 1993, 1998, and 1999. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4.4%. At December 31, 2021, $1,682,482 remains outstanding.

On October 5, 2016, the Agency obtained financing of $2,355,000 through the Dormitory Authority of New York State (DASNY) for properties in Deer Park, NY and Centereach, NY and to renovate properties in Smithtown, NY. The bond, which requires monthly interest payments, bears interest ranging from 1.5% to 4.0%. At December 31, 2021, $2,065,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for

the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

On March 6, 2019, the Agency obtained financing of $6,720,000 through DASNY for properties in East Setauket, NY; Dix Hills, NY; Coram, NY; Miller Place, NY; Greenlawn, NY; and Smithtown, NY. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4%. At December 31, 2021, $6,350,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

On May 5, 2021, the Agency obtained financing of $3,535,000 through DASNY for properties in Smithtown, NY and Selden, NY. The bond, which requires monthly interest payments, bears interest ranging from 2.68% to 3.13%. At December 31, 2021 $3,535,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

The Agency is required to comply with certain financial covenants on an annual basis throughout the life of the bonds. The Agency was in compliance with these financial covenants as of December 31, 2021.

The aggregate principal maturities are as follows:

Year ending December 31,		
2022	$	2,270,000
2023		2,649,558
2024		1,652,400
2025		1,100,000
2026		1,110,000
Thereafter		14,205,000
		22,986,958
Less: unamortized balance of deferred financing costs		(592,338)
	$	22,394,620

All bonds are secured by the related properties.

Interest expense related to the bonds for the year ended December 31, 2021 was $768,298.

13. Operating Leases

The Agency leases building and office space primarily for operation of day habilitation and educational services. The Agency estimates the expected lease term by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term, and the exercise of such renewal is at the sole discretion of the Agency. The expected lease term is used in the determination of whether a lease is a capital or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in determining straight-line rent expense for operating leases.

Lessor accounting under the new guidance is consistent with the current model, with updates to align with certain changes to the lessee model and the new revenue standard (Topic 606). Similar to current guidance, lessors will classify leases as operating, direct financing, or sales-type. The Agency follows lessor accounting in respect of its sublease of clinic space in Riverhead, NY with LISH.

The standard will also require lessors to allocate (rather than recognize as currently required) certain variable payments to the lease and non-lease components when the changes in facts and circumstances on which the variable payment is based occur.

The standard permits lessors, as an accounting policy election, to not evaluate whether certain sales taxes and other similar taxes are lessor costs or lessee costs. Instead, those lessors will account for those costs as if they are lessee costs. The Agency has made this accounting policy election. In addition, the standard also allows lessors to exclude certain costs from variable payments, and therefore revenue, for lessor costs paid by lessees directly to third parties. The Agency has also made this accounting policy election.

The standard also permits lessors, as an accounting policy election, to not separate lease and non-lease components if the non-lease components would otherwise be accounted for under Topic 606, the timing and pattern of both the lease and non-lease components is the same, and the lease component would be accounted for as an operating lease under the standard. The Agency has not made this accounting policy election.

The Agency has completed its assessment and implementation activities, which included compiling the lease inventory, concluding on industry issues, and implementing transition controls over the requirements.

Pursuant to several lease agreements, the Agency is obligated for minimum annual rentals payable to nonrelated entities, as indicated below. The Agency is obligated for certain operating costs at these sites.

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The future minimum commitments to all nonrelated parties are as follows:

Year ending December 31,		
2022	$	1,802,682
2023		1,201,046
2024		904,912
2025		890,116
2026		890,116
Thereafter		5,414,547
Total Minimum Lease Payments	$	11,103,419

The following table summarizes information related to the lease assets and liabilities as of and for the year ended December 31, 2021:

As of December 31, 2021		
Right-of-use assets and liabilities:		
Right-of-use assets – operating leases	$	9,098,618
Lease liability – operating leases		9,463,330

Year ended December 31, 2021		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	1,727,042
Weighted-average remaining lease term – operating leases		1-10 years
Weighted-average discount rate – operating leases		3.91%

Total rental expense under noncancelable operating leases amounted to $1,809,741 for the year ended December 31, 2021.

14. Commitments and Contingencies

For the year ended December 31, 2021, revenues from Medicare and Medicaid programs accounted for a significant portion of the Agency’s revenues. The Agency believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. In the event that noncompliance is determined, the Agency would be subject to regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Additionally, the Agency is involved in certain disputes arising from the normal course of its businesses. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material adverse effect on the Agency’s financial position.

On July 15, 2015, the Agency entered into an irrevocable letter of credit amounting to $3,816,837 from a bank in conjunction with the Agency's workers' compensation policy. On May 27, 2020, the agreement was amended to step-up the irrevocable letter of credit by $500,000 to $4,316,837. On July 29, 2021, the agreement was amended to step-up the irrevocable letter of credit by $150,000 through February 2022. The amount of this letter of credit at December 31, 2021 was $4,416,837.

15. Net Assets Released from Restrictions

During 2021, net assets with donor restrictions that were released from restrictions by incurring expenses satisfying the restricted purpose are as follows:

December 31, 2021		
Program-designated	$	25,537
Capital campaign		-
Board initiatives		111,176
Total	$	136,713

16. Net Assets with Donor Restrictions

Net assets with donor restrictions held for specific purposes are as follows:

December 31, 2021		
Program-designated	$	114,096
Capital campaign		172,930
Board initiatives		109,517
Total	$	396,543

17. Liquidity and Availability of Resources

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31, 2021		
Cash and cash equivalents	$	30,434,071
Accounts receivable, net		14,241,606
Government and other grants receivable		736,217
Contributions and pledges receivable, current portion		30,147
Total Financial Assets Available Within One Year		45,442,041
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose		396,543
Board-designated		2,007,254
Total Amounts Unavailable to Management Within One Year		2,403,797
Total Financial Assets Available to Management	$	43,038,244

Liquidity Management

As part of the Agency's liquidity management, the agency structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Additionally, the Agency has board-designated net assets without donor restrictions that, while the Agency does not intend to spend these for purposes other than those intended, the amounts could be made available for current operations if necessary.

To help manage unanticipated liquidity needs, the Agency has a line of credit of $20,000,000 that it could draw upon.

18. Subsequent Events

On January 20, 2022, the Agency received full forgiveness in the amount of $10,000,000 of their PPP loan from their lender and the SBA.

The Agency's management has performed subsequent events procedures through May 25, 2022, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

Developmental Disabilities Institute, Inc.

Financial Statements
Year Ended December 31, 2020

Developmental Disabilities Institute, Inc.

Financial Statements
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Developmental Disabilities Institute, Inc.

Contents

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Independent Auditor's Report

The Board of Directors
Developmental Disabilities Institute, Inc.
Smithtown, New York

Opinion

We have audited the financial statements of Developmental Disabilities Institute, Inc. (the Agency), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 audit.

Report on Summarized Comparative Information

We have previously audited Developmental Disabilities Institute, Inc.'s 2019 financial statements, and our report dated July 30, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 21, 2021

Developmental Disabilities Institute, Inc.

Statement of Financial Position (with comparative totals for 2019)

December 31,		**2020**		2019
Assets				
Current				
Cash and cash equivalents (Note 3)	**$**	**17,873,027**	$	14,539,414
Assets limited as to use, current portion (Notes 3 and 4)		**336,370**		331,086
Accounts receivable, net of allowance for doubtful accounts (Notes 3 and 5)		**17,233,017**		16,861,013
Government and other grants receivable (Notes 3 and 5)		**798,438**		673,317
Contributions and pledges receivable, current portion (Notes 3 and 6)		**37,468**		48,018
Prepaid expenses and other assets		**1,453,555**		1,404,145
Total Current Assets		**37,731,875**		33,856,993
Security Deposits		**159,080**		159,080
Right-of-Use Assets (Notes 3 and 14)		**9,465,680**		9,957,847
Other Assets (Note 3)		**22,476**		22,747
Contributions and Pledges Receivable, Net, less current portion (Notes 3 and 6)		**52,079**		68,592
Assets Limited as to Use, less current portion (Notes 3 and 4)		**3,975,781**		4,905,636
Fixed Assets, Net (Notes 3, 7, 12 and 13)		**34,531,929**		33,822,622
	$	**85,938,900**	$	82,793,517
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**7,155,837**	$	5,289,348
Accrued interest payable (Note 13)		**260,362**		263,184
Accrued payroll and related benefits		**3,708,075**		3,164,206
Deferred payroll tax, current portion		**1,558,404**		-
Accrued employer contribution payable (Note 8)		**1,150,195**		1,125,428
Deferred revenue, current portion (Note 3)		**1,024,803**		745,471
Operating lease liability, current portion (Note 14)		**1,365,571**		1,229,095
Finance lease obligations, current portion (Note 10)		**833,376**		875,806
Mortgages and loans payable, current portion (Note 12)		**152,699**		190,705
Bonds payable, current portion (Note 13)		**2,254,376**		2,191,559
Due to governmental agencies (Notes 3 and 9)		**2,322,225**		2,597,457
Total Current Liabilities		**21,785,923**		17,672,259
Deferred Payroll Tax, less current portion		**1,558,404**		-
Deferred Revenue, less current portion (Note 3)		**1,555,035**		1,702,373
Operating Lease Liability, less current portion (Note 14)		**8,383,780**		8,879,780
Finance Lease Obligations, less current maturities (Note 10)		**1,207,466**		1,276,247
Mortgages and Loans Payable, less current maturities (Note 12)		**1,197,648**		1,349,055
Bonds Payable, less current maturities (Note 13)		**18,929,436**		21,183,812
Total Liabilities		**54,617,692**		52,063,526
Commitments and Contingencies (Notes 2, 7, 9, 10, 11, 12, 13, 14, 15, 18 and 19)				
Net Assets				
Net assets without donor restrictions		**30,860,522**		30,309,258
Net assets with donor restrictions		**460,686**		420,733
Total Net Assets		**31,321,208**		30,729,991
Total Liabilities and Net Assets	**$**	**85,938,900**	$	82,793,517

See accompanying notes to financial statements.

Developmental Disabilities Institute, Inc.

Statement of Activities
(with comparative totals for 2019)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Program Revenues				
Fees for services	$ 107,363,431	$ -	**$ 107,363,431**	$ 103,540,106
Government and other grants	3,058,112	-	**3,058,112**	1,279,335
Other program revenues	1,444,166	-	**1,444,166**	2,716,455
Net assets released from restrictions (Note 16)	100,747	(100,747)	**-**	-
Total Program Revenues	111,966,456	(100,747)	**111,865,709**	107,535,896
Expenses				
Program services:				
Education services	35,973,671	-	**35,973,671**	35,343,695
Adult day services	19,944,067	-	**19,944,067**	20,833,281
Children's residential services	11,219,934	-	**11,219,934**	11,413,932
Adult residential services	36,619,379	-	**36,619,379**	32,876,070
Other program services	775,952	-	**775,952**	857,131
Total Program Services	104,533,003	-	**104,533,003**	101,324,109
Supporting services:				
Management and general	7,533,780	-	**7,533,780**	7,049,058
Fundraising	451,322	-	**451,322**	453,377
Total Supporting Services	7,985,102	-	**7,985,102**	7,502,435
Total Expenses	112,518,105	-	**112,518,105**	108,826,544
Change in Net Assets, before nonoperating revenues and expenses	(551,649)	(100,747)	**(652,396)**	(1,290,648)
Special events revenues	324,157	-	**324,157**	358,490
Direct cost to donors	(90,699)	-	**(90,699)**	(91,921)
Net Revenues from Special Events	233,458	-	**233,458**	266,569
Contributions	627,203	140,700	**767,903**	446,925
Gain on sale of fixed assets	93,481	-	**93,481**	60,897
Gain (loss) on other investment	(6,977)	-	**(6,977)**	4,849
Interest income	119,001	-	**119,001**	283,687
Other income	109,810	-	**109,810**	109,810
Prior-period income (loss) (Note 3)	(73,063)	-	**(73,063)**	1,333,210
Total Nonoperating Revenues and Expenses	1,102,913	140,700	**1,243,613**	2,505,947
Change in Net Assets	551,264	39,953	**591,217**	1,215,299
Net Assets, beginning of year	30,309,258	420,733	**30,729,991**	29,514,692
Net Assets, end of year	$ 30,860,522	$ 460,686	**$ 31,321,208**	$ 30,729,991

See accompanying notes to financial statements.

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Developmental Disabilities Institute, Inc.

Statement of Functional Expenses
(with comparative totals for 2019)

Year ended December 31,

	Program Services						Supporting Services			Total	
	Education Services	Adult Day Services	Children's Residential Services	Adult Residential Services	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2020**	2019
Salaries and Related Expenses											
Salaries	$ 23,982,625	$ 11,499,394	$ 6,644,479	$ 23,159,865	$ 171,729	$ 65,458,092	$ 4,023,452	$ 230,433	$ 4,253,885	**$ 69,711,977**	$ 68,133,622
Payroll taxes and employee benefits	8,570,282	3,574,328	1,971,156	7,108,978	38,130	21,262,874	1,309,206	46,246	1,355,452	**22,618,326**	21,002,657
Total Salaries and Related Expenses	32,552,907	15,073,722	8,615,635	30,268,843	209,859	86,720,966	5,332,658	276,679	5,609,337	**92,330,303**	89,136,279
Fee-for-services professionals	8,728	328,738	32,922	68,265	-	438,653	219,355	-	219,355	**658,008**	466,083
Building occupancy	617,051	1,129,761	-	23,301	263,217	2,033,330	21,568	-	21,568	**2,054,898**	1,935,097
Telephone	207,758	231,318	80,328	209,819	243	729,466	63,198	1,391	64,589	**794,055**	728,892
Travel	32,221	100,657	3,634	33,977	718	171,207	14,067	350	14,417	**185,624**	242,080
Supplies	425,866	650,339	284,713	894,523	3,639	2,259,080	756,698	34,798	791,496	**3,050,576**	2,537,715
Food	517	8,024	384,598	954,990	-	1,348,129	192	-	192	**1,348,321**	1,342,681
Office expense	132,431	45,380	28,083	56,309	44	262,247	124,917	17,103	142,020	**404,267**	425,352
Dues and subscriptions	6,286	2,184	3,183	3,452	4	15,109	89,280	3,338	92,618	**107,727**	92,641
Postage	8,715	1,758	965	538	387	12,363	50,250	2,057	52,307	**64,670**	59,978
Meetings and conferences	805	1,573	798	2,955	1	6,132	2,705	482	3,187	**9,319**	50,515
Employee training and recruitment	86,738	57,632	47,984	116,207	40,947	349,508	102,868	58,415	161,283	**510,791**	615,978
Legal and accounting	-	-	2,417	157,805	-	160,222	231,012	-	231,012	**391,234**	439,231
Utilities	285,428	284,025	134,489	387,091	63,319	1,154,352	29,742	679	30,421	**1,184,773**	1,147,751
Repairs and maintenance	312,407	253,432	163,676	429,498	30,038	1,189,051	44,864	791	45,655	**1,234,706**	1,499,914
Equipment and furniture	125,108	44,612	38,495	82,694	5,083	295,992	66,969	3,308	70,277	**366,269**	372,818
Interest	182,802	166,747	154,921	567,521	85,820	1,157,811	45,637	391	46,028	**1,203,839**	1,152,207
Insurance	369,444	544,179	147,972	675,885	9,460	1,746,940	70,254	1,671	71,925	**1,818,865**	1,621,235
Medicaid assessment taxes	-	-	614,654	164,890	-	779,544	-	-	-	**779,544**	764,295
Debt-related expenses	-	-	-	-	-	-	32,531	-	32,531	**32,531**	28,895
Transportation subcontracting fees	-	12,856	-	-	-	12,856	-	-	-	**12,856**	27,333
Vehicle expense	14,376	301,066	16,734	165,675	58	497,909	3,929	8	3,937	**501,846**	906,726
Total Expenses, before depreciation and amortization	35,369,588	19,238,003	10,756,201	35,264,238	712,837	101,340,867	7,302,694	401,461	7,704,155	**109,045,022**	105,593,696
Depreciation and Amortization	604,083	706,064	463,733	1,355,141	63,115	3,192,136	231,086	49,861	280,947	**3,473,083**	3,232,848
Total Expenses	$ 35,973,671	$ 19,944,067	$ 11,219,934	$ 36,619,379	$ 775,952	$ 104,533,003	$ 7,533,780	$ 451,322	$ 7,985,102	**$ 112,518,105**	$ 108,826,544

See accompanying notes to financial statements.

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Developmental Disabilities Institute, Inc.

Statement of Cash Flows
(with comparative totals for 2019)

Year ended December 31,		2020		2019
Cash Flows from Operating Activities				
Change in net assets	**$**	**591,217**	$	1,215,299
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**3,473,083**		3,232,848
Interest on debt issuance costs		**195,563**		149,169
Gain on sale of fixed assets		**(93,481)**		(60,897)
Discount on pledges receivables		**(1,233)**		2,904
Unrealized losses (gains) on investments		**271**		-
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable		**(372,004)**		2,912,227
Government and other grants receivable		**(125,121)**		377,846
Contributions and pledges receivable		**28,296**		(49,356)
Security deposits		**-**		(10,794)
Prepaid expenses and other assets		**(49,410)**		2,245,054
Increase (decrease) in:				
Accounts payable and accrued expenses		**1,866,489**		(915,160)
Accrued interest payable		**(2,822)**		111,977
Accrued payroll and related benefits		**3,660,677**		(3,328,705)
Accrued pension payable		**24,767**		(129,735)
Deferred revenue		**131,994**		(371,049)
Due to governmental agencies		**(275,232)**		(65,996)
Net Cash Provided by Operating Activities		**9,053,054**		5,310,783
Cash Flows from Investing Activities				
Purchases of fixed assets		**(3,396,881)**		(5,323,198)
Proceeds from sale of fixed assets		**104,372**		75,418
Net Cash Used in Investing Activities		**(3,292,509)**		(5,247,780)
Cash Flows from Financing Activities				
Right-of-use asset		**492,167**		(9,957,847)
Operating lease liability		**(359,524)**		10,108,875
Repayments on finance lease obligations		**(907,611)**		(807,720)
Principal payments on mortgages and loans payable		**(191,535)**		(190,356)
Proceeds from bonds payable		**-**		6,316,016
Principal payments on bonds payable		**(2,385,000)**		(2,120,000)
Net Cash Provided by (Used in) Financing Activities		**(3,351,503)**		3,348,968
Net Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents		**2,409,042**		3,416,820
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year		**19,776,136**		16,359,316
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	**$**	**22,185,178**	$	19,776,136
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	**$**	**1,008,276**	$	1,086,928
Noncash transaction related to capital leases		**796,400**		560,596

See accompanying notes to financial statements.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

1. Nature of the Organization

Developmental Disabilities Institute, Inc. (the Agency) is a New York State not-for-profit corporation founded in 1961 to address the special needs of children with autism and other developmental disabilities and provide therapeutic intervention. Today, the Agency is a multi-site corporation serving over 1,500 children and adults with autism and other developmental disabilities throughout Long Island, providing educational, residential, day habilitation and vocational services to help the individuals they serve experience personal growth and fulfillment. The Agency embodies its core values of integrity, dignity, compassion and teamwork while providing innovative supports and services to its population.

2. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of COVID-19 outbreak, the Agency has incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses. COVID-19-related expenses consist of additional costs that the Agency is incurring to protect its employees, contractors and customers, and to support social-distancing requirements resulting from the COVID-19 pandemic. These costs include, but are not limited to, new or added benefits provided to employees, the purchase of additional personal protection equipment and disinfecting supplies, additional facility cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the United States Small Business Administration and Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak.

As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations and taken other administrative actions intended to assist healthcare providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the CARES Act, which was enacted on March 27, 2020, and the Paycheck Protection Program and Health Care Enhancement Act (the PPPHCE Act), which was enacted on April 24, 2020. Together, the CARES Act and the PPPHCE Act include $175 billion in funding to be distributed to eligible providers through the Public Health and Social Services Emergency Fund (the Provider Relief Fund or PRF). The Department of Health and Human Services (HHS) has allocated Provider Relief Fund among eligible health care providers through two completed phases of general distributions and a number of targeted distributions beginning in April 2020. In October 2020, HHS announced an additional $20 billion general distribution from the Provider Relief Fund that considers financial losses and changes in operating revenues and expenses, including expenses attributable to COVID-19, and payments already received through PRF distributions.

On September 19, 2020, HHS issued a Post-Payment Notice of Reporting Requirements for the PRF that were disbursed under the CARES Act. This notice changed guidance that had been previously communicated during June and July 2020. Key differences include introduction of the concept of calendar-year measurement as opposed to quarterly measurement, the requirement to first apply stimulus monies received to healthcare-related expenses attributable to COVID-19 (net of reimbursements from other sources), and change (negative change comparing calendar year 2020 over calendar year 2019) from lost revenues, as defined, to net patient care operating income, as defined, net of healthcare-related expenses previously applied. The notice also allowed for an additional six months, through June 30, 2021, for companies to use the remaining amounts toward expenses attributable to COVID-19 that have not been reimbursed by other sources, or apply toward lost net patient care operating income in an amount not to exceed the calendar 2019 net gain. Also, on October 22, 2020, HHS issued a notice that amended the September 19, 2020 guidance, to replace the comparison of operating income to lost revenues. On January 7, 2021, HHS issued further guidance for the PRF that were disbursed under the CARES Act by allowing the use for the calculation of lost revenues to use budgeted revenues as an alternative to comparing with prior-year budgets, and allowing for targeted distributions to be used in the same way as general distributions. The definitions included in the Post-Payment Notice of Reporting Requirements may be subject to change or further interpretation. Management will continue to evaluate and monitor compliance with the terms and conditions through June 30, 2021.

The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020; certification that payment will be used to prevent, prepare for and respond to COVID-19 and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to COVID-19; and receipt of the funds. These monies have been recognized following the grant accounting model, recognizing income over the applicable reporting period as management becomes reasonably assured of meeting the required criteria. As of December 31, 2020, the Agency had accounted for $1,269,559 of such funds. The Agency will continue to assess and apply the unused funds into the first six months of fiscal 2021.

HHS has also used funds appropriated to the Provider Relief Fund and the Families First Coronavirus Response Act (FFCRA) to provide claims reimbursement to health care providers for testing uninsured individuals for COVID-19, treating uninsured individuals with a primary COVID-19 diagnosis, and administering a COVID-19 vaccine to uninsured individuals. The COVID-19 uninsured program is administered through HHS's Health Resources and Services Administration (HRSA) and began providing reimbursement in May of 2020. Generally, reimbursement under this program is set at Medicare FFS rates, exclusive of the 20% increase in the MS-DRG payment for confirmed COVID-19 Agency admissions under the CARES Act.

Management continues to examine the impact that the COVID-19 outbreak and CARES Act may have on its business. Management is currently unable to determine any additional impact on its financial condition, results of operation or liquidity. Although the Agency cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Agency's results of operations, financial position and liquidity in fiscal year 2021.

3. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Agency's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of the Agency pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities.

Net Assets Without Donor Restrictions - This class consists of net assets that are without donor-imposed stipulations and/or net assets over which the Board of Directors has discretionary control in carrying out the operations of the Agency, in accordance with its charter and by-laws.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

The Agency considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. The Agency adopted this ASU and has applied the retrospective transition method for each period presented.

The following is a reconciliation of cash and cash equivalents between the statement of financial position and the statement of cash flows:

December 31,		**2020**		2019
Cash and cash equivalents	**$**	**17,873,027**	$	14,539,414
Restricted cash assets limited to use		**4,312,151**		5,236,722
Total Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**$**	**22,185,178**	$	19,776,136

Investments at Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Agency would use in pricing the Agency's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Agency are traded. The Agency estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include U.S. Treasury securities, certain common stock, mutual funds and cash and cash equivalents.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. Most debt securities, preferred stock, certain equity investments, short-term investments and derivatives are model-priced using observable inputs and are classified as Level 2.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private-equity investments.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements and equipment under capital leases are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
Buildings	15-40
Building improvements	5-25
Furniture, fixtures and office equipment	5-15
Equipment and vehicles	3-10

Impairment of Fixed Assets

The Agency reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2020, there have been no such losses.

Other Asset

The Agency owns a 12.5% interest in LI Alliance, LLC (the Alliance), which was established to strategically position the Agency and other Alliance members to participate in programs relating to delivery of care to persons with developmental disabilities and other disorders through managed care or other models. The Agency's interest in the Alliance amounted to $22,476 at December 31, 2020.

Contributions and Pledges Receivable

Contributions and pledges receivable, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Promises to give are recorded at the present value of estimated future cash flows, based on an appropriate discount rate at the time of the gift. Amortization of the discount in subsequent years is included in contribution revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions for capital projects are reported as nonoperating revenues. Conditional contributions, including conditional promises to give, are not recognized until the conditions are substantially met.

Unconditional promises to give are recorded in the financial statements at present value using a discount rate that represents risk-free interest rates applicable to the years in which promises are received. For the year ended December 31, 2020, the Agency used a discount rate of 3.24%.

Contributions receivable consist of $16,419 for the capital campaign and $73,128 for pledges receivable at December 31, 2020.

The capital campaign represents funds donated to the Agency for the purpose of renovations of the Little Plains School located in Huntington, New York and the Hollywood Drive campus located in Smithtown, New York, and expenses related to the capital campaign.

Third-Party Reimbursements and Revenue Recognition

The Agency receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies—primarily the Office for People with Developmental Disabilities (OPWDD), New York State Department of Health and the State Education Department (SED) of New York. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. The financial statement impact of such adjustments is recognized in the period in which the retroactive adjustment occurred.

Fee-for-service revenue is generated from services to individuals with developmental disabilities, education services, and other services. These amounts are due from third-party payors (including government programs), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews and investigations. Generally, the Agency submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Agency measures revenue from the commencement of services, to the continuation of services, and until services are no longer required. The Agency believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Agency has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-09 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.

Throughout the year, rates may vary as determined by New York State, and the Agency will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Agency considers these amounts in determination of the transaction price. The Agency determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Agency determines its estimates of explicit or implicit price concessions based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs.

As a practical expedient, the Agency utilizes the portfolio approach for analyzing the revenue contracts. The Agency accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Agency considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Agency believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Agency's revenue disaggregated by payor:

Year ended December 31, 2020		
Medicaid (OPWDD/Early Intervention)	$	67,737,951
School Districts (School Age)		18,811,250
County (Preschool/Early Intervention)		17,911,197
Long Island Select Healthcare (LISH)		561,487
Other		6,843,824
Total Revenue	$	111,865,709

The following table shows the Agency's revenue disaggregated by service line:

Year ended December 31, 2020		
OPWDD	$	72,022,565
SED		36,644,068
Other		3,199,076
Total Revenue	$	111,865,709

Revenue is recognized as earned from third parties and when received or pledged for contributions, special events and fundraising activities.

In-Kind Contributions

In-kind contributions are recognized if the contributions create or enhance nonfinancial assets, or are provided by individuals possessing those assets, and typically need to be purchased if not provided by contribution. The Agency received in-kind contributions consisting of property. These in-kind contributions have been valued at the standard market value rates that would have been incurred by the Agency to obtain them and are reported as both fixed asset and revenue in the accompanying financial statements because they meet the criteria as prescribed by United States Generally Accepted Accounting Policies (U.S. GAAP). The in-kind contribution for the year December 31, 2020 amounted to $590,000.

Deferred Revenue

Receipts that have not been spent are available for applicable future years and are, therefore, classified as deferred revenue. As of December 31, 2020, the total deferred revenue is $2,579,838.

Prior-Period Income

The Agency records amounts related to retroactive rate and other adjustments as prior-period income on the statement of activities.

Allocation Methodology

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. These expenses include depreciation, salaries, payroll taxes and employee benefits, and supplies. Depreciation is allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

Concentration of Credit Risk

Financial instruments that potentially subject the Agency to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Agency has cash deposits at financial institutions that exceed the Federal Depository Insurance Corporation insurance limits.

Income Taxes

The Agency was incorporated in the state of New York and is exempt from federal and state income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Agency has been determined by the IRS not to be "private foundations" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2020. Management believes that the Agency is no longer subject to income tax examinations for years prior to 2017.

Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Agency does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for unrecognized tax benefits. The Agency has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Agency has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2020, there was no interest or penalties recorded or included in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2019, from which the summarized information was derived in total but not by net asset class.

Recently Adopted Accounting Pronouncement

Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the Agency follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for the Agency's fiscal year 2020, and the adoption of this update did not have a material impact on the Agency's financial statements.

ASU 2016-08, Statement of Cash Flows (Topic 230): Restricted Cash

As discussed in Note 3, under cash, cash equivalents, restricted cash and restricted cash equivalents, the Agency has adopted ASU 2016-08 for all periods presented.

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year financial statement presentation.

4. Assets Limited as to Use

The cost and respective fair values of assets limited as to use are as follows:

December 31, 2020

	Cost	Fair Value
Cash and cash equivalents	$ 336,370	$ 336,370
Federated Treasury Obligations Fund	2,452,754	2,452,754
Debt service reserve fund - money market fund	1,525,496	1,523,027
Total	$ 4,314,620	$ 4,312,151

Assets limited as to use consists of cash held in banks for future contributions to the employee benefit plan and future workers' compensation claims and debt service reserve funds.

The Agency's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 3 for a discussion of the Agency's policies regarding this hierarchy. A description of the valuation techniques applied to the Agency's major categories of assets measured at fair value is below.

The Agency has investments in treasury obligations. The Agency's custodian prices these investments using nationally recognized pricing services. The Agency's Federated Treasury Obligations Fund and debt service reserve fund are classified as Level 1 of the fair value hierarchy.

The following table shows, by level within the fair value hierarchy, the Agency's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2020. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There have been no changes in the levels from the prior year.

	Fair Value Measurement at Reporting Date			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Cash and cash equivalents	$ 336,370	$ -	$ -	$ 336,370
Federal Treasury Obligations Fund	132,015	-	-	132,015
2006 A-B Civic Facility Revenue Bonds:		-	-	
Federal Treasury Obligations Fund	64,085	-	-	64,085
2012 AA-AF Local Development Corp. Revenue Bond	1,773,618	-	-	1,773,618
2012 BA-BE County Economic Development Corp. Revenue Bond	483,036	-	-	483,036
Facilities Development Corp. mortgages payable – debt service reserve fund	1,523,027	-	-	1,523,027
	$ 4,312,151	$ -	$ -	$ 4,312,151

5. Accounts Receivable, Net, and Government and Other Grants Receivable

Accounts receivable, net, and government and other grants receivable consists of the following:

December 31, 2020	
Office for People with Developmental Disabilities	$ 6,404,834
New York State Education Department	10,242,104
Long Island Select Healthcare, Inc.	85,479
Other	500,600
Subtotal	17,233,017
Government and other grants	798,438
	$ 18,031,455

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

6. Contributions and Pledges Receivable, Net

At December 31, 2020, the net present value of contributions and pledges receivable is $89,547. The net present value of pledges receivable was calculated using a discount rate of 3.24%.

The net present value of pledges receivable is summarized below:

December 31, 2020	
Total contributions and pledges receivable	$ 92,447
Discount	(2,900)
Net Present Value of Contributions Receivable	$ 89,547
Amount due in:	
One year	$ 37,468
Two to five years	54,979
	$ 92,447

7. Fixed Assets, Net

Fixed assets, net, including equipment under capital leases, consists of the following:

December 31, 2020	
Land	$ 7,166,383
Buildings and building improvements	54,365,276
Furniture, fixtures and office equipment	7,517,730
Vehicles under capital lease obligations	7,189,517
Machinery and equipment	158,384
IT equipment	2,584,967
Leasehold improvements	2,018,661
	81,000,918
Less: accumulated depreciation and amortization	(47,833,177)
Construction-in-progress	1,364,188
	$ 34,531,929

Depreciation and amortization expense for the year ended December 31, 2020 was $3,473,083. The estimated cost to complete the construction-in-progress is $2,349,964.

8. Employee Benefit Plan

The Agency is the sponsor of a 403(b) tax-deferred annuity plan that covers all Agency employees meeting eligibility requirements. Employee contributions are immediately vested. The Agency also makes a discretionary contribution based upon a percentage of an employee's salary, which will become 100% vested after three or five years depending on date of hire. Accrued employer contribution payable for the year ended December 31, 2020 was $1,150,195. In 2020, employer contributions of $1,124,780 were made.

9. Due to Governmental Agencies

Due to governmental agencies consists of the following:

December 31, 2020		
Advances by funding sources to be recouped in future years	$	2,322,225

10. Finance Lease Obligations

Finance lease obligations consisted of the following:

December 31, 2020		
The Agency financed the cost of vehicles with notes payable in various monthly installments through 2023. The interest rates on these leases range from 2.66% to 7.44%.	$	2,040,842
Less: current maturities		(833,376)
	$	1,207,466

Future minimum principal payments and the present value of net minimum principal payments are as follows:

December 31,		
2021	$	908,177
2022		690,553
2023		405,483
2024		178,484
2025		2,808
Total Minimum Lease Payments		2,185,505
Less: interest		(144,663)
Present Value of Net Minimum Lease Payments	$	2,040,842

11. Line of Credit

The Agency has a revolving line of credit with a bank of up to $20,000,000 and expires on August 31, 2021. Interest is charged at 3.75% per annum. There were no amounts outstanding at December 31, 2020. The line of credit is secured by outstanding accounts receivable excluding any receivables, subject to subordination agreements.

12. Mortgages and Loans Payable

Mortgages and loans payable consist of the following:

December 31, 2020		
Various loans payable, due from January 2021 to July 2030, payable in current monthly installments ranging from $3,383 to $7,125, including interest from 3.65% to 5.49%; secured by related vehicles, land and buildings	$	1,350,347
Less: current maturities		(152,699)
	$	1,197,648

Mortgages and loans payable mature as follows:

Year ending December 31,		
2021	$	152,699
2022		157,642
2023		165,778
2024		174,338
2025		183,342
Thereafter		516,548
	$	1,350,347

13. Bonds Payable

On October 13, 2005, the Agency obtained financing of $1,091,000 of Civic Facility Revenue Bonds through Suffolk County Industrial Development Agency (SCIDA) for the renovation and equipping of a facility located in East Patchogue, NY. The bonds, which require quarterly interest payments, bear interest at 6%. At December 31, 2020, there was no balance outstanding.

On September 27, 2006, the Agency obtained financing of $3,857,000 of Civic Facility Revenue Bonds through SCIDA to renovate properties located in Nesconset, NY, Commack, NY, Babylon, NY, Smithtown, NY and Bohemia, NY, and for acquisitions and renovations of properties located in Ridge, NY and Yaphank, NY. The bonds, which require quarterly interest payments, bear interest at 5.95%. At December 31, 2020, $330,000 remains outstanding.

On August 29, 2012, the Agency obtained financing of $20,016,071 through the Town of Huntington Local Development Corporation to renovate properties in Smithtown and Huntington, NY and to refinance outstanding amounts associated with financing obtained in 1993 and 1998 through SCIDA. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 3.8%. At December 31, 2020, $10,654,476 remains outstanding.

On August 29, 2012, the Agency obtained financing of $5,880,138 through the Suffolk County Economic Development Corporation to renovate properties in Hauppauge, NY and to refinance outstanding amounts associated with financing obtained in 1993, 1998 and 1999. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4.4%. At December 31, 2020, $2,182,482 remains outstanding.

On October 5, 2016, the Agency obtained financing of $2,355,000 through the Dormitory Authority of New York State (DASNY) for properties in Deer Park, NY and Centereach, NY and to renovate properties in Smithtown, NY. The bond, which requires monthly interest payments, bears interest ranging from 1.5% to 4%. At December 31, 2020, $2,135,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

On March 6, 2019, the Agency obtained financing of $6,720,000 through DASNY for properties in East Setauket, NY; Dix Hills, NY; Coram, NY; Miller Place, NY; Greenlawn, NY; and Smithtown, NY. The bond, which requires monthly interest payments, bears interest ranging from 2.5% to 4%. At December 31, 2020, $6,540,000 remains outstanding. These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Agency. As the conduit debt obligor, the Agency is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

The aggregate principal maturities are as follows:

Year ending December 31,		
2021	$	2,390,000
2022		2,145,000
2023		2,514,558
2024		1,517,400
2025		960,000
Thereafter		12,315,000
		21,841,958
Less: unamortized balance of deferred financing costs		(658,146)
	$	21,183,812

All bonds are secured by the related properties.

Interest expense related to the bonds for the year ended December 31, 2020 was $823,737.

14. Operating Leases

The Agency leases building and office space primarily for operation of day habilitation and educational services. The Agency estimates the expected lease term by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term and the exercise of such renewal is at the sole discretion of the Agency. The expected lease term is used in the determination of whether a lease is a capital or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in determining straight-line rent expense for operating leases.

Lessor accounting under the new guidance is consistent with the current model, with updates to align with certain changes to the lessee model and the new revenue standard (Topic 606). Similar to current guidance, lessors will classify leases as operating, direct financing, or sales-type. The Agency follows lessor accounting in respect of its sublease of clinic space in Riverhead, NY with LISH.

The standard will also require lessors to allocate (rather than recognize as currently required) certain variable payments to the lease and non-lease components when the changes in facts and circumstances on which the variable payment is based occur.

Developmental Disabilities Institute, Inc.

Notes to Financial Statements

The standard permits lessors, as an accounting policy election, to not evaluate whether certain sales taxes and other similar taxes are lessor costs or lessee costs. Instead, those lessors will account for those costs as if they are lessee costs. The Agency has made this accounting policy election. In addition, the standard also allows lessors to exclude certain costs from variable payments, and therefore revenue, for lessor costs paid by lessees directly to third parties. The Agency has also made this accounting policy election.

The standard also permits lessors, as an accounting policy election, to not separate lease and non-lease components if the non-lease components would otherwise be accounted for under Topic 606, the timing and pattern of both the lease and non-lease components is the same and the lease component would be accounted for as an operating lease under the standard. The Agency has not made this accounting policy election.

The Agency has completed its assessment and implementation activities, which included compiling the lease inventory, concluding on industry issues and implementing transition controls over the requirements.

Pursuant to several lease agreements, the Agency is obligated for minimum annual rentals payable to nonrelated entities, as indicated below. The Agency is obligated for certain operating costs at these sites. The future minimum commitments to all nonrelated parties are as follows:

Year ending December 31,		
2021	$	1,810,018
2022		1,686,815
2023		1,085,184
2024		789,266
2025		775,109
Thereafter		5,603,476
Total Minimum Lease Payments	$	11,749,868

The following table summarizes information related to the lease assets and liabilities as of and for the year ended December 31, 2020:

As of December 31, 2020		
Right-of-use assets and liabilities:		
Right-of-use assets – operating leases	$	9,465,680
Lease liability – operating leases		9,749,351

Year ended December 31, 2020		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	1,813,014
Weighted-average remaining lease term – operating leases		10.24 years
Weighted-average discount rate – operating leases		3.99%

Total rental expense under noncancelable operating leases amounted to $1,812,864 for the year ended December 31, 2020.

15. Commitments and Contingencies

For the year ended December 31, 2020, revenues from Medicare and Medicaid programs accounted for a significant portion of the Agency's revenues. The Agency believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. In the event that noncompliance is determined, the Agency would be subject to regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs.

Additionally, the Agency is involved in certain disputes arising from the normal course of its businesses. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material adverse effect on the Agency's financial position.

On July 15, 2015, the Agency entered into an irrevocable letter of credit amounting to $3,816,837 from a bank. On May 27, 2020, the agreement was amended to step-up the irrevocable letter of credit by $500,000 to $4,316,837, and payments are to be made in installments through February 1, 2021; this agreement matures July 1, 2021. The amount of this letter of credit at December 31, 2020 was $4,116,837; $200,000 was added on February 1, 2021. The letter of credit was issued in conjunction with the Agency's workers' compensation policy.

16. Net Assets Released from Restrictions

During 2020, net assets with donor restrictions that were released from restrictions by incurring expenses satisfying the restricted purpose are as follows:

December 31, 2020		
Program-designated	$	100,747

17. Net Assets with Donor Restrictions

Net assets with donor restrictions held for specific purposes are as follows:

December 31, 2020		
Program-designated	$	287,884
Capital campaign		172,802
	$	460,686

18. Liquidity and Availability of Resources

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31,		**2020**		2019
Cash and cash equivalents	**$**	**17,873,027**	$	14,539,414
Accounts receivable, net		**17,233,017**		16,861,013
Government and other grants receivable		**798,438**		673,317
Contributions and pledges receivable, current portion		**37,468**		48,018
Total Financial Assets Available Within One Year		**35,941,950**		32,121,762
Less:				
Amounts unavailable for general expenditures within one year, due to:				
Restricted by donors with purpose		**460,686**		420,733
Board-designated		**2,197,235**		2,379,031
Total Amounts Unavailable to Management Within One Year		**2,657,921**		2,799,764
Total Financial Assets Available to Management	**$**	**33,284,029**	$	29,321,998

Liquidity Management

As part of the Agency's liquidity management, the agency structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Additionally, the Agency has board-designated net assets without donor restrictions that, while the Agency does not intend to spend these for purposes other than those intended, the amounts could be made available for current operations if necessary.

To help manage unanticipated liquidity needs, the Agency has a line of credit of $20,000,000 that it could draw upon.

19. Subsequent Events

On March 10, 2021, President Biden signed the $1.9 trillion American Rescue Plan Act into law. The Agency applied for PPP funds in March 2021.

The Agency's management has performed subsequent events procedures through May 21, 2021, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

APPENDIX B-III

GENERAL HEALTH OUTREACH IN THE COMMUNITY INCORPORATED

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED JUNE 30, 2022, JUNE 30, 2021 AND JUNE 30, 2020)

General Human Outreach *in the Community, Incorporated*

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CERINI & ASSOCIATES LLP
Certified Public Accountants

Connected to your business goals success

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
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CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
General Human Outreach in the Community, Inc.
Kew Gardens, New York 11415

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of General Human Outreach in the Community, Inc. (a not-for-profit organization, "GHO"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GHO 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GHO 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

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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 will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 GHO'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GHO'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Cerini & Associates LLP

Bohemia, New York
November 30, 2022

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,862,294	$ 3,912,945
Current portion of investments	2,383,562	1,322,063
Program service receivables	1,591,990	2,221,087
Prepaid expenses and other current assets	32,808	52,884
Consumer funds	41,502	40,893
TOTAL CURRENT ASSETS	7,912,156	7,549,872
Property and equipment, net of accumulated depreciation	6,014,638	5,845,426
Operating lease right-of-use assets - buildings	497,694	600,921
Limited use assets	71,708	71,708
Investments, net of current portion	747,138	1,989,574
Security deposits	65,690	65,592
TOTAL ASSETS	$ 15,309,024	$ 16,123,093
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of bond payable, net of unamortized debt issuance costs	$ 35,934	$ 35,934
Current portion of property loans payable, net of unamortized debt issuance costs	86,474	86,474
Current portion of operating lease liability	158,910	155,468
Accounts payable and accrued expenses	608,017	426,830
Payroll-related accruals	717,167	481,145
Deferred revenue	11,250	1,314
Due to government agencies	225,530	225,530
Consumer funds	41,502	40,893
TOTAL CURRENT LIABILITIES	1,884,784	1,453,588
Paycheck Protection Program loan payable	-	1,261,600
Property loans payable, net of current portion and unamortized debt issuance costs	2,173,791	2,269,029
Bond payable, net of current portion and unamortized debt issuance costs	1,078,443	1,114,377
Operating lease liability, net of current portion	346,181	445,453
TOTAL LIABILITIES	5,483,199	6,544,047
Net Assets Without Donor Restrictions:		
Undesignated	8,821,527	8,574,748
Board-designated	1,004,298	1,004,298
TOTAL NET ASSETS	9,825,825	9,579,046
TOTAL LIABILITIES AND NET ASSETS	$ 15,309,024	$ 16,123,093

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

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2022	2021
REVENUE AND SUPPORT:		
Fees for services	$ 9,544,721	$ 9,277,576
Workforce initiative payments	1,510,744	-
Grant income	-	105,000
Investment (loss)/income	(177,964)	88,542
HHS provider relief funding income	-	158,832
Other income	38,571	192,875
Paycheck Protection Program loan forgiveness income	1,261,600	-
TOTAL REVENUE AND SUPPORT	12,177,672	9,822,825
EXPENSES:		
Program Services:		
Community habilitation services	993,293	834,638
Individualized residential alternatives	6,970,000	4,901,397
Family support services	199,290	211,542
Day habilitation services	1,669,328	1,517,830
Other grants	-	112,577
Supported employment services	313,980	382,354
Community based prevocational services	171,534	-
TOTAL PROGRAM SERVICES	10,317,425	7,960,338
Supporting Services:		
Management and general	1,613,468	1,520,213
TOTAL EXPENSES	11,930,893	9,480,551
CHANGE IN NET ASSETS	246,779	342,274
Net assets, beginning of year	9,579,046	9,236,772
Net assets, end of year	$ 9,825,825	$ 9,579,046

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

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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services									
	Community Habilitation Services	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Community Based Prevocational Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 726,207	$ 4,069,218	$ 99,629	$ 1,019,227	$ -	$ 221,074	$ 110,147	$ 6,245,502	$ 862,310	$ 7,107,812
Payroll taxes and fringe benefits	172,833	706,631	36,434	271,781	-	53,596	40,006	1,281,281	291,680	1,572,961
Temporary help	-	865,538	-	-	-	-	-	865,538	22,463	888,001
Client transportation	-	48,704	-	15,035	-	-	-	63,739	-	63,739
Depreciation and amortization	16,225	163,920	6,954	-	-	20,992	11,698	219,789	68,586	288,375
Occupancy costs	-	404	-	248,414	-	-	-	248,818	2,400	251,218
Professional fees	4,547	151,175	7,825	-	-	2,128	1,739	167,414	143,170	310,584
Food	143	118,789	61	562	-	-	-	119,555	3,664	123,219
Staff development	3,310	18,067	533	4,933	-	925	684	28,452	2,078	30,530
Repairs and maintenance	-	61,592	-	6,539	-	-	-	68,131	33,864	101,995
Participant incidentals	-	80	26,726	-	-	-	-	26,806	-	26,806
Insurance	39,140	100,308	8,320	21,636	-	8,737	2,912	181,053	12,496	193,549
Utilities	860	77,888	370	26,014	-	843	360	106,335	10,386	116,721
Supplies	2,597	5,193	2,698	3,715	-	108	108	14,419	25,670	40,089
Household supplies	-	81,412	-	4,007	-	-	-	85,419	2,660	88,079
Interest	-	104,518	-	-	-	-	-	104,518	58,204	162,722
Telephone	10,509	57,258	2,428	16,805	-	2,151	1,507	90,658	17,473	108,131
Equipment purchase and rental	6,987	43,357	1,949	6,787	-	1,083	361	60,524	11,712	72,236
Common charges	7,416	4,095	2,897	1,890	-	1,855	1,855	20,008	21,657	41,665
Bad debt expense	417	267,371	-	20,865	-	-	-	288,653	-	288,653
Miscellaneous	2,102	24,482	2,466	1,118	-	488	157	30,813	22,995	53,808
Total expenses	$ 993,293	$ 6,970,000	$ 199,290	$ 1,669,328	$ -	$ 313,980	$ 171,534	$ 10,317,425	$ 1,613,468	$ 11,930,893

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services									
	Community Habilitation Services	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Community Based Prevocational Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 569,836	$ 2,923,495	$ 97,933	$ 880,728	$ 75,502	$ 236,884	$ -	$ 4,784,378	$ 831,596	$ 5,615,974
Payroll taxes and fringe benefits	173,338	558,460	44,523	280,881	17,237	75,565	-	1,150,004	257,918	1,407,922
Temporary help	-	601,019	-	-	-	-	-	601,019	-	601,019
Client transportation	-	40,930	46	12,399	-	-	-	53,375	-	53,375
Depreciation and amortization	16,225	143,476	6,954	966	-	33,397	-	201,018	69,798	270,816
Occupancy costs	-	-	-	252,566	-	7,801	-	260,367	2,400	262,767
Professional fees	2,343	72,873	1,760	720	19,838	5,980	-	103,514	162,423	265,937
Food	582	103,165	1,266	471	-	-	-	105,484	1,349	106,833
Staff development	2,948	10,333	73	6,106	-	932	-	20,392	4,170	24,562
Repairs and maintenance	2,735	52,707	581	7,624	-	814	-	64,461	29,849	94,310
Participant incidentals	-	323	41,408	-	-	-	-	41,731	-	41,731
Insurance	26,580	47,097	4,683	12,181	-	6,529	-	97,070	7,998	105,068
Utilities	3,157	64,668	287	20,695	-	852	-	89,659	8,700	98,359
Supplies	1,768	5,747	3,315	7,202	-	1,589	-	19,621	16,229	35,850
Household supplies	-	87,544	-	7,223	-	200	-	94,967	3,760	98,727
Interest	-	92,740	-	-	-	-	-	92,740	45,134	137,874
Telephone	17,300	42,107	3,793	13,487	-	3,455	-	80,142	25,241	105,383
Equipment purchase and rental	8,335	32,803	1,584	11,544	-	1,422	-	55,688	10,519	66,207
Common charges	7,416	4,095	2,896	1,890	-	3,711	-	20,008	21,657	41,665
Bad debt expense	-	-	-	-	-	2,525	-	2,525	-	2,525
Miscellaneous	2,075	17,815	440	1,147	-	698	-	22,175	21,472	43,647
Total expenses	$ 834,638	$ 4,901,397	$ 211,542	$ 1,517,830	$ 112,577	$ 382,354	$ -	$ 7,960,338	$ 1,520,213	$ 9,480,551

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets		$ 246,779	$ 342,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		288,375	270,816
Amortization of bond debt issuance costs		4,066	4,066
Amortization of property loan debt issuance costs		8,763	8,763
Adjustment to fair value on certificates of deposit		46,586	13,449
Bad debt expense		288,653	2,525
Unrealized loss/(gain) on investments		174,713	(74,880)
Paycheck Protection Program loan forgiveness income		(1,261,600)	-
Changes in operating assets and liabilities:			
Program service receivables		340,444	(59,908)
Prepaid expenses and other current assets		20,076	2,798
Operating lease right-of-use assets - buildings		103,227	-
Security deposits		(98)	(13,995)
Operating lease liability		(95,830)	-
Accounts payable and accrued expenses		181,187	10,554
Payroll-related accruals		236,022	(40,732)
Deferred revenue		9,936	(1,950)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	591,299	463,780
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment		(457,587)	(1,247,590)
Purchases of investments		(40,362)	(2,522,407)
Proceeds from sales of investments		-	2,523,901
	NET CASH USED IN INVESTING ACTIVITIES	(497,949)	(1,246,096)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from property loans, net of debt issuance costs		-	2,424,740
Proceeds from line of credit		-	400,000
Repayments of bond payable		(40,000)	(40,000)
Repayments of property loans		(104,001)	(78,000)
Repayments of line of credit		-	(400,000)
	NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(144,001)	2,306,740
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(50,651)	1,524,424
Cash and cash equivalents, beginning of year		3,984,653	2,460,229
Cash and cash equivalents, end of year		$ 3,934,002	$ 3,984,653
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest		$ 149,893	$ 125,045
Cash paid for amounts included in measurement of operating leases liabilities		$ 221,484	$ 217,884
Right-of-use assets obtained in exchange for lease liabilities		$ 591,403	$ 656,249
COMPONENTS OF CASH AND CASH EQUIVALENTS ON THE STATEMENT OF FINANCIAL POSITION:			
Cash and cash equivalents		$ 3,862,294	$ 3,912,945
Limited use assets		71,708	71,708
	TOTAL CASH AND CASH EQUIVALENTS	$ 3,934,002	$ 3,984,653

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of General Human Outreach in the Community, Inc. ("GHO") is presented to assist in understanding GHO's financial statements. The financial statements and notes are representations of GHO's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been consistently applied in the preparation of the financial statements.

Organization: GHO provides community habilitation, day habilitation, individualized residential alternatives ("IRA"), case management services, supported employment services, community based prevocational services, and family support services for individuals with developmental disabilities. GHO provides services from its offices located in Brooklyn and Queens, New York, with a special emphasis on the needs of underserved Asian-Americans. Principally all of GHO's funding comes from the New York State Office of People with Developmental Disabilities ("OPWDD").

New Accounting Pronouncement: During the year ended June 30, 2021, GHO adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842) Section A – Leases: Amendments to The FASB Accounting Standards Codification,* using the modified retrospective approach. Under ASU 2016-02, GHO is required to recognize leases on its statement of financial position and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. As a result of the adoption of this ASU, GHO has recorded a ROU asset and a corresponding lease liability as outlined in Note 4.

Income Tax Status: GHO is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to GHO within the requirements of the Internal Revenue Service ("IRS").

GHO evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions taken during the years ended June 30, 2022 and 2021.

GHO files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. GHO has determined that it has registered in all states where it is required to be registered.

Basis of Accounting: These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of Presentation: GHO is required to report information regarding its financial position and activities according to the following net asset classifications:

> Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
>
> Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of GHO and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2022 and 2021, GHO had no net assets with donor restrictions.

Revenue Recognition and Refundable Advances: Revenue from government agencies, including Medicaid and other third-party payers, are recognized at approved rates when GHO satisfies its performance obligations under contracts by transferring services to individuals. GHO's performance obligations include providing community habilitation, day habilitation, IRA, supported employment services, and case management services to individuals with developmental disabilities. The transaction price is based on established charges for services provided set by OPWDD and the New York State Department of Health.

Revenue under Medicaid and other third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Fees for services revenue is recognized based on approved rates when GHO satisfies its performance obligations under contracts by transferring services to individuals.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition and Refundable Advances *(continued)*:

Performance obligations for all of GHO's services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

GHO recognizes revenue from government grants as revenue up to contracted levels when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are generally expended within a one-year cycle.

Property and Equipment: Property and equipment are stated at original cost or at estimated fair market value, if donated. Maintenance and repairs are charged to expense and betterments over $1,000 are capitalized. Depreciation expense is computed using the straight-line method over each asset's estimated useful life. Estimated useful lives are as follows:

Leasehold improvements	4-5 years
Equipment and software	3-10 years
Furniture and fixtures	3-12 years
Buildings and improvements	15-25 years

Operating Leases: In accordance with Accounting Standards Codification 842, for all operating leases, GHO has recognized a ROU asset and a lease liability at the commencement date. The lease liability was calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the commencement date. The ROU asset will initially be equal to the lease liability plus any initial direct costs and prepaid lease payments less any lease incentives received.

Under this approach, amortization of ROU assets is charged to lease expense which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The ROU asset, at any given time, is measured as the ROU asset balance at the beginning of the period, adjusted by the current period ROU amortization, which is calculated as the current period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the ROU that gave rise to the discount.

Lease expense under operating leases was $228,881 and $217,521 for the years ended June 30, 2022 and 2021, respectively. Right of use asset amortization was $196,937 and $206,979 for the years ended June 30, 2022 and 2021, respectively.

Functional Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program and management and general categories. Those costs that cannot be directly assigned to a category are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries are allocated based on an estimate of time spent on program related functions and management and general activities.

- Payroll taxes and fringe benefits are allocated based upon salary allocations.

Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: For financial statement purposes, GHO considers all highly-liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash invested in certificates of deposit are separately included in the statements of financial position.

Costs of Obtaining Financing or Refinancing: Bank fees, accounting fees, legal fees, and other costs of obtaining financing or refinancing are accounted for as discounts on the related debt. Accordingly, these costs are offset against the debt reflected in the accompanying statements of financial position and amortized over the life of the debt and included in interest expense.

Fair Value Measurements: GHO follows fair value measurements as prescribed under U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The fair value hierarchy is categorized into three levels. See Note 3 for further information on fair value measurements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Receivables: Receivables, consisting principally of unpaid program service fees, are stated at the amount management expects to collect from outstanding balances. GHO considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are charged to bad debt expense when management deems the possibility of collecting amounts due as unlikely. GHO closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At both June 30, 2022 and 2021, there was no allowance established. Substantially all outstanding receivables were collected subsequent to year-end through the report date.

Donated Services: GHO records the value of donated services when there is an objective basis available for measuring their value. In addition, a number of volunteers have donated significant amounts of their time and perform a variety of tasks for GHO. Even though these donated services are valuable to GHO, and help to advance GHO's mission, no amounts have been reflected in the financial statements for donated services inasmuch as such services do not meet the criteria for recognition in the financial statements, nor do they create or enhance nonfinancial assets.

Consumer Funds: As of June 30, 2022 and 2021, GHO had $41,502 and $40,893, respectively, of cash held in custodial bank accounts on behalf of individual clients. Such amounts are offset by other current liabilities in the accompanying statements of financial position for the same amounts.

Events Occurring After the Report Date: GHO has evaluated all events or transactions that occurred between July 1, 2022 and November 30, 2022, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30,:

	2022	**2021**
Land	$ 1,167,000	$ 1,167,000
Leasehold improvements	394,976	394,976
Equipment and software	400,010	393,740
Furniture and fixtures	192,989	192,989
Buildings and improvements	8,005,056	7,541,996
Total property and equipment	10,160,031	9,690,701
Less accumulated depreciation	(4,145,393)	(3,845,275)
Property and equipment, net	$ 6,014,638	$ 5,845,426

NOTE 3 – INVESTMENTS

GHO presents investments in the statements of financial position at fair value. GHO utilizes a fair value hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels (Level 1, 2, and 3).

- Level 1 – Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that GHO has the ability to access at the measurement date. Level 1 assets include highly liquid U.S. Treasury securities and exchange traded equity securities.

- Level 2 – Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model priced by vendors using observable inputs and are classified within Level 2.

- Level 3 – Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"). Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent GHO's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

The fair value of GHO's investments by major security types and fair value level are as follows as of June 30, 2022:

	Level 1	Level 2	Total
Diversified mutual funds	$ 1,187,935	$ -	$ 1,187,935
Certificates of deposit	-	1,942,765	1,942,765
Total investments	$ 1,187,935	$ 1,942,765	$ 3,130,700

The fair value of GHO's investments by major security types and fair value level are as follows as of June 30, 2021:

	Level 1	Level 2	Total
Diversified mutual funds	$ 1,322,063	$ -	$ 1,322,063
Certificates of deposit	-	1,989,574	1,989,574
Total investments	$ 1,322,063	$ 1,989,574	$ 3,311,637

GHO's investments in certificates of deposit yield between 0.10% and 0.20% per annum, and have maturity dates ranging from November 2022 to November 2023. It is GHO's policy to hold certificates of deposit until their maturities.

NOTE 3 – INVESTMENTS *(continued)*

GHO invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment holdings could occur in the near term and that change could materially affect amounts reported in the accompanying statements of financial position.

NOTE 4 – LEASE COMMITMENTS

GHO leases space for two of its program sites. As of June 30, 2022, the future minimum commitments under the above leases were as follows for the years ending June 30,:

	Lease (a)	Lease (b)	Total
2023	$ 123,229	$ 42,435	$ 165,664
2024	126,926	-	126,926
2025	130,734	-	130,734
2026	134,656	-	134,656
Total	515,545	42,435	557,980
Less: present value discount	(51,159)	(1,730)	(52,889)
Present value	464,386	40,705	505,091
Short-term lease liabilities	118,205	40,705	158,910
Long-term lease liabilities	346,181	-	346,181
Total lease liabilities	$ 464,386	$ 40,705	$ 505,091

	Lease (a)	Lease (b)
Percentage of total	92%	8%
Months remaining	48	5
Discount rate at commencement	4.25%	4.25%
Weighted average remaining lease term	44.35	0.38
Weighted average discount rate	4.25%	4.25%

NOTE 4 – LEASE COMMITMENTS *(continued)*

As of June 30, 2021, the future minimum commitments under the above leases were as follows for the year ending June 30,:

	Lease (a)	Lease (b)	Total
2022	$ 119,640	$ 42,435	$ 162,075
2023	123,229	-	123,229
2024	126,926	-	126,926
2025	130,734	-	130,734
2026	134,656	-	134,656
Total	635,185	42,435	677,620
Less: present value discount	(74,969)	(1,730)	(76,699)
Present value	560,216	40,705	600,921
Short-term lease liabilities	114,763	40,705	155,468
Long-term lease liabilities	445,453	-	445,453
Total lease liabilities	$ 560,216	$ 40,705	$ 600,921

	Lease (a)	Lease (b)
Percentage of total	94%	6%
Months remaining	60	5
Discount rate at commencement	4.25%	4.25%
Weighted average remaining lease term	56.24	0.31
Weighted average discount rate	4.25%	4.25%

(a) During March 2016, GHO entered a four-year lease that expired May 2020 and called for monthly payments ranging from $9,389 to $9,671. Upon expiration, GHO verbally renewed for an additional thirteen months at a monthly rate of $9,671 until the lease was renewed again on March 22, 2021, for a five-year term beginning July 1, 2021 and ending June 30, 2026. Monthly payments pursuant to the five-year lease renewal range from $9,970 to $11,221.

(b) During November 2015, GHO entered a three-year lease that was extended for a two-year option period to November 30, 2020 and called for monthly payments ranging from $7,800 to $8,487. During November 2020, GHO extended the lease for an additional twelve-month period at a monthly rate of $8,487, that expired November 30, 2021. During November 2021, GHO extended the lease for an additional twelve-month period at a monthly rate of $8,487, expiring on November 30, 2022.

NOTE 5 – PENSION PLAN

GHO established a 403(b) plan for its employees effective January 1, 1997. The plan covers substantially all employees of GHO with certain limitations for age, hours of service, and years of service for employer discretionary contributions. The discretionary contributions are allocated to eligible employees based on compensation earned. GHO elected to contribute 2% of the eligible employee compensation for the plan years ended December 31, 2021 and 2020, which amounted to $64,795 and $65,498, respectively. These amounts were recorded during the years ended June 30, 2022 and 2021, respectively.

NOTE 6 – DEBT

Effective March 24, 2017, GHO entered into a promissory note with an organization in the amount of $1,190,000 to purchase and renovate a new building for its IRA program. The note bore interest at the prime rate plus 3% (7.25% at June 30, 2017) and was set to mature on March 1, 2019.

However, during August 2017, the note was paid in full as it was part of the New York Bond Pool and GHO received a new financing through a new bond agreement with the Dormitory Authority of the State of New York in the amount of $1,375,000. Under the terms of the bond, GHO is required to make monthly payments consisting of principal and interest. As of June 30, 2022, the bond bears interest at a rate of 4.00%. The note is secured by the underlying land and building, and an interest on all equipment at the location, which had a net book value of $968,262 at June 30, 2022.

Future minimum payments due under the terms of the bond are as follows for the years ending June 30,:

2023	$ 40,000
2024	45,000
2025	45,000
2026	50,000
2027	50,000
2028 and thereafter	965,000
Total before debt issuance costs	1,195,000
Less: unamortized debt issuance costs	(80,623)
Total	$ 1,114,377

During August 2020, GHO borrowed an additional $2.6 million from a bank, through two ten-year notes in the amount of $1.3 million each. The notes are intended to replenish the cash balances that were used to purchase and renovate the IRA program location that was purchased during the year ended June 30, 2018, and the condominiums that were purchased during the year ended June 30, 2019. The notes mature on September 1, 2030. Commencing October 1, 2020, each note requires monthly fixed principal payments of $4,333 plus monthly interest payments at the bank's prime lending rate plus 1% per annum, in no event falling below 3.75% per annum throughout the term of the notes.

NOTE 6 – DEBT *(continued)*

Balloon payments of the remaining unpaid principal totaling $1.46 million will be due upon maturity of the notes on September 1, 2030. The notes are secured by the IRA program location purchased during the year ended June 30, 2018, and the condominiums purchased during the year ended June 30, 2019.

These notes are scheduled to be repaid as follows during the years ending June 30,:

2023	$	104,000
2024		104,000
2025		104,000
2026		104,000
2027		104,000
2028 and thereafter		1,898,000
Total before debt issuance costs		2,418,000
Less: unamortized debt issuance costs		(157,735)
Total	$	2,260,265

During August 2020, GHO also obtained a revolving line of credit of $400,000 in connection with the above-mentioned notes. Interest is payable monthly and will accrue at the LIBOR rate, in no event falling below 3% per annum. The line of credit is also secured by the IRA program location and condominiums mentioned above. There was no outstanding balance on the line of credit at either June 30, 2022 or 2021.

In March 2020, the Financial Accounting Standards Board has issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. GHO has one contract, a line of credit, that provides advance funding to GHO as needed, that references LIBOR and, as permissible under this transitional guidance, has elected to reference the actual effective interest rate at the statement of financial position date.

NOTE 7 – BOARD-DESIGNATED ENDOWMENT

Effective, September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the provisions of which apply to the endowment funds existing on or established after that date.

NOTE 7 – BOARD-DESIGNATED ENDOWMENT *(continued)*

GHO's endowment was established for the purpose of ensuring adequate cash flows so that GHO can meet future payroll and operating expenses without interruption. GHO is required to act prudently when making decisions to spend or accumulate board-designated endowment assets and in doing so to consider a number of factors including the duration and preservation of its board-designated endowment funds. The endowed balance consists of funds held in cash accounts, mutual funds, and certificates of deposit.

Changes in Board-Designated Endowment Net Assets: The endowment had no changes during the year ended June 30, 2022. The Board-designated net assets remained $1,004,298 at June 30, 2022 and 2021.

Spending Policy: Under GHO's spending policy, funds will be held in these accounts for its stated purpose. The use of these funds will be determined by the board. For any other usage of these funds, prior written approval from the board is required. This oversight ensures that the funds are properly spent.

NOTE 8 – DUE TO GOVERNMENT AGENCIES

On October 1, 2012, OPWDD issued a regulation whereby community habilitation providers must ensure that at least 90% of the Medicaid revenue billed and received for the provision of community habilitation services is used to fund the direct support of individuals within the community habilitation program including allowable administrative expenses. Effective January 1, 2014, the percentage increased to 95%. Any Medicaid revenue below 95% not spent on community habilitation services is subject to recoupment. These amounts will be recouped from future payments. There are no specified repayment terms nor does the amount accrue interest. The estimated balance due to OPWDD in connection with this regulation at both June 30, 2022 and 2021 was $225,530.

NOTE 9 – CONCENTRATION OF RISK AND DISAGGREGATED REVENUE

Throughout the year, GHO has cash or deposits with financial institutions and investments in certificates of deposit and other investments that are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits.

During the years ended June 30, 2022 and 2021, substantially all of GHO's fee for service revenue was funded by OPWDD. This accounted for approximately 90% and 94% of GHO's total revenue and support for the years ended June 30, 2022 and 2021, respectively. In addition, substantially all of the program service receivables are due from OPWDD for the years ended June 30, 2022 and 2021.

NOTE 9 – CONCENTRATION OF RISK AND DISAGGREGATED REVENUE *(continued)*

GHO disaggregates revenue from contracts with customers by the type of service, as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows as affected by economic factors. Fees for services revenue consists of the following for the years ended June 30,:

	2022		2021	
Services at a Point in Time:				
Fees for Services Revenue				
OPWDD	$ 9,467,532	99%	$ 9,215,739	99%
New York State Education Department	77,189	1%	61,837	1%
Total fees for services revenue	9,544,721		9,277,576	
Total Fees for Services Subject to ASC 606	$ 9,544,721	100%	$ 9,277,576	100%

NOTE 10 – AVAILABILITY AND LIQUIDITY

The following represents GHO's financial assets at June 30,:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	$ 3,862,294	$ 3,912,945
Investments	3,130,700	3,311,637
Program service receivables	1,591,990	2,221,087
Limited use assets	71,708	71,708
Total financial assets	8,656,692	9,517,377
Less amounts not available to be used within one year:		
Long-term investments	(747,138)	(1,989,574)
Limited use assets	(71,708)	(71,708)
Board designated endowment funds	(1,004,298)	(1,004,298)
Total financial assets available to meet general expenditures over the next twelve months	$ 6,833,548	$ 6,451,797

GHO's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately $2.84 million). As part of its liquidity plan, excess cash is invested in investments, including certificates of deposit and mutual funds. In addition, as outlined in Note 6, GHO has a $400,000 line of credit which is available for additional liquidity as needed.

NOTE 11 – FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC

GHO received a Paycheck Protection Program ("PPP") loan from the United States Small Business Administration in May 2020 for $1,261,600. GHO elected to keep this as a loan payable on its statements of financial position as of June 30, 2020 and 2021. As of September 2, 2021, the loan was fully forgiven and is now recognized as PPP loan forgiveness income on the statement of activities for the year ended June 30, 2022.

In order to balance the budget, New York State has made, and is exploring, additional cuts, which could potentially have an adverse impact on GHO's on-going operations. However, the impact, if any, cannot be determined at this time. Management continues to monitor regulatory and reimbursement changes and will take appropriate action, as necessary, so as to preserve GHO's long-term financial health.

Furthermore, as a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen, which may negatively impact operating results. The long-term impact of the pandemic on GHO's operating results and financial position is uncertain and the financial impact of this matter, if any, cannot be estimated at this time.

General
Human
Outreach *in the Community, Incorporated*

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CERINI & ASSOCIATES LLP
Certified Public Accountants

Connected to your business goals success

GENERAL HUMAN OUTREACH IN THE COMMUNITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
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CERINI & ASSOCIATES LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
General Human Outreach in the Community, Inc.
125-10 Queens Boulevard
Suite 2705
Kew Gardens, New York 11415

We have audited the accompanying financial statements of General Human Outreach in the Community, Inc. (a not-for-profit organization, "GHO"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHO as of June 30, 2021 and 2020, 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.

Cerini & Associates LLP

Bohemia, New York
November 30, 2021

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

		2021		2020
ASSETS				
Current Assets:				
Cash and cash equivalents	$	3,912,945	$	2,388,521
Current portion of investments		1,322,063		2,510,700
Program service receivables		2,221,087		2,163,704
Prepaid expenses and other current assets		52,884		55,682
Consumer funds		40,893		40,284
TOTAL CURRENT ASSETS		7,549,872		7,158,891
Property and equipment, net of accumulated depreciation		5,845,426		4,868,652
Operating lease right-of-use assets - buildings		600,921		152,014
Limited use assets		71,708		71,708
Investments, net of current portion		1,989,574		741,000
Security deposits		65,592		51,597
TOTAL ASSETS	$	16,123,093	$	13,043,862
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current portion of bond payable, net of unamortized debt issuance costs	$	35,934	$	35,934
Current portion of property loans payable, net of unamortized debt issuance costs		86,474		-
Current portion of operating lease liability		155,468		152,014
Accounts payable and accrued expenses		426,830		416,276
Payroll-related accruals		481,145		521,877
Deferred revenue		1,314		3,264
Due to government agencies		225,530		225,530
Consumer funds		40,893		40,284
TOTAL CURRENT LIABILITIES		1,453,588		1,395,179
Paycheck Protection Program loan payable		1,261,600		1,261,600
Property loans payable, net of current portion and unamortized debt issuance costs		2,269,029		-
Bond payable, net of current portion and unamortized debt issuance costs		1,114,377		1,150,311
Operating lease liability, net of current portion		445,453		-
TOTAL LIABILITIES		6,544,047		3,807,090
Net Assets Without Donor Restrictions:				
Undesignated		8,574,748		8,232,474
Board-designated		1,004,298		1,004,298
TOTAL NET ASSETS		9,579,046		9,236,772
TOTAL LIABILITIES AND NET ASSETS	$	16,123,093	$	13,043,862

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

		2021		2020
REVENUE AND SUPPORT:				
Fees for services	$	9,277,576	$	9,749,494
Grant income		105,000		-
Investment income		88,542		122,799
HHS provider relief funding income		158,832		-
Other income		192,875		211,323
TOTAL REVENUE AND SUPPORT		9,822,825		10,083,616
EXPENSES:				
Program Services:				
Community habilitation services		834,638		892,482
Individualized residential alternatives		4,901,397		4,530,572
Family support services		211,542		293,891
Day habilitation services		1,517,830		1,903,066
Other grants		112,577		-
Supported employment services		382,354		515,374
TOTAL PROGRAM SERVICES		7,960,338		8,135,385
Supporting Services:				
Management and general		1,520,213		1,627,886
TOTAL EXPENSES		9,480,551		9,763,271
CHANGE IN NET ASSETS		342,274		320,345
Net assets, beginning of year		9,236,772		8,916,427
Net assets, end of year	$	9,579,046	$	9,236,772

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services								
	Community Habilitation Services	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 569,836	$ 2,923,495	$ 97,933	$ 880,728	$ 75,502	$ 236,884	$ 4,784,378	$ 831,596	$ 5,615,974
Payroll taxes and fringe benefits	173,338	558,460	44,523	280,881	17,237	75,565	1,150,004	257,918	1,407,922
Temporary help	-	601,019	-	-	-	-	601,019	-	601,019
Client transportation	-	40,930	46	12,399	-	-	53,375	-	53,375
Depreciation and amortization	16,225	143,476	6,954	966	-	33,397	201,018	69,798	270,816
Occupancy costs	-	-	-	252,566	-	7,801	260,367	2,400	262,767
Professional fees	2,343	72,873	1,760	720	19,838	5,980	103,514	162,423	265,937
Food	582	103,165	1,266	471	-	-	105,484	1,349	106,833
Staff development	2,948	10,333	73	6,106	-	932	20,392	4,170	24,562
Repairs and maintenance	2,735	52,707	581	7,624	-	814	64,461	29,849	94,310
Participant incidentals	-	323	41,408	-	-	-	41,731	-	41,731
Insurance	26,580	47,097	4,683	12,181	-	6,529	97,070	7,998	105,068
Utilities	3,157	64,668	287	20,695	-	852	89,659	8,700	98,359
Supplies	1,768	5,747	3,315	7,202	-	1,589	19,621	16,229	35,850
Household supplies	-	87,544	-	7,223	-	200	94,967	3,760	98,727
Interest	-	92,740	-	-	-	-	92,740	45,134	137,874
Telephone	17,300	42,107	3,793	13,487	-	3,455	80,142	25,241	105,383
Equipment purchase and rental	8,335	32,803	1,584	11,544	-	1,422	55,688	10,519	66,207
Common charges	7,416	4,095	2,896	1,890	-	3,711	20,008	21,657	41,665
Bad debt expense	-	-	-	-	-	2,525	2,525	-	2,525
Miscellaneous	2,075	17,815	440	1,147	-	698	22,175	21,472	43,647
Total expenses	$ 834,638	$ 4,901,397	$ 211,542	$ 1,517,830	$ 112,577	$ 382,354	$ 7,960,338	$ 1,520,213	$ 9,480,551

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services								
	Community Habilitation Services	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 624,932	$ 2,980,196	$ 140,662	$ 868,358	$ -	$ 308,922	$ 4,923,070	$ 924,345	$ 5,847,415
Payroll taxes and fringe benefits	165,581	560,705	51,591	260,324	-	123,594	1,161,795	254,360	1,416,155
Temporary help	-	88,680	-	-	-	-	88,680	-	88,680
Client transportation	-	50,201	18,732	359,181	-	-	428,114	-	428,114
Depreciation and amortization	16,225	140,190	6,954	2,906	-	8,727	175,002	95,870	270,872
Occupancy costs	-	-	-	245,280	-	31,664	276,944	3,961	280,905
Professional fees	5,808	69,600	4,481	55,917	-	-	135,806	183,383	319,189
Food	785	105,645	8,463	21,898	-	58	136,849	3,309	140,158
Staff development	9,633	12,224	1,544	7,952	-	4,088	35,441	6,002	41,443
Repairs and maintenance	2,161	33,512	447	6,707	-	618	43,445	20,736	64,181
Participant incidentals	-	141	43,227	-	-	-	43,368	-	43,368
Insurance	29,950	69,403	6,175	16,050	-	8,640	130,218	9,296	139,514
Utilities	1,440	63,285	415	22,716	-	2,383	90,239	7,552	97,791
Supplies	5,994	6,961	738	2,904	-	4,611	21,208	23,228	44,436
Household supplies	-	91,628	-	9,767	-	1,803	103,198	3,926	107,124
Interest	-	48,071	-	-	-	-	48,071	-	48,071
Telephone	11,336	42,295	4,415	12,210	-	5,034	75,290	29,696	104,986
Equipment purchase and rental	8,263	37,839	1,809	7,074	-	1,248	56,233	10,697	66,930
Common charges	7,866	4,095	3,090	1,890	-	4,590	21,531	23,671	45,202
Bad debt expense	-	117,885	-	-	-	6,699	124,584	-	124,584
Miscellaneous	2,508	8,016	1,148	1,932	-	2,695	16,299	27,854	44,153
Total expenses	$ 892,482	$ 4,530,572	$ 293,891	$ 1,903,066	$ -	$ 515,374	$ 8,135,385	$ 1,627,886	$ 9,763,271

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

		2021		2020
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	$	342,274	$	320,345
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		270,816		270,872
Amortization of bond debt issuance costs		4,066		4,066
Amortization of property loan debt issuance costs		8,763		-
Adjustment to fair value on certificates of deposit		13,449		(8,296)
Bad debt expense		2,525		124,584
Unrealized gain on investments		(74,880)		(23,372)
Changes in operating assets and liabilities:				
Program service receivables		(59,908)		(409,108)
Prepaid expenses and other current assets		2,798		1,351
Security deposits		(13,995)		11,828
Accounts payable and accrued expenses		10,554		192,943
Payroll-related accruals		(40,732)		84,279
Deferred revenue		(1,950)		-
NET CASH PROVIDED BY OPERATING ACTIVITIES		463,780		569,492
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment		(1,247,590)		(6,965)
Purchases of investments		(2,522,407)		(2,277,578)
Proceeds from sales of investments		2,523,901		2,516,000
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		(1,246,096)		231,457
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from Paycheck Protection Program loan		-		1,261,600
Proceeds from property loans, net of debt issuance costs		2,424,740		-
Proceeds from line of credit		400,000		-
Repayments of bonds payable		(40,000)		(45,000)
Repayments of property loans		(78,000)		-
Repayments of line of credit		(400,000)		-
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,306,740		1,216,600
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,524,424		2,017,549
Cash and cash equivalents, beginning of year		2,460,229		442,680
Cash and cash equivalents, end of year	$	3,984,653	$	2,460,229
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	125,045	$	44,005
Cash paid for amounts included in measurement of operating leases liabilities	$	217,884	$	216,649
Right-of-use assets obtained in exchange for lease liabilities	$	656,249	$	353,634
COMPONENTS OF CASH AND CASH EQUIVALENTS ON THE STATEMENT OF FINANCIAL POSITION:				
Cash and cash equivalents	$	3,912,945	$	2,388,521
Limited use assets		71,708		71,708
TOTAL CASH AND CASH EQUIVALENTS	$	3,984,653	$	2,460,229

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of General Human Outreach in the Community, Inc. ("GHO") is presented to assist in understanding GHO's financial statements. The financial statements and notes are representations of GHO's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: GHO provides community habilitation, day habilitation, individualized residential alternatives ("IRA"), case management services, supported employment services, and family support services for individuals with developmental disabilities. GHO provides services from its offices located in Brooklyn and Queens, New York, with a special emphasis on the needs of underserved Asian-Americans. Principally all of GHO's funding comes from the New York State Office of People with Developmental Disabilities ("OPWDD").

New Accounting Pronouncements: During the year ended June 30, 2021, GHO adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842) Section A – Leases: Amendments to The FASB Accounting Standards Codification,* using the modified retrospective approach. Under ASU 2016-02, GHO is required to recognize leases on its statement of financial position and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. As a result of the adoption of this ASU, GHO has recorded a ROU asset and a corresponding lease liability as outlined in Note 4. The statement of financial position as of June 30, 2020 and the statement cash flows and footnote disclosures for the year ended June 30, 2020 were restated to reflect the adoption of ASC 842. As a result, operating ROU assets and a corresponding operating lease liability of $152,014 were recognized as of June 30, 2020 in the statement of financial position. This restatement had no effect on the change in net assets for the year ended June 30, 2020 or net assets as of June 30, 2020.

During the year ended June 30, 2020, GHO adopted ASU 2014-09, *Revenue from Contracts with Customers,* and all subsequent amendments to the ASU (collectively, "Accounting Standard Codification ("ASC") 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of non-financial assets. GHO's services that fall within the scope of ASC 606 are presented within revenue and support from fees for services and are recognized as revenue as GHO satisfies its obligations to its consumers and other parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

During the year ended June 30, 2020, GHO adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU were intended to assist entities in (i) evaluating whether (reciprocal) transactions subject to other guidance (i.e. ASC 606) and (ii) determining whether a contribution(s) is conditional. GHO has determined that there is no impact to the financial statements as a result of this ASU.

Income Tax Status: GHO is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to GHO within the requirements of the Internal Revenue Service.

GHO evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions taken during the years ended June 30, 2021 and 2020.

GHO files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, State, and local taxing authorities. GHO has determined that it has registered in all states where it is required to be registered.

Basis of Accounting: These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Basis of Presentation: GHO is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of GHO and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2021 and 2020, GHO had no net assets with donor restrictions.

Revenue Recognition and Refundable Advances: Revenue from government agencies, including Medicaid and other third-party payers, are recognized at approved rates when GHO satisfies its performance obligations under contracts by transferring services to individuals. GHO's performance obligations include providing community habilitation, day habilitation, IRA, supported employment services, and case management services to individuals with developmental disabilities. The transaction price is based on established charges for services provided set by OPWDD and the New York State Department of Health.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition and Refundable Advances *(continued)*:
Revenue under Medicaid and other third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Fees for services revenue is recognized based on approved rates when GHO satisfies its performance obligations under contracts by transferring services to individuals.

Performance obligations for all of GHO's services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

GHO recognizes revenue from government grants as revenue up to contracted levels when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are generally expended within a one-year cycle.

Property and Equipment: Property and equipment are stated at original cost or at estimated fair market value, if donated. Maintenance and repairs are charged to expense and betterments over $1,000 are capitalized. Depreciation expense is computed using the straight-line method over each asset's estimated useful life. Estimated useful lives are as follows:

Leasehold improvements	4-5 years
Equipment and software	3-10 years
Furniture and fixtures	3-12 years
Buildings and improvements	15-25 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating Leases: In accordance with ASC 842, for all operating leases, GHO has recognized a ROU asset and a lease liability at the commencement date. The lease liability was calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the commencement date. The ROU asset will initially be equal to the lease liability plus any initial direct costs and prepaid lease payments less any lease incentives received.

Under this approach, amortization of ROU assets is charged to lease expense which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The ROU asset, at any given time, is measured as the right of use asset balance at the beginning of the period, adjusted by the current-period ROU amortization, which is calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the ROU that gave rise to the discount.

Lease expense under operating leases was $217,521 and $217,012 for the years ended June 30, 2021 and 2020, respectively. Right of use asset amortization was $206,979 and $201,983 for the years ended June 30, 2021 and 2020, respectively.

Functional Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program and management and general categories. Those costs that cannot be directly assigned to a category are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries are allocated based on an estimate of time spent on program related functions and management and general activities.
- Payroll taxes and fringe benefits are allocated based upon salary allocations.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents: For financial statement purposes, GHO considers all highly-liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash invested in certificates of deposit are separately included in the statements of financial position.

Costs of Obtaining Financing or Refinancing: Bank fees, accounting fees, legal fees, and other costs of obtaining financing or refinancing are accounted for as discounts on the related debt. Accordingly, these costs are offset against the debt reflected in the accompanying statements of financial position and amortized over the life of the debt and included in interest expense.

Fair Value Measurements: GHO follows fair value measurements as prescribed under accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The fair value hierarchy is categorized into three levels. See Note 3 for further information on fair value measurements.

Receivables: Receivables, consisting principally of unpaid program service fees, are stated at the amount management expects to collect from outstanding balances. GHO considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are charged to bad debt expense when management deems the possibility of collecting amounts due as unlikely. GHO closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At both June 30, 2021 and 2020, there was no allowance established. Substantially all outstanding receivables were collected subsequent to year-end through the report date.

Donated Services: GHO records the value of donated services when there is an objective basis available for measuring their value. In addition, a number of volunteers have donated significant amounts of their time and perform a variety of tasks for GHO. Even though these donated services are valuable to GHO, and help to advance GHO's mission, no amounts have been reflected in the financial statements for donated services inasmuch as such services do not meet the criteria for recognition in the financial statements, nor do they create or enhance nonfinancial assets.

Consumer Funds: As of June 30, 2021 and 2020, GHO had $40,893 and $40,284, respectively, of cash held in custodial bank accounts on behalf of individual clients. Such amounts are offset by other current liabilities in the accompanying statements of financial position for the same amounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Events Occurring After the Report Date: GHO has evaluated all events or transactions that occurred between July 1, 2021 and November 30, 2021, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30,:

	2021	2020
Land	$ 1,167,000	$ 929,000
Leasehold improvements	394,976	394,976
Equipment and software	393,740	393,740
Furniture and fixtures	192,989	192,989
Buildings and improvements	7,541,996	6,592,152
Total property and equipment	9,690,701	8,502,857
Less accumulated depreciation	(3,845,275)	(3,634,205)
Property and equipment, net	$ 5,845,426	$ 4,868,652

NOTE 3 – INVESTMENTS

GHO presents investments in the statements of financial position at fair value. GHO utilizes a fair value hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels (Level 1, 2, and 3).

- Level 1 – Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that GHO has the ability to access at the measurement date. Level 1 assets include highly liquid U.S. Treasury securities and exchange traded equity securities.
- Level 2 – Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model priced by vendors using observable inputs and are classified within Level 2.
- Level 3 – Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"). Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent GHO's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

NOTE 3 – INVESTMENTS *(continued)*

The fair value of GHO's investments by major security types and fair value level are as follows as of June 30, 2021:

	Level 1	Level 2	Total
Diversified mutual funds	$ 1,322,063	$ -	$ 1,322,063
Certificates of deposit	-	1,989,574	1,989,574
Total investments	$ 1,322,063	$ 1,989,574	$ 3,311,637

The fair value of GHO's investments by major security types and fair value level are as follows as of June 30, 2020:

	Level 1	Level 2	Total
Diversified mutual funds	$ 1,212,353	$ -	$ 1,212,353
Certificates of deposit	-	2,039,347	2,039,347
Total investments	$ 1,212,353	$ 2,039,347	$ 3,251,700

GHO's investments in certificates of deposit yield between 0.10% and 0.20% per annum, and have maturity dates ranging from November 2022 to November 2023. It is GHO's policy to hold certificates of deposit until their maturities.

GHO invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment holdings could occur in the near term and that change could materially affect amounts reported in the accompanying statements of financial position.

NOTE 4 – LEASE COMMITMENTS

GHO leases space for two of its program sites. As of June 30, 2021, the future minimum commitments under the above leases were as follows for the years ending June 30,:

	Lease (a)	Lease (b)	Total
2022	$ 119,640	$ 42,435	$ 162,075
2023	123,229	-	123,229
2024	126,926	-	126,926
2025	130,734	-	130,734
2026	134,656	-	134,656
Total	635,185	42,435	677,620
Less: present value discount	(74,969)	(1,730)	(76,699)
Present value	560,216	40,705	600,921
Short-term lease liabilities	114,763	40,705	155,468
Long-term lease liabilities	445,453	-	445,453
Total lease liabilities	$ 560,216	$ 40,705	$ 600,921

NOTE 4 – LEASE COMMITMENTS *(continued)*

	Lease (a)	Lease (b)
Percentage of total	94%	6%
Months remaining	60	5
Discount rate at commencement	4.25%	4.25%
Weighted average remaining lease term	56.24	0.31
Weighted average discount rate	4.25%	4.25%

As of June 30, 2020, the future minimum commitments under the above leases were as follows for the year ending June 30,:

	Lease (a)	Lease (b)	Total
2021	$ 116,040	$ 42,435	$ 158,475
Less: present value discount	(4,731)	(1,730)	(6,461)
Present value	111,309	40,705	152,014
Short-term lease liabilities	111,309	40,705	152,014
Long-term lease liabilities	-	-	-
Total lease liabilities	$ 111,309	$ 40,705	$ 152,014
Percentage of total	73%	27%	
Months remaining	12	5	
Discount rate at commencement	4.25%	4.25%	
Weighted average remaining lease term	8.79	1.33	
Weighted average discount rate	4.25%	4.25%	

(a) During March 2016, GHO entered a four-year lease that expired May 2020 and called for monthly payments ranging from $9,389 to $9,671. Upon expiration, GHO verbally renewed for an additional thirteen months at a monthly rate of $9,671 until the lease was renewed again on March 22, 2021, for a five-year term beginning July 1, 2021 and ending June 30, 2026. Monthly payments pursuant to the five-year lease renewal range from $9,970 to $11,221.

(b) During November 2015, GHO entered a three-year lease that was extended for a two-year option period to November 30, 2020 and called for monthly payments ranging from $7,800 to $8,487. During November 2020, GHO extended the lease for an additional twelve-month period at a monthly rate of $8,487, expiring November 30, 2021.

NOTE 5 – PENSION PLAN

GHO established a 403(b) plan for its employees effective January 1, 1997. The plan covers substantially all employees of GHO with certain limitations for age, hours of service, and years of service for employer discretionary contributions. The discretionary contributions are allocated to eligible employees based on compensation earned. GHO elected to contribute 2% of the eligible employee compensation for the plan years ended December 31, 2020 and 2019, which amounted to $65,498 and $52,765, respectively. These amounts were recorded during the years ended June 30, 2021 and 2020, respectively.

NOTE 6 – DEBT

Effective March 24, 2017, GHO entered into a promissory note with an organization in the amount of $1,190,000 to purchase and renovate a new building for its IRA program. The note bore interest at the prime rate plus 3% (7.25% at June 30, 2017) and was set to mature on March 1, 2019.

However, during August 2017, the note was paid in full as it was part of the New York Bond Pool and GHO received a new financing through a new bond agreement with the Dormitory Authority of the State of New York in the amount of $1,375,000. Under the terms of the bond, GHO is required to make monthly payments consisting of principal and interest. As of June 30, 2021, the bond bears interest at a rate of 4.00%. The note is secured by the underlying land and building, and an interest on all equipment at the location, which had a net book value of $1,019,475 at June 30, 2021.

Future minimum payments due under the terms of the bond are as follows for the years ending June 30,:

2022	$ 40,000
2023	40,000
2024	45,000
2025	45,000
2026	50,000
2027 and thereafter	1,015,000
Total before debt issuance costs	1,235,000
Less: unamortized debt issuance costs	(84,689)
Total	$ 1,150,311

During August 2020, GHO borrowed an additional $2.6 million from a bank, through two ten-year notes in the amount of $1.3 million each. The notes are intended to replenish the cash balances that were used to purchase and renovate the IRA program location that was purchased during the year ended June 30, 2018, and the condominiums that were purchased during the year ended June 30, 2019. The notes mature on September 1, 2030. Commencing October 1, 2020, each note requires monthly fixed principal payments of $4,333 plus monthly interest payments at the bank's prime lending rate plus 1% per annum, in no event falling below 3.75% per annum throughout the term of the notes.

NOTE 6 – DEBT *(continued)*

Balloon payments of the remaining unpaid principal totaling $1.46 million will be due upon maturity of the notes on September 1, 2030. The notes are secured by the IRA program location purchased during the year ended June 30, 2018, and the condominiums purchased during the year ended June 30, 2019.

These notes are scheduled to be repaid as follows during the years ending June 30,:

2022	$	104,000
2023		104,000
2024		104,000
2025		104,000
2026		104,000
2027 and thereafter		2,002,000
Total before debt issuance costs		2,522,000
Less: unamortized debt issuance costs		(166,497)
Total	$	2,355,503

During August 2020, GHO also obtained a revolving line of credit of $400,000 in connection with the above-mentioned notes. Interest is payable monthly and will accrue at the LIBOR rate, in no event falling below 3% per annum. The line of credit is also secured by the IRA program location and condominiums mentioned above.

NOTE 7 – BOARD-DESIGNATED ENDOWMENT

Effective, September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), the provisions of which apply to the endowment funds existing on or established after that date.

GHO’s endowment was established for the purpose of ensuring adequate cash flows so that GHO can meet future payroll and operating expenses without interruption. GHO is required to act prudently when making decisions to spend or accumulate board-designated endowment assets and in doing so to consider a number of factors including the duration and preservation of its board-designated endowment funds. The endowed balance consists of funds held in cash accounts, mutual funds, and certificates of deposit.

Changes in Board-Designated Endowment Net Assets: The Endowment had no changes during the year ended June 30, 2021. The Board-designated net assets remained $1,004,298 at June 30, 2021 and 2020.

Spending Policy: Under GHO’s spending policy, funds will be held in these accounts for its stated purpose. The use of these funds will be determined by the board. For any other usage of these funds, prior written approval from the board is required. This oversight ensures that the funds are properly spent.

NOTE 8 – DUE TO GOVERNMENT AGENCIES

On October 1, 2012, OPWDD issued a regulation whereby community habilitation providers must ensure that at least 90% of the Medicaid revenue billed and received for the provision of community habilitation services is used to fund the direct support of individuals within the community habilitation program including allowable administrative expenses. Effective January 1, 2014, the percentage increased to 95%. Any Medicaid revenue below such 95% not spent on community habilitation services is subject to recoupment. These amounts will be recouped from future payments. There are no specified repayment terms nor does the amount accrue interest. The estimated balance due to OPWDD in connection with this regulation at both June 30, 2021 and 2020 was $225,530.

NOTE 9 – CONCENTRATION OF RISK

During the years ended June 30, 2021 and 2020, substantially all of GHO’s fee for service revenue and grant income was funded by OPWDD. This accounted for approximately 94% and 96% of GHO’s total revenue and support for the years ended June 30, 2021 and 2020, respectively. In addition, substantially all of the program service receivables are due from OPWDD for the years ended June 30, 2021 and 2020.

Throughout the year, GHO has cash or deposits with financial institutions and investments in certificates of deposit and other investments that are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation Limits.

NOTE 10 – AVAILABILITY AND LIQUIDITY

The following represents GHO’s financial assets at June 30,:

Financial assets at year-end:		2021		2020
Cash and cash equivalents	$	3,912,945	$	2,388,521
Investments		3,311,637		3,251,700
Program service receivables		2,221,087		2,163,704
Limited use assets		71,708		71,708
Total financial assets		9,517,377		7,875,633
Less amounts not available to be used within one year:				
Long-term investments		(1,989,574)		(741,000)
Limited use assets		(71,708)		(71,708)
Board designated endowment funds		(1,004,298)		(1,004,298)
Total financial assets available to meet general expenditures over the next twelve months	$	6,451,797	$	6,058,627

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NOTE 10 – AVAILABILITY AND LIQUIDITY *(continued)*

GHO's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately $2.30 million). As part of its liquidity plan, excess cash is invested in investments, including certificates of deposit and mutual funds.

NOTE 11 – FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operating results. The financial impact of this matter, if any, cannot be estimated at this time.

As a result of the Coronavirus Aid, Relief, and Economic Security Act (hereinafter, "CARES Act"), on May 12, 2020, GHO received a loan maturing in twenty-four months for a total of $1,261,600. The note was originally issued with a six-month deferral period that did not require payments to be made until October 2020. Interest would accrue on the unpaid principal, retroactive to the date of the loan, at a rate of 1.00% per annum.

The loan was granted as part of the Paycheck Protection Program ("PPP") to help businesses impacted by the COVID-19 pandemic. Under the terms of the loan, a portion or all of the loan may be forgiven as a grant with the ultimate amount payable depending on the uses of the loan and the criteria set forth in the CARES Act, subsequent guidance, and regulations. Forgiveness revenue will be recorded at the time the United States Small Business Association ("SBA") approves GHO's request for forgiveness. Any amount not forgiven will be payable ratably between the date of the SBA forgiveness decision and May 11, 2022, the date the loan matures. Subsequent to year end, management received approval from the SBA for the full loan forgiveness on September 1, 2021 and will record this as forgiveness income for the year ending June 30, 2022.

On September 22, 2020, GHO also received funding in the amount of $158,832 from the United States Department of Health and Human Services ("HHS"). This is a refundable advance designed to cover decreases in operations related to COVID-19 and additional COVID-19 expenses through the end of the pandemic.

Effective March 18, 2020, in conjunction with the COVID-19 pandemic, former Governor Cuomo released an executive order placing New York State on "pause." As a result, many businesses were forced to shut down, and many nonprofit services that were historically done in person were moved to a virtual delivery system. In response to the pandemic, OPWDD, GHO's primary funder, modified its reimbursement methodology to pay programs a percentage of their pre-COVID volume and required programs to deliver teletherapy services.

In order to balance the budget, New York State has made and is exploring additional cuts, which could potentially have an adverse impact on GHO's ongoing operations; however, the impact, if any, cannot be determined at this time. Management continues to monitor regulatory and reimbursement changes and will take appropriate action, as necessary, so as to preserve GHO's long-term financial health.

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General
Human
Outreach *in the Community, Incorporated*

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CERINI & ASSOCIATES LLP
Certified Public Accountants

Connected to your business goals success

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
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CERINI & ASSOCIATES LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
General Human Outreach in the Community, Inc.
125-10 Queens Boulevard
Suite 2705
Kew Gardens, New York 11415

We have audited the accompanying financial statements of General Human Outreach in the Community, Inc. (a not-for-profit organization, "GHO"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHO as of June 30, 2020 and 2019, 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.

Cerini & Associates LLP

Bohemia, New York
February 1, 2021

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,388,521	$ 370,972
Current portion of certificates of deposit	1,298,347	2,303,051
Investments	1,212,353	1,155,403
Program service receivables	2,163,704	1,879,180
Prepaid expenses and other current assets	55,682	57,033
Consumer funds	40,284	40,263
TOTAL CURRENT ASSETS	7,158,891	5,805,902
Property and equipment, net of accumulated depreciation	4,868,652	5,132,559
Limited use assets	71,708	71,708
Certificates of deposit, net of current portion	741,000	-
Security deposits	51,597	63,425
TOTAL ASSETS	$ 12,891,848	$ 11,073,594
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of bond payable, net of unamortized debt issuance costs	$ 35,934	$ 40,934
Accounts payable and accrued expenses	416,276	223,333
Payroll-related accruals	521,877	437,598
Deferred revenue	3,264	3,264
Due to government agencies	225,530	225,530
Consumer funds	40,284	40,263
TOTAL CURRENT LIABILITIES	1,243,165	970,922
Paycheck Protection Program loan payable	1,261,600	-
Bond payable, net of current portion and unamortized debt issuance costs	1,150,311	1,186,245
TOTAL LIABILITIES	3,655,076	2,157,167
Net Assets Without Donor Restrictions:		
Undesignated	8,232,474	7,912,129
Board-designated	1,004,298	1,004,298
TOTAL NET ASSETS	9,236,772	8,916,427
TOTAL LIABILITIES AND NET ASSETS	$ 12,891,848	$ 11,073,594

GENERAL HUMAN OUTREACH
IN THE COMMUNITY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020	2019
REVENUE AND SUPPORT:		
Fees for services	$ 9,749,494	$ 8,187,225
Investment income	122,799	113,521
Other income	211,323	151,330
TOTAL REVENUE AND SUPPORT	10,083,616	8,452,076
EXPENSES:		
Program Services:		
Community habilitation services	892,482	897,460
Medicaid service coordination	-	16,824
Individualized residential alternatives	4,530,572	3,776,245
Family support services	293,891	371,634
Day habilitation services	1,903,066	2,021,848
Other grants	-	96,308
Supported employment services	515,374	593,753
TOTAL PROGRAM SERVICES	8,135,385	7,774,072
Supporting Services:		
Management and general	1,627,886	1,516,359
TOTAL EXPENSES	9,763,271	9,290,431
CHANGE IN NET ASSETS	320,345	(838,355)
Net assets, beginning of year	8,916,427	9,754,782
Net assets, end of year	$ 9,236,772	$ 8,916,427

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services									
	Community Habilitation Services	Medicaid Service Coordination	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 624,932	$ -	$ 2,980,196	$ 140,662	$ 868,358	$ -	$ 308,922	$ 4,923,070	$ 924,345	$ 5,847,415
Payroll taxes and fringe benefits	165,581	-	560,705	51,591	260,324	-	123,594	1,161,795	254,360	1,416,155
Temporary help	-	-	88,680	-	-	-	-	88,680	-	88,680
Client transportation	-	-	50,201	18,732	359,181	-	-	428,114	-	428,114
Depreciation and amortization	16,225	-	140,190	6,954	2,906	-	8,727	175,002	95,870	270,872
Occupancy costs	-	-	-	-	245,280	-	31,664	276,944	3,961	280,905
Professional fees	5,808	-	69,600	4,481	55,917	-	-	135,806	183,383	319,189
Food	785	-	105,645	8,463	21,898	-	58	136,849	3,309	140,158
Staff development	9,633	-	12,224	1,544	7,952	-	4,088	35,441	6,002	41,443
Repairs and maintenance	2,161	-	33,512	447	6,707	-	618	43,445	20,736	64,181
Participant incidentals	-	-	141	43,227	-	-	-	43,368	-	43,368
Insurance	29,950	-	69,403	6,175	16,050	-	8,640	130,218	9,296	139,514
Utilities	1,440	-	63,285	415	22,716	-	2,383	90,239	7,552	97,791
Supplies	5,994	-	6,961	738	2,904	-	4,611	21,208	23,228	44,436
Household supplies	-	-	91,628	-	9,767	-	1,803	103,198	3,926	107,124
Interest	-	-	48,071	-	-	-	-	48,071	-	48,071
Telephone	11,336	-	42,295	4,415	12,210	-	5,034	75,290	29,696	104,986
Equipment purchase and rental	8,263	-	37,839	1,809	7,074	-	1,248	56,233	10,697	66,930
Common charges	7,866	-	4,095	3,090	1,890	-	4,590	21,531	23,671	45,202
Bad debt expense	-	-	117,885	-	-	-	6,699	124,584	-	124,584
Miscellaneous	2,508	-	8,016	1,148	1,932	-	2,695	16,299	27,854	44,153
Total expenses	$ 892,482	$ -	$ 4,530,572	$ 293,891	$ 1,903,066	$ -	$ 515,374	$ 8,135,385	$ 1,627,886	$ 9,763,271

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services									
	Community Habilitation Services	Medicaid Service Coordination	Individualized Residential Alternatives	Family Support Services	Day Habilitation Services	Other Grants	Supported Employment Services	Total Program Services	Management and General	Total Expenses
Salaries	$ 652,603	$ -	$ 2,595,408	$ 198,294	$ 846,752	$ 74,617	$ 421,575	$ 4,789,249	$ 795,196	$ 5,584,445
Payroll taxes and fringe benefits	146,615	-	481,285	55,857	298,261	20,036	109,632	1,111,686	263,200	1,374,886
Temporary help	-	-	9,526	-	-	-	-	9,526	-	9,526
Client transportation	-	-	35,212	26,324	524,226	-	-	585,762	83	585,845
Depreciation and amortization	16,432	-	109,283	6,954	4,096	-	4,082	140,847	74,781	215,628
Occupancy costs	-	-	-	-	228,527	-	9,711	238,238	2,400	240,638
Professional fees	2,196	-	74,506	4,200	1,596	-	1,596	84,094	196,156	280,250
Food	569	-	100,156	11,503	30,174	-	826	143,228	5,908	149,136
Staff development	16,255	-	21,373	2,532	5,527	110	11,975	57,772	14,433	72,205
Repairs and maintenance	2,325	-	32,299	313	7,776	67	798	43,578	18,539	62,117
Participant incidentals	-	-	770	47,941	-	-	-	48,711	-	48,711
Insurance	25,454	-	30,861	3,812	11,616	541	7,307	79,591	12,895	92,486
Utilities	1,234	-	57,435	431	24,348	-	1,327	84,775	8,163	92,938
Supplies	9,701	-	7,978	1,721	5,142	435	8,702	33,679	25,553	59,232
Household supplies	-	-	76,503	-	11,587	-	1,460	89,550	2,554	92,104
Interest	-	-	44,935	-	-	-	-	44,935	5,795	50,730
Telephone	5,510	-	35,016	4,939	10,246	-	4,027	59,738	29,108	88,846
Equipment purchase and rental	8,567	-	54,082	1,492	8,875	347	3,790	77,153	17,454	94,607
Common charges	7,689	-	4,095	2,936	1,890	-	6,430	23,040	19,047	42,087
Bad debt expense	-	16,824	-	824	-	-	-	17,648	-	17,648
Miscellaneous	2,310	-	5,522	1,561	1,209	155	515	11,272	25,094	36,366
Total expenses	$ 897,460	$ 16,824	$ 3,776,245	$ 371,634	$ 2,021,848	$ 96,308	$ 593,753	$ 7,774,072	$ 1,516,359	$ 9,290,431

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 320,345	$ (838,355)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	270,872	215,628
Amortization of debt issuance costs	4,066	5,795
Adjustment to fair value on certificates of deposit	(8,296)	(26,110)
Bad debt expense	124,584	17,648
Unrealized (gain)/loss on investments	(23,372)	2,755
Changes in operating assets and liabilities:		
Program service receivables	(409,108)	519,999
Prepaid expenses and other current assets	1,351	(14,871)
Security deposits	11,828	(4,008)
Accounts payable and accrued expenses	192,943	1,556
Payroll-related accruals	84,279	(40,978)
Deferred revenue	-	(54,347)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	569,492	(215,288)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,965)	(1,742,184)
Purchases of investments	(33,578)	(55,746)
Purchases of certificates of deposit	(2,244,000)	(2,024,000)
Proceeds from sales of certificates of deposit	2,516,000	1,432,370
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	231,457	(2,389,560)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	1,261,600	-
Repayments of bonds payable	(45,000)	(35,000)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	1,216,600	(35,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,017,549	(2,639,848)
Cash and cash equivalents, beginning of year	442,680	3,082,528
Cash and cash equivalents, end of year	$ 2,460,229	$ 442,680
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 44,005	$ 44,935
COMPONENTS OF CASH AND CASH EQUIVALENTS ON THE STATEMENT OF FINANCIAL POSITION:		
Cash and cash equivalents	$ 2,388,521	$ 370,972
Limited use assets	71,708	71,708
TOTAL CASH AND CASH EQUIVALENTS	$ 2,460,229	$ 442,680

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of General Human Outreach in the Community, Inc. ("GHO") is presented to assist in understanding GHO's financial statements. The financial statements and notes are representations of GHO's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: GHO provides community habilitation, day habilitation, individualized residential alternatives ("IRA"), case management services, supported employment services, and family support services for individuals with developmental disabilities. GHO provides services from its offices located in Brooklyn and Queens, New York, with a special emphasis on the needs of underserved Asian-Americans. Principally all of GHO's funding comes from the New York State Office of People with Developmental Disabilities ("OPWDD").

New Accounting Pronouncements: During the year ended June 30, 2020, GHO adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers,* and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of non-financial assets. GHO's services that fall within the scope of ASC 606 are presented within revenue and support from fees for services and other income and are recognized as revenue as GHO satisfies its obligations to its consumers and other parties.

During the year ended June 30, 2020, GHO adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU were intended to assist entities in (i) evaluating whether (reciprocal) transactions subject to other guidance (i.e. ASC 606) and (ii) determining whether a contribution(s) is conditional. GHO has determined that there is no impact to the financial statements as a result of this ASU.

Income Tax Status: GHO is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to GHO within the requirements of the Internal Revenue Service.

GHO evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions taken during the years ended June 30, 2020 and 2019.

GHO files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, State, and local taxing authorities. GHO has determined that it has registered in all states where it is required to be registered.

Basis of Accounting: These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of Presentation: GHO is required to report information regarding its financial position and activities according to the following net asset classifications:

> Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
>
> Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of GHO and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2020 and 2019, GHO had no net assets with donor restrictions.

Revenue Recognition and Refundable Advances: Revenue from government agencies, including Medicaid and other third-party payers, are recognized at approved rates when GHO satisfies their performance obligations under contracts by transferring services to individuals. GHO's performance obligations include providing community habilitation, day habilitation, IRA, supported employment services, and case management services to individuals with developmental disabilities. The transaction price is based on established charges for services provided set by OPWDD and the New York State Department of Health.

Revenue under Medicaid and other third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Fees for services revenue is recognized based on approved rates when GHO satisfies its performance obligations under contracts by transferring services to individuals.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Performance obligations for all of GHO's services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

GHO recognizes revenue from government grants as revenue up to contracted levels when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are generally expended within a one-year cycle.

Property and Equipment: Property and equipment are stated at original cost or at estimated fair market value, if donated. Maintenance and repairs are charged to expense and betterments over $1,000 are capitalized. Depreciation expense is computed using the straight-line method over each asset's estimated useful life. Estimated useful lives are as follows:

Leasehold improvements	4-5 years
Equipment and software	3-10 years
Furniture and fixtures	3-12 years
Buildings and improvements	15-25 years

Functional Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program and management and general categories. Those costs that cannot be directly assigned to a category are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries are allocated based on an estimate of time spent on program related functions and management and general activities.

- Payroll taxes and fringe benefits are allocated based upon salary allocations.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: For financial statement purposes, GHO considers all highly-liquid financial instruments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash invested in certificates of deposit are separately included in the statements of financial position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Costs of Obtaining Financing or Refinancing: Bank fees, accounting fees, legal fees, and other costs of obtaining financing or refinancing are accounted for as discounts on the related debt. Accordingly, these costs are offset against the debt reflected in the accompanying statements of financial position and amortized over the life of the debt and included in interest expense.

Fair Value Measurements: GHO follows fair value measurements as prescribed under accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The fair value hierarchy is categorized into three levels. See Note 3 for further information on fair value measurements.

Receivables: Receivables, consisting principally of unpaid program service fees, are stated at the amount management expects to collect from outstanding balances. GHO considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are charged to bad debt expense when management deems the possibility of collecting amounts due as unlikely. GHO closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. At both June 30, 2020 and 2019, there was no allowance established. Substantially all outstanding receivables were collected subsequent to year-end through the report date.

Donated Services: GHO records the value of donated services when there is an objective basis available for measuring their value. In addition, a number of volunteers have donated significant amounts of their time and perform a variety of tasks for GHO. Even though these donated services are valuable to GHO, and help to advance GHO's mission, no amounts have been reflected in the financial statements for donated services inasmuch as such services do not meet the criteria for recognition in the financial statements, nor do they create or enhance nonfinancial assets.

Consumer Funds: As of June 30, 2020 and 2019, GHO had $40,284 and $40,263, respectively, of cash held in custodial bank accounts on behalf of individual clients. Such amounts are offset by other current liabilities in the accompanying statements of financial position for the same amounts.

Events Occurring After the Report Date: GHO has evaluated all events or transactions that occurred between July 1, 2020 and February 1, 2021, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30,:

	2020	2019
Land	$ 929,000	$ 929,000
Leasehold improvements	394,976	394,976
Equipment and software	393,740	393,740
Furniture and fixtures	192,989	192,989
Buildings and improvements	6,592,152	6,575,235
Total property and equipment	8,502,857	8,485,940
Less accumulated depreciation	(3,634,205)	(3,353,381)
Property and equipment, net	$ 4,868,652	$ 5,132,559

During the year ended June 30, 2019, GHO purchased buildings in the amount of $1,340,000. The buildings purchased are condominiums that are being used for GHO's Adult Career and Continuing Education Services – Vocational Rehabilitation ("ACCES-VR") program, employment program, and additional office space.

During December 2020, GHO entered into a contract to purchase a property in the amount of $1,175,000. The property will be used for GHO's residential program. The purchase has not closed through the report date.

NOTE 3 – INVESTMENTS

GHO presents investments in the statements of financial position at fair value. GHO utilizes a fair value hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels (Level 1, 2, and 3).

- Level 1 – Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that GHO has the ability to access at the measurement date. Level 1 assets include highly liquid U.S. Treasury securities and exchange traded equity securities.

- Level 2 – Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model priced by vendors using observable inputs and are classified within Level 2.

NOTE 3 – INVESTMENTS *(continued)*

- Level 3 – Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"). Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent GHO's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

At June 30, 2020 and 2019, investments consisted of several certificates of deposit that yield between 1.65% and 2.00% per annum, and have maturity dates ranging from July 2020 to August 2021. These certificates of deposit are classified as Level 2 investments for fair value reporting. It is GHO's policy to hold certificates of deposit until their maturities. The fair value and historical cost of GHO's mutual fund were as follows as of June 30,:

	Fair Value	Cost
2020	$ 1,212,353	$ 1,179,724
2019	$ 1,155,403	$ 1,146,145

GHO invests in various investment securities. Investment securities are exposed to various risk such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments holdings could occur in the near term and that change could materially affect the amounts reported in the accompanying statements of financial position.

NOTE 4 – LEASE COMMITMENTS

GHO leases space for two of its program sites, one which expired November 2020 and the other of which expired May 2020. These two leases required monthly payments ranging from approximately $7,900 to $9,400, but GHO still pays month-to-month at the same rates past its expirations. During the year ended June 30, 2016, GHO entered into a lease for its office space that expired in July 2020 and required monthly payments of $2,600. This lease was not renewed past its expiration and was a temporary lease for GHO's third floor. GHO purchased this office space from the lessor in July 2018. All of the leases provided for annual lease escalations. Future minimum lease payments due under non-cancellable operating leases for property are $42,435 for the year ending June 30, 2021.

NOTE 5 – PENSION PLAN

GHO established a 403(b) plan for its employees effective January 1, 1997. The plan covers substantially all employees of GHO with certain limitations for age, hours of service, and years of service for employer discretionary contributions. The discretionary contributions are allocated to eligible employees based on compensation earned. GHO elected to contribute 2% of the eligible employee compensation for the plan years ended December 31, 2019 and 2018, which amounted to $52,765 and $50,202, respectively. These amounts were recorded during the years ended June 30, 2020 and 2019, respectively.

NOTE 6 – DEBT

Effective March 24, 2017, GHO entered into a promissory note with an organization in the amount of $1,190,000 to purchase and renovate a new building for its IRA program. The note bore interest at the prime rate plus 3% (7.25% at June 30, 2017) and was set to mature on March 1, 2019.

However, during August 2017, the note was paid in full as it was part of the New York Bond Pool and GHO received a new financing through a new bond agreement with the Dormitory Authority of the State of New York in the amount of $1,375,000. Under the terms of the bond, GHO is required to make monthly payments consisting of principal and interest. As of June 30, 2020, the bond bears interest at a rate of 4.00%. The note is secured by the underlying land and building, and an interest on all equipment at the location, which had a net book value of $1,072,772 at June 30, 2020.

Future minimum payments due under the terms of the bond are as follows for the years ending June 30,:

2021	$ 40,000
2022	40,000
2023	40,000
2024	40,000
2025	45,000
2026 and thereafter	1,070,000
Total before debt issuance costs	1,275,000
Less: unamortized debt issuance costs	(88,755)
Total	$ 1,186,245

During August 2020, GHO borrowed an additional $2.6 million from a bank, through two ten-year notes in the amount of $1.3 million each. The notes are intended to replenish the cash balances that were used to purchase and renovate the IRA program location that was purchased during the year ended June 30, 2018, and the condominiums that were purchased during the year ended June 30, 2019. The notes mature on September 1, 2030. Commencing October 1, 2020, each note requires monthly fixed principal payments of $4,333.34 plus monthly interest payments at the bank's prime lending rate plus 1% per annum, in no event falling below 3.75% per annum throughout the term of the notes.

NOTE 6 – DEBT (continued)

Balloon payments of the remaining unpaid principal totaling $1.46 million will be due upon maturity of the notes on September 1, 2030. The notes are secured by the IRA program location purchased during the year ended June 30, 2018, and the condominiums purchased during the year ended June 30, 2019.

These notes are scheduled to be repaid as follows during the years ending June 30,:

2021	$	78,000
2022		104,000
2023		104,000
2024		104,000
2025		104,000
2026 and thereafter		2,106,000
Total note repayments	$	2,600,000

During August 2020, GHO also obtained a revolving line of credit of $400,000 in connection with the above-mentioned notes. Interest is payable monthly and will accrue at the LIBOR rate, in no event falling below 3% per annum. The line of credit is also secured by the IRA program location and condominiums mentioned above.

NOTE 7 – BOARD-DESIGNATED ENDOWMENT

Effective, September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the provisions of which apply to the endowment funds existing on or established after that date.

GHO's endowment was established for the purpose of ensuring adequate cash flows so that GHO can meet future payroll and operating expenses without interruption. GHO is required to act prudently when making decisions to spend or accumulate board-designated endowment assets and in doing so to consider a number of factors including the duration and preservation of its board-designated endowment funds. The endowed balance consists of funds held in cash accounts and certificates of deposit.

Changes in Board-Designated Endowment Net Assets: The Endowment had no changes during the year ended June 30, 2020. The Board-designated net assets remained $1,004,298 at June 30, 2020 and 2019.

Spending Policy: Under GHO's spending policy, funds will be held in these accounts for its stated purpose. The use of these funds will be determined by the board. For any other usage of these funds, prior written approval from the board is required. This oversight ensures that the funds are properly spent.

NOTE 8 – DUE TO GOVERNMENT AGENCIES

On October 1, 2012, OPWDD issued a regulation whereby community habilitation providers must ensure that at least 90% of the Medicaid revenue billed and received for the provision of community habilitation services is used to fund the direct support of individuals within the community habilitation program including allowable administrative expenses. Effective January 1, 2014, the percentage increased to 95%. Any Medicaid revenue below such 95% not spent on community habilitation services is subject to recoupment. These amounts will be recouped from future payments. There are no specified repayment terms nor does the amount accrue interest. The estimated balance due to OPWDD in connection with this regulation at both June 30, 2020 and 2019 was $225,530.

NOTE 9 – CONCENTRATION OF RISK

During the years ended June 30, 2020 and 2019, substantially all of GHO's fee for service revenue and grant income was funded by OPWDD. This accounted for approximately 96% of GHO's total revenue and support for both the years ended June 30, 2020 and 2019. In addition, substantially all of the program service receivables are due from OPWDD for the years ended June 30, 2020 and 2019.

Throughout the year, GHO has cash or deposits with financial institutions that are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation Limits.

NOTE 10 – AVAILABILITY AND LIQUIDITY

The following represents GHO's financial assets at June 30,:

Financial assets at year-end:		2020		2019
Cash and cash equivalents	$	2,388,521	$	370,972
Certificates of deposit		2,039,347		2,303,051
Investments		1,212,353		1,155,403
Program service receivables		2,163,704		1,879,180
Limited use assets		71,708		71,708
Total financial assets		7,875,633		5,780,314
Less amounts not available to be used within one year:				
Long term certificates of deposits		(741,000)		-
Limited use assets		(71,708)		(71,708)
Board designated endowment funds		(1,004,298)		(1,004,298)
Total financial assets available to meet general expenditures over the next twelve months	$	6,058,627	$	4,704,308

GHO's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately $2.31 million). As part of its liquidity plan, excess cash is invested in investments, including certificates of deposit and mutual funds.

NOTE 11 – FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operating results. The financial impact of this matter, if any, cannot be estimated at this time.

As a result of the Coronavirus Aid, Relief, and Economic Security Act (hereinafter, "CARES Act"), on May 12, 2020, GHO received a loan maturing in twenty-four months for a total of $1,261,600. The note was originally issued with a six-month deferral period that did not require payments to be made until October 2020. Interest accrues on the unpaid principal, retroactive to the date of the loan, at a rate of 1.00% per annum.

The loan was granted as part of the Paycheck Protection Program ("PPP") to help businesses impacted by the COVID-19 pandemic. Under the terms of the loan, a portion or all of the loan may be forgiven as a grant with the ultimate amount payable depending on the uses of the loan and the criteria set forth in the CARES Act, subsequent guidance, and regulations. Forgiveness revenue will be recorded at the time the United States Small Business Association ("SBA") approves GHO's request for forgiveness, which must be submitted prior to August 15, 2021. Any amount not forgiven will be payable ratably between the date of the SBA forgiveness decision and May 11, 2022, the date the loan matures. Management is assessing how much of the loan it will seek forgiveness for.

On September 22, 2020, GHO received funding in the amount of $158,832 from the United States Department of Health and Human Services ("HSS"). This is a refundable advance designed to cover decreases in operations related to COVID-19 and additional COVID-19 expenses through the end of the pandemic.

Effective March 18, 2020, in conjunction with the COVID-19 pandemic, Governor Cuomo released an executive order placing New York State on "pause." As a result, many businesses were forced to shut down, and many nonprofit services that were historically done in person were moved to a virtual delivery system. In response to the pandemic, OPWDD, GHO's primary funder, modified its reimbursement methodology to pay programs a percentage of their pre-COVID volume and required programs to deliver teletherapy services.

In order to balance the budget, New York State has made and is exploring additional cuts, which could potentially have an adverse impact on GHO's ongoing operations; however, the impact, if any, cannot be determined at this time. Management continues to monitor regulatory and reimbursement changes and will take appropriate action, as necessary, so as to preserve GHO's long-term financial health.

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APPENDIX B-IV

HASC CENTER, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED JUNE 30, 2022, JUNE 30, 2021 AND JUNE 30, 2020)

HASC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

HASC CENTER, INC. AND SUBSIDIARIES

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hasc Center, Inc. and Subsidiaries
Brooklyn, NY

Opinion

We have audited the accompanying consolidated financial statements of Hasc Center, Inc. (a nonprofit organization),and subsidiaries which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hasc Center, Inc. and subsidiaries as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hasc Center, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the 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 generally accepted 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 about Hasc Center, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hasc Center, Inc.'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 audit.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements, of Hasc Center, Inc. and subsidiaries for the year ended June 30, 2021 and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

J. Gliksman, CPA PC

Brooklyn, NY

November 30, 2022

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
Current Assets		
Cash and Cash Equivalents	$ 16,921,636	$ 12,244,949
Investments	14,639,347	17,378,560
Accounts Receivable (Less Allowance for Bad Debts $4,000)	3,426,422	1,490,131
Medicaid and Grants Receivable	14,834,842	13,051,034
Prepaid Expenses	1,340,411	1,196,575
Prepaid Interest	10,880	10,879
Total Current Assets	**$ 51,173,538**	**$ 45,372,128**
Fixed Assets		
Land	$ 3,288,548	$ 2,888,548
Building	32,704,210	31,155,030
Leasehold Improvements	6,122,552	5,497,324
Vehicles	884,363	884,363
Machinery & Equipment	1,066,081	1,044,833
Furniture & Fixtures	759,779	715,209
Accumulated Depreciation	(20,389,459)	(19,171,658)
Total Fixed Assets	**$ 24,436,074**	**$ 23,013,649**
Other Assets		
Due from BKFHC	$ 2,693,331	$ 2,654,399
Reserve Funds	574,891	574,891
Security Deposits	125,399	122,500
Retirement Trust Fund	1,753,379	1,807,406
Bond Closing Costs (Net of Amortization of $1,254,149)	616,553	708,788
Total Other Assets	**$ 5,763,553**	**$ 5,867,984**
TOTAL ASSETS	**$ 81,373,165**	**$ 74,253,761**

See notes to the financial statements.

HASC CENTER, INC. AND SUSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
Current Liabilities		
Accounts Payable	$ 3,582,625	$ 2,617,100
Due to Employees HCI	415,507	415,507
Accrued Wages & Taxes	4,955,539	2,716,972
Accrued Expenses	108,380	108,380
Loans Payable	3,065,927	3,583,703
Advances Due to OPWDD	216,549	216,548
Bonds Payable	875,000	930,000
Mortgages Payable	173,098	180,355
Interest Payable	69,928	70,309
Deferred Revenue	975,852	1,111,807
Other Liabilities	34,824	34,824
Total Current Liabilities	**$ 14,473,229**	**$ 11,985,505**
Other Liabilities		
Loans Payable	$ 14,864,695	$ 12,577,511
Advances Due to OPWDD	250,218	250,218
Retirement Trust Fund	1,753,379	1,807,406
Bonds Payable	5,154,379	6,048,811
Mortgages Payable	211,057	384,155
Other Liabilities	86,547	140,125
Total Other Liabilities	**$ 22,320,275**	**$ 21,208,226**
TOTAL LIABILITIES	**$ 36,793,504**	**$ 33,193,731**
Net Assets		
Net Assets Without Donor Restrictions	$ 42,457,628	$ 38,937,997
Net Assets With Donor Restrictions	47,343	47,343
Board Designated Net Assets	2,074,690	2,074,690
Total Net Assets	**$ 44,579,661**	**$ 41,060,030**
TOTAL LIABILITIES AND NET ASSETS	**$ 81,373,165**	**$ 74,253,761**

See notes to the financial statements.

HASC CENTER, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	Without Donor Restrictions 2022	Total 2021
Revenues		
Workshop Sales	$ 30,000	$ 15,000
Grants	494,844	483,712
Program Service Fees	69,733,561	54,289,623
Management Income	36,000	39,000
Other Income	11,954,605	920,370
Contributions	4,062,308	3,992,953
Investment Income	(2,790,903)	3,999,679
Total	**$ 83,520,415**	**$ 63,740,337**
Expenses		
Program	$ 73,419,002	$ 53,270,920
Management & General	4,690,273	3,856,823
Fundraising	1,891,509	1,558,865
Total	**$ 80,000,784**	**$ 58,686,608**
Change in Net Assets	$ 3,519,631	$ 5,053,729
Net Assets Beginning	41,060,030	36,006,301
NET ASSETS ENDING	**$ 44,579,661**	**$ 41,060,030**

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

Expenses	Program	General & Administrative	Fundraising	Total 2022	Total 2021
Salaries	$ 45,390,668	$ 1,968,815	$ 191,005	$ 47,550,488	$ 33,086,347
Taxes & Fringe Benefits	7,515,063	1,227,612	19,101	8,761,776	7,756,658
Total Salaries and Benefits	**$ 52,905,731**	**$ 3,196,427**	**$ 210,106**	**$ 56,312,264**	**$ 40,843,005**
Food	2,169,363	19,144	632,226	2,820,733	1,916,048
Repairs & Maintenance	774,612	23,001	-	797,613	508,870
Utilities	876,641	16,837	183	893,661	765,278
Transportation	2,293,954	8,880	66,060	2,368,894	1,625,450
Auto Expense	220,223	4,317	1,811	226,351	277,290
Consumer Allowances & Incidental	868,979	-	-	868,979	749,504
Consumer Recreation	2,656,832	43,108	27,380	2,727,320	2,610,303
Consumer Salaries	7,983	-	-	7,983	7,046
Staff Training	69,244	-	17,300	86,544	77,522
Office Expense	761,026	196,490	153,061	1,110,577	690,073
Supplies	729,870	50,628	169,191	949,689	825,089
Postage	19,394	13,897	-	33,291	18,242
Advertising	90,806	73,553	447,262	611,621	715,600
Data Processing	216,861	17,145	-	234,006	168,229
Licenses & Fees	101,910	7,197	17,198	126,305	102,743
Professional Fees	2,915,886	710,448	52,240	3,678,574	1,844,882
Equipment Lease	136,739	9,402	-	146,141	99,212
Rent	3,602,228	133,885	97,491	3,833,604	2,571,074
Insurance	315,067	91,853	-	406,920	318,510
Interest	403,671	46,008	-	449,679	390,794
Depreciation & Amortization	1,281,982	28,053	-	1,310,035	1,561,844
TOTAL EXPENSES	**$ 73,419,002**	**$ 4,690,273**	**$ 1,891,509**	**$ 80,000,784**	**$ 58,686,608**

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
Cash Flows from Operations		
Increase in Net Assets	$ 3,519,631	$ 5,053,729
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operations:		
Non-Cash Items:		
Depreciation & Amortization	1,310,035	1,561,844
Increase (Decrease) in Cash Resulting from Changes in Operating Assets and Liabilities:		
Receivables, Prepaids, Etc.	(3,812,808)	(1,871,093)
Payables, Accruals, Etc.	3,014,560	2,175,227
Net Cash Provided (Used) by Operations	**$ 4,031,418**	**$ 6,919,707**
Cash Flows from Investing		
Purchase of Investments	$ 2,739,215	$ (2,253,533)
Advance to BKFHC	(38,932)	(361,895)
Purchase of Fixed Assets	(2,640,227)	291,314
Net Cash Provided (Used) by Investing	**$ 60,056**	**$ (2,324,114)**
Cash Flows from Financing		
Refunds (Deposits) of Debt Reserve Funds	$ -	$ 50,563
Proceeds (Payments) of Loans	1,769,408	6,303,547
Proceeds (Payments) of Mortgages and Bonds	(1,184,195)	542,367
Net Cash Provided (Used) by Financing	**$ 585,213**	**$ 6,896,477**
Net Cash Provided (Used):	**$ 4,676,687**	**$ 11,492,070**
Cash Balance Beginning	12,244,949	752,879
CASH BALANCE ENDING	**$ 16,921,636**	**$ 12,244,949**
Interest Paid	$ 449,679	$ 390,794

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Note A – Nature of Organization

Hasc Center, Inc. and Subsidiaries, (the Agency) is a not-for-profit agency that provides an array of services in Brooklyn, NY, to children and adults with developmental disabilities and their families. Approximately 90% of the Agency's revenue is from Medicaid received from the Office for People with Developmental Disabilities (OPWDD). The services include Day Programs, Residential Services, Employment Services, Service Coordination and Residential Habilitation. On March 29, 2018 Hasc Center, Inc. became the sole member of another Not-For-Profit entity, Camp Hasc Inc. Camp Hasc Inc. is an overnight and day camp in Sullivan county serving children and adults with development disabilities as well as other special needs individuals.

Note B – Accounting Policies

The accounting policies of the Agency conform to accounting principles generally accepted in the Unites States as applicable to voluntary health and welfare agencies. The accrual basis of accounting is followed by the Agency. Under the accrual basis of accounting, revenues are reported when earned. Expenditures are recorded when the goods or services are received. Sick and vacation pay is recorded when earned.

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation have not been material to the financial statements.

The Agency reports investments in equity and debt securities at their fair values in the statements of financial position. Interest, dividends, realized and unrealized gains and losses are included in the change in net assets.

All depreciable assets that cost at least $1,000 are recorded at cost and are depreciated on a straight-line basis. Buildings are depreciated over 25 years. Machinery and equipment are depreciated over 3 to 7 years and transportation equipment over 4 years. Leasehold improvements are depreciated over the term of the lease including extensions at the tenant's option.

Note B – Accounting Policies (continued)

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

The organization reports information regarding its financial position and activities according to the following classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Contributions and grants received are recorded depending on the existence or nature of any donor restrictions. When a restriction expires, donations with restrictions are reclassified as donations without restrictions. Revenue whose restriction expired during the year is presented as unrestricted revenue.

Information for the year ended June 30, 2021, is presented for comparative purposes only, and was extracted from the financial statements prepared for that year, upon which an unqualified opinion dated November 28, 2021 was expressed. Certain items have been reclassified to conform with current year presentation.

The Agency is a tax-exempt organization under the law of New York State and under Internal Revenue Code 501(c) (3) as a non-private foundation.

For purposes of the statements of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Subsequent events have been evaluated through November 30, 2022, the date of which financial statements were available to be issued.

Note C – Concentrations of Credit Risk

The Agency maintains cash balances at Capital One Bank and Bank of New York Mellon located in New York City. Federal Deposit Insurance Corporation insures all accounts at each institution in full.

Note D – Investments

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The

Note D – Investments (continued)

hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the agency 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;
- 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.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022, and 2021.

Common stocks, corporate bonds and government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value ('NAV') of shares held by the Agency at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note D – Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2022:

		2022	2021
Equity Securities	Level 1	$2,843,787	$4,606,941
U.S.Government and Agency Bonds	Level 1	501,671	326,701
Mutual Funds & Exchange Traded Funds	Level 2	8,293,495	9,612,377
Fixed Income Funds	Level 2	457,473	332,604
Cash & Money Market Accounts	Level 1	977,341	1,002,446
International Funds & Commodities	Level 2	50,387	25,643
Total		$13,124,154	$15,906,712

Additionally, investments included a J P Morgan Annuity in the amount of $1,488,193 and an insurance policy with cash value of $27,000. The investments are not insured. The annuity pays 3% interest per year. Interest and dividend income from these holding for the year ended June 30, 2022, was $299,607. Realized gains in fair market value of the investments for year ended June 30, 2022, is reported in the statement of activities in the amount of $700,611. Unrealized losses in fair market value of the investments for the year ended June 30 2022, is reported in the statement of activities in the amount of $3,732,543. Portfolio management and taxes for the year ended June 30, 2022, was $58,578.

Note E – Accounts Receivable

Accounts Receivable represents amounts owed to Hasc Center from revenues other than program service fees net of an allowance for bad debts estimated to be $4,000

Note F – Medicaid and Grants Receivable

All of the Medicaid and Grants Receivable are due from OPWDD.

Note G – Reserve Funds and Closing Costs

Reserve funds represents cash held by Bank of New York under the New York City Industrial Development Agency financing arrangement and by Dormitory Authority of the State of New York (DASNY) as security for payment of the Bonds and Mortgage loans.

Note G – Reserve Funds and Closing Costs (continued)

Closing costs represents the costs of obtaining the mortgages payable through the DASNY and New York City Industrial Development Agency. The costs are being amortized over 15 years, which is the life of the mortgages.

Note H - Bonds Payable

2013 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $10,000 to $300,000 plus interest at 3.280%, through July 2028, secured by real property and facilities. The balance due as of June 30, 2022 is $1,685,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2023	$260,000
Year ending June 30, 2024	265,000
Year ending June 30, 2025	280,000
Year ending June 30, 2026	290,000
Year ending June 30, 2027	290,000
Thereafter:	$300,000

2015 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $75,000 to $500,000 plus interest at 2.98%, through July 2029, secured by real property and facilities. The balance due as of June 30, 2022 is $1,475,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2023	$350,000
Year ending June 30, 2024	180,000
Year ending June 30, 2025	175,000
Year ending June 30, 2026	180,000
Year ending June 30, 2027	190,000
Thereafter:	$400,000

2017 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $25,000 to $115,000 plus interest at 3.384%, through July 2042, secured by real property and

Note H - Bonds Payable (continued)

facilities. The balance due as of June 30, 2022 is $2,029,379.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2023	$60,000
Year ending June 30, 2024	65,000
Year ending June 30, 2025	65,000
Year ending June 30, 2026	70,000
Year ending June 30, 2027	70,000
Thereafter:	$1,699,379

2021 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $205,000 to $215,000 plus interest at 2.13%, through June 2026, secured by real property and facilities. The balance due as of June 30, 2022 is $840,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2023	$205,000
Year ending June 30, 2024	210,000
Year ending June 30, 2025	210,000
Year ending June 30, 2026	215,000

The total of all bonds payable is $6,029,379.

Note I – Mortgages Payable

The Agency is liable for several mortgage loans from Capital One Bank to finance construction or renovation of its residential sites. The combined original amount of the loans were $2,614,462. Certain of the Agency's real property is pledged as collateral to the mortgages. Certain of the agreements provide for restrictions on the Agency's guarantees, other loans, mergers or other major changes in the business and on cash flow, net assets, and debt to capital ratio. Interest rates are between 6.4% - 7.1%. Total balance due at June 30, 2022 is $384,155.

Year ending June 30, 2023	173,098
Year ending June 30, 2024	156,385
Year ending June 30, 2025	54,672

Note I – Mortgages Payable (continued)

The Organization has entered into an interest swap agreement. The Organization entered into this derivative instrument for the purpose of hedging interest rate risks, not for speculation. The swap agreement changes the nature of the interest rate paid on organization's long-term debt. The differential between the fixed and the variable rate interest payments is recognized as an increase/decrease in interest expense in the period incurred. The carrying value of the long-term debt (including current portion) approximates fair value since the current interest rate approximates market rates.

Note J – Loans Payable

The Agency is liable for several notes. The total balance at June 30, 2022, is $17,930,622. Principal installments due are as follows:

Year ending June 30, 2023	$3,065,927
Year ending June 30, 2024	2,033,804
Year ending June 30, 2025	1.839,203
Year ending June 30, 2026	1,857,561
Year ending June 30, 2027	1,846,943
Thereafter:	$2,287,184

The total Agency maintains a line of credit with Chase Manhattan Bank in the amount of $5,000,000. As of June 30, 2022, the draw down against the line was $2,000,000 reported as loans payable in the financial statements. The line of credit interest rate is 5.60%. The agency has a loan due FJC in the amount of $5,000,000 to finance the purchase of a new site. Management expects to convert the loan to permanent financing upon completion of construction. The interest rate is prime plus 3%. The Agency has non-interest-bearing loans to various community members in the amount of $162,222. The agency is liable for a PPP loan in the amount of $8,267,770 with an interest rate of 0.98%. The maturity date of the loan is 6/14/2026.Additionally the agency received a 30 year loan form the SBA in the amount of $2,500,000 with an interest rate of 2.75%. Payments are deferred two years until June 2024.

Note K – Advance from OPWDD

Advance from OPWDD represents amounts advanced by the New York State Office for People with Developmental Disabilities to finance renovation of new sites and start-up of new programs. These amounts are either repaid over five years from the date the new program opens, or are converted to long term debt by inclusion in the mortgage loan from Dormitory Authority of the State of New York.

Note L – Leases

The Agency leases space for various sites in Brooklyn and Sullivan County. The leases are for 2 to 10 years. Rent expense for the year ended June 30, 2022, was $3,833,604, and future commitments are:

Year ending June 30, 2023	$2,042,067
Year ending June 30, 2024	1,189,837

Year ending June 30, 2025	1,187,575
Year ending June 30, 2026	970,750
Year ending June 30, 2027	925,550

Note M – Equipment Leases

The Agency leases various auto and office equipment under 2 to 5-year leases. Total amount paid under expensed leases during the year ended June 30, 2022, was $146,141, and future required payments are:

Year ending June 30, 2023	$75,362
Year ending June 30, 2024	65,451
Year ending June 30, 2025	50,372
Year ending June 30, 2026	50,372
Year ending June 30, 2027	45,124

Note N – Due to Employees HCI

This represents the accrued health insurance expense for the unexpended funds received from New York State OPWDD for the purpose of reimbursing employees for healthcare expenses.

Note O – Related Parties

The Agency provided management services to Hasc Diagnostic & Treatment Center, Inc. Management fees for the year ended June 30, 2022, was $36,000. The two entities are under common management.

Hasc Center, Inc. purchased transportation services from a Not-for-Profit entity at a cost of $1,037,278 and $1,097,279 for the years ended June 30, 2022, and June 30, 2021, respectively. The two entities are under common management.

Note P – Pension Plan

The Agency maintains a 401K pension plan covering all employees who have been employed at least one year. Employees may contribute salaries to a maximum of $18,500, and an additional $6,000 for employees over fifty years old. The Agency matches 25% of employee contributions to a maximum of $2,500 of employee contributions. The cost of the plan was $169,106 for the year ended June 30, 2022.

Note Q – Commitment and Contingencies

The Agency receives payments from third party payers for services. These payments are subject to audit by various regulatory bodies which may give rise to contingent liabilities. The board has set up funds for such contingent liabilities, which is reflected in the financial statements as board designated funds. HASC Center Inc. was a member of the Community Residence Saving Plan self- insurance trust (CRISP), for the purpose of providing workers' compensation benefit under the NYS workers compensation law. The trust was taken over by the NYS Workers' Compensation Board, The Agency has agreed to settle all claims for $348,240 payable over 10 years in monthly installments of $2,902 inclusive of 3% interest. The amount due as of June 30, 2022 is $165,414. This is reported in the statement of financial position as other liabilities. The Agency advanced to a related not for profit organization, based on the terms of a subvention the amount of $2,200,000 for working capital.

Note R – COVID-19

In March of 2020, the COVID-19 outbreak in the United States has reduced the Agency's ability to service individuals in need. The Agency utilized remote and alternative services, as much as possible to offset any negative impact of the pandemic. The Agency received funds from the U. S. Department of Health and Human Services in the amount of $1,420,941. These funds were provided as a grant contingent on meeting certain requirements.

Note S –Subsequent Events

Subsequent to the statement of financial position date the agency received forgiveness on a PPP loan in the amount of $1,216,959. The agency also repaid the FJC in full the $5,000,000 loan.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors of
HASC Center, Inc. and Subsidiaries
Brooklyn, NY 11220

We have audited the consolidated financial statements of HASC Center, Inc. and Subsidiaries as of and for the year ended June 30, 2022, and have issued our report thereon dated November 30, 2022, which contained an unmodified opinion on those financial statements. Our audit was preformed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 17 through 19 are presented for the purpose of additional analysis and are 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 audit 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 the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

J. Gliksman, CPA P.C.
November 30, 2022

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Center	Camp	Eliminations	Consolidated
Current Assets				
Cash and Cash Equivalents	$ 15,307,574	$ 1,614,062		$ 16,921,636
Investments	14,639,347			14,639,347
Accounts Receivable (Less				-
Allowance for Bad Debts $4,000)	9,890,330	56,809	(6,520,717)	3,426,422
Medicaid and Grants Receivable	14,834,842			14,834,842
Prepaid Expenses	1,279,087	61,324		1,340,411
Prepaid Interest	10,880			10,880
Total Current Assets	**$ 55,962,060**	**$ 1,732,195**	**$ (6,520,717)**	**$ 51,173,538**
Fixed Assets				
Land	$ 2,881,500	$ 407,048		$ 3,288,548
Building	32,006,483	697,727		32,704,210
Leasehold Improvements	4,564,886	1,557,666		6,122,552
Vehicles	884,363			884,363
Machinery & Equipment	993,188	72,893		1,066,081
Furniture & Fixtures	678,983	80,796		759,779
Accumulated Depreciation	(20,389,459)			(20,389,459)
Total Fixed Assets	**$ 21,619,944**	**$ 2,816,130**	**$ -**	**$ 24,436,074**
Other Assets				
Due from BKFHC	$ 2,693,331			$ 2,693,331
Reserve Funds	574,891			574,891
Security Deposits	125,399			125,399
Retirement Trust Fund	1,753,379			1,753,379
Bond Closing Costs (Net of				-
Amortization of $1,161,914)	616,553			616,553
Total Other Assets	**$ 5,763,553**	**$ -**	**$ -**	**$ 5,763,553**
TOTAL ASSETS	**$ 83,345,557**	**$ 4,548,325**	**$ (6,520,717)**	**$ 81,373,165**

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

Current Liabilities	Center	Camp	Eliminations	Consolidated
Accounts Payable	$ 2,992,220	$ 590,405		$ 3,582,625
Due to Employees HCI	415,507			415,507
Accrued Wages & Taxes	4,907,785	47,754		4,955,539
Accrued Expenses	108,380			108,380
Loans Payable	2,622,983	442,944		3,065,927
Advances Due to OPWDD	216,549			216,549
Bonds Payable	875,000			875,000
Mortgages Payable	173,098			173,098
Interest Payable	69,928			69,928
Deferred Revenue	(3,294)	979,146		975,852
Other Liabilities	34,824			34,824
Total Current Liabilities	**$ 12,412,980**	**$ 2,060,249**	**$ -**	**$ 14,473,229**
Other Liabilities				
Loans Payable	$ 12,079,788	$ 9,305,624	$ (6,520,717)	$ 14,864,695
Advances Due to OPWDD	250,218			250,218
Retirement Trust Fund	1,753,379			1,753,379
Bonds Payable	5,154,379			5,154,379
Mortgages Payable	211,057			211,057
Other Liabilities	86,547			86,547
Total Other Liabilities	**$ 19,535,368**	**$ 9,305,624**	**$ (6,520,717)**	**$ 22,320,275**
TOTAL LIABILITIES	**$ 31,948,348**	**$ 11,365,873**	**$ (6,520,717)**	**$ 36,793,504**
Net Assets				
Net Assets Without Donor Restrictions	$ 49,275,179	$ (6,817,551)		$ 42,457,628
Net Assets With Donor Restrictions	47,343			47,343
Board Designated Net Assets	2,074,690			2,074,690
Total Net Assets	**$ 51,397,212**	**$ (6,817,551)**	**$ -**	**$ 44,579,661**
TOTAL LIABILITIES AND NET ASSETS	**$ 83,345,560**	**$ 4,548,322**	**$ (6,520,717)**	**$ 81,373,165**

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Center Without Donor Restrictions	Camp Without Donor Restrictions	Eliminations	Consolidated
Revenues				
Workshop Sales	$ 30,000			$ 30,000
Grants	494,844			494,844
Program Service Fees	68,096,690	3,577,312	(1,940,441)	69,733,561
Management Income	36,000			36,000
Other Income	11,450,141	504,464		11,954,605
Contributions		4,062,308		4,062,308
Investment Income	(2,790,903)			(2,790,903)
Total	**$ 77,316,772**	**$ 8,144,084**	**$ (1,940,441)**	**$ 83,520,415**
Expenses				
Program	$ 69,304,616	$ 6,054,827	$ (1,940,441)	$ 73,419,002
Management & General	4,690,273			4,690,273
Fundraising		1,891,509		1,891,509
Total	**$ 73,994,889**	**$ 7,946,336**	**$ (1,940,441)**	**$ 80,000,784**
Change in Net Assets	$ 3,321,883	$ 197,748	$ -	$ 3,519,631
Net Assets Beginning	48,075,329	(7,015,299)		41,060,030
NET ASSETS ENDING	**$ 51,397,212**	**$ (6,817,551)**	**$ -**	**$ 44,579,661**

HASC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hasc Center, Inc. and Subsidiaries
Brooklyn, NY

We have audited the accompanying consolidated financial statements of Hasc Center, Inc. and Subsidiaries (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hasc Center, Inc. and Subsidiaries, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Hasc Center, Inc. and Subsidiaries for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 25, 2021. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statement from which it has been derived.

J. Gliksman CPA PC

J. Gliksman, CPA PC
November 28, 2021

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

Current Assets		2021		2020
Cash and Cash Equivalents	$	12,244,949	$	752,879
Investments		17,378,560		15,125,026
Accounts Receivable (Less Allowance for Bad Debts $4,000)		1,490,131		1,126,196
Medicaid and Grants Receivable		13,051,034		12,153,521
Prepaid Expenses		1,196,575		913,538
Prepaid Interest		10,879		71,224
Total Current Assets	$	**45,372,128**	$	**30,142,384**
Fixed Assets				
Land	$	2,888,548	$	2,888,548
Building		31,155,030		31,976,155
Leasehold Improvements		5,497,324		5,093,182
Vehicles		884,363		884,363
Machinery & Equipment		1,044,833		991,128
Furniture & Fixtures		715,209		710,014
Accumulated Depreciation		(19,171,658)		(17,692,061)
Total Fixed Assets	$	**23,013,649**	$	**24,851,329**
Other Assets				
Due from BKFHC	$	2,654,399	$	2,292,504
Reserve Funds		574,891		625,454
Security Deposits		122,500		120,574
Retirement Trust Fund		1,807,406		1,422,379
Bond Closing Costs (Net of Amortization of $1,161,914)		708,788		724,267
Total Other Assets	$	**5,867,984**	$	**5,185,178**
TOTAL ASSETS	$	**74,253,761**	$	**60,178,891**

See notes to the financial statements.

HASC CENTER, INC. AND SUSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

Current Liabilities		2021		2020
Accounts Payable	$	2,617,100	$	2,263,156
Due to Employees HCI		415,507		415,507
Accrued Wages & Taxes		2,716,972		1,575,631
Accrued Expenses		108,380		108,380
Loans Payable		3,583,703		4,472,667
Advances Due to OPWDD		216,548		216,549
Bonds Payable		930,000		720,000
Mortgages Payable		180,355		172,211
Interest Payable		70,309		65,777
Deferred Revenue		1,111,807		371,751
Other Liabilities		34,824		34,824
Total Current Liabilities	$	**11,985,505**	$	**10,416,453**
Other Liabilities				
Loans Payable	$	12,577,511	$	5,385,000
Advances Due to OPWDD		250,218		250,218
Retirement Trust Fund		1,807,406		1,422,380
Bonds Payable		6,048,811		5,933,811
Mortgages Payable		384,155		564,490
Other Liabilities		140,125		200,238
Total Other Liabilities	$	**21,208,226**	$	**13,756,137**
TOTAL LIABILITIES	$	**33,193,731**	$	**24,172,590**
Net Assets				
Net Assets Without Donor Restrictions	$	38,937,997	$	33,884,268
Net Assets With Donor Restrictions		47,343		47,343
Board Designated Net Assets		2,074,690		2,074,690
Total Net Assets	$	**41,060,030**	$	**36,006,301**
TOTAL LIABILITIES AND NET ASSETS	$	**74,253,761**	$	**60,178,891**

See notes to the financial statements.

HASC CENTER, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	Without Donor Restrictions 2021	Total 2020
Revenues		
Workshop Sales	$ 15,000	$ -
Grants	483,712	1,078,547
Program Service Fees	54,289,623	51,285,100
Management Income	39,000	39,000
Other Income	920,370	782,787
Contributions	3,992,953	3,001,633
Investment Income	3,999,679	1,133,929
Total	**$ 63,740,337**	**$ 57,320,996**
Expenses		
Program	$ 53,270,920	$ 50,734,031
Management & General	3,856,823	3,314,104
Fundraising	1,558,865	951,823
Total	**$ 58,686,608**	**$ 54,999,958**
Change in Net Assets	$ 5,053,729	$ 2,321,038
Net Assets Beginning	36,006,301	33,685,263
NET ASSETS ENDING	**$ 41,060,030**	**$ 36,006,301**

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

Expenses	Program	General & Administrative	Fundraising	Total 2021	Total 2020
Salaries	$ 31,030,280	$ 1,928,767	$ 127,300	$ 33,086,347	$ 31,111,464
Taxes & Fringe Benefits	6,961,362	782,566	12,730	7,756,658	8,203,192
Total Salaries and Benefits	**$ 37,991,642**	**$ 2,711,333**	**$ 140,030**	**$ 40,843,005**	**$ 39,314,656**
Food	1,674,391	16,979	224,678	1,916,048	1,801,684
Repairs & Maintenance	497,515	10,355	1,000	508,870	623,773
Utilities	736,137	29,141	-	765,278	796,009
Transportation	1,607,630	5,086	12,734	1,625,450	1,375,494
Auto Expense	221,527	5,763	50,000	277,290	235,988
Consumer Allowances & Incidental	749,504	-	-	749,504	763,617
Consumer Recreation	2,353,758	150	256,395	2,610,303	1,340,235
Consumer Salaries	7,046	-	-	7,046	6,664
Staff Training	65,357	7,805	4,360	77,522	84,844
Office Expense	429,627	153,132	107,314	690,073	695,951
Supplies	659,530	18,208	147,351	825,089	752,585
Postage	10,172	8,070	-	18,242	33,571
Advertising	93,057	126,236	496,307	715,600	319,830
Data Processing	159,161	9,068	-	168,229	291,280
Licenses & Fees	72,019	8,524	22,200	102,743	94,785
Professional Fees	1,392,380	437,402	15,100	1,844,882	1,050,342
Equipment Lease	90,271	8,941	-	99,212	110,894
Rent	2,338,985	150,693	81,396	2,571,074	2,647,549
Insurance	234,792	83,718	-	318,510	331,540
Interest	351,909	38,885	-	390,794	605,079
Depreciation & Amortization	1,534,510	27,334	-	1,561,844	1,723,588
TOTAL EXPENSES	**$ 53,270,920**	**$ 3,856,823**	**$ 1,558,865**	**$ 58,686,608**	**$ 54,999,958**

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

		2021		2020
Cash Flows from Operations				
Increase in Net Assets	$	5,053,729	$	2,321,038
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operations:				
Non-Cash Items:				
Depreciation & Amortization		1,561,844		1,723,588
Increase (Decrease) in Cash Resulting from Changes in Operating Assets and Liabilities:				
Receivables, Prepaids, Etc.		(1,871,093)		(1,397,544)
Payables, Accruals, Etc.		2,175,227		(178,868)
Net Cash Provided (Used) by Operations	**$**	**6,919,707**	**$**	**2,468,214**
Cash Flows from Investing				
Purchase of Investments	$	(2,253,533)	$	(1,141,271)
Advance to BKFHC		(361,895)		(434,453)
Purchase of Fixed Assets		291,314		(971,649)
Net Cash Provided (Used) by Investing	**$**	**(2,324,114)**	**$**	**(2,547,373)**
Cash Flows from Financing				
Refunds (Deposits) of Debt Reserve Funds	$	50,563	$	27,493
Proceeds (Payments) of Loans		6,303,547		33,936
Proceeds (Payments) of Mortgages and Bonds		542,367		(658,149)
Net Cash Provided (Used) by Financing	**$**	**6,896,477**	**$**	**(596,720)**
Net Cash Provided (Used):	**$**	**11,492,070**	**$**	**(675,879)**
Cash Balance Beginning		752,879		1,428,758
CASH BALANCE ENDING	**$**	**12,244,949**	**$**	**752,879**
Interest Paid	$	390,794	$	605,079

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note A – Nature of Organization

Hasc Center, Inc. and Subsidiaries, (the Agency) is a not-for-profit agency that provides an array of services in Brooklyn, NY, to children and adults with developmental disabilities and their families. Approximately 90% of the Agency's revenue is from Medicaid received from the Office for People with Developmental Disabilities (OPWDD). The services include Day Programs, Residential Services, Employment Services, Service Coordination and Residential Habilitation. On March 29, 2018 Hasc Center, Inc. became the sole member of another Not-For-Profit entity, Camp Hasc Inc. Camp Hasc Inc. is an overnight and day camp in Sullivan county serving children and adults with development disabilities as well as other special needs individuals.

Note B – Accounting Policies

The accounting policies of the Agency conform to accounting principles generally accepted in the Unites States as applicable to voluntary health and welfare agencies. The accrual basis of accounting is followed by the Agency. Under the accrual basis of accounting, revenues are reported when earned. Expenditures are recorded when the goods or services are received. Sick and vacation pay is recorded when earned.

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation have not been material to the financial statements.

The Agency reports investments in equity and debt securities at their fair values in the statements of financial position. Interest, dividends, realized and unrealized gains and losses are included in the change in net assets.

All depreciable assets that cost at least $1,000 are recorded at cost and are depreciated on a straight-line basis. Buildings are depreciated over 25 years. Machinery and equipment are depreciated over 3 to 7 years and transportation equipment over 4 years. Leasehold improvements are depreciated over the term of the lease including extensions at the tenant's option.

Note B – Accounting Policies (continued)

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

The organization reports information regarding its financial position and activities according to the following classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Contributions and grants received are recorded depending on the existence or nature of any donor restrictions. When a restriction expires, donations with restrictions are reclassified as donations without restrictions. Revenue whose restriction expired during the year is presented as unrestricted revenue.

Information for the year ended June 30, 2020, is presented for comparative purposes only, and was extracted from the financial statements prepared for that year, upon which an unqualified opinion dated January 25, 2021 was expressed. Certain items have been reclassified to conform with current year presentation.

The Agency is a tax-exempt organization under the law of New York State and under Internal Revenue Code 501(c) (3) as a non-private foundation.

For purposes of the statements of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Subsequent events have been evaluated through November 28, 2021, the date of which financial statements were available to be issued.

Note C – Concentrations of Credit Risk

The Agency maintains cash balances at Capital One Bank and Bank of New York Mellon located in New York City. Federal Deposit Insurance Corporation insures all accounts at each institution in full.

Note D – Investments

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The

Note D – Investments (continued)

hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the agency 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;
- 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.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020, and 2021.

Common stocks, corporate bonds and government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value ('NAV') of shares held by the Agency at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note D – Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2021:

		2021	2020
Equity Securities	Level 1	$4,606,941	$3,634,322
U.S.Government and Agency Bonds	Level 1	326,701	410,296
Mutual Funds & Exchange Traded Funds	Level 2	9,612,377	7,650,655
Fixed Income Funds	Level 2	332,604	1,198,000
Cash & Money Market Accounts	Level 1	1,002,446	774,233
International Funds & Commodities	Level 2	25,643	28,013
Total		$15,906,712	$13,695,519

Additionally, investments included a J P Morgan Annuity in the amount of $1,444,848 and an insurance policy with cash value of $27,000. The investments are not insured. The annuity pays 3% interest per year. Interest and dividend income from these holding for the year ended June 30, 2021, was $312,316. Realized gains in fair market value of the investments for year ended June 30, 2021, is reported in the statement of activities in the amount of $1,930,266. Unrealized gains in fair market value of the investments for the year ended June 30 2021, is reported in the statement of activities in the amount of $1,813,211. Portfolio management and taxes for the year ended June 30, 2020, was $56,114.

Note E – Accounts Receivable

Accounts Receivable represents amounts owed to Hasc Center from revenues other than program service fees net of an allowance for bad debts estimated to be $4,000

Note F – Medicaid and Grants Receivable

All of the Medicaid and Grants Receivable are due from OPWDD.

Note G – Reserve Funds and Closing Costs

Reserve funds represents cash held by Bank of New York under the New York City Industrial Development Agency financing arrangement and by Dormitory Authority of the State of New York (DASNY) as security for payment of the Bonds and Mortgage loans.

Note G – Reserve Funds and Closing Costs (continued)

Closing costs represents the costs of obtaining the mortgages payable through the DASNY and New York City Industrial Development Agency. The costs are being amortized over 15 years, which is the life of the mortgages.

Note H - Bonds Payable

2013 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $10,000 to $300,000 plus interest at 3.280%, through July 2028, secured by real property and facilities. The balance due as of June 30, 2021 is $1,940,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2022	$255,000
Year ending June 30, 2023	260,000
Year ending June 30, 2024	265,000
Year ending June 30, 2025	280,000
Year ending June 30, 2026	290,000
Thereafter:	$590,000

2015 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $75,000 to $500,000 plus interest at 2.98%, through July 2029, secured by real property and facilities. The balance due as of June 30, 2021 is $1,885,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2022	$410,000
Year ending June 30, 2023	350,000
Year ending June 30, 2024	180,000
Year ending June 30, 2025	175,000
Year ending June 30, 2026	180,000
Thereafter:	$590,000

2017 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $25,000 to $115,000 plus interest at 3.384%, through July 2042, secured by real property and

Note H - Bonds Payable (continued)

facilities. The balance due as of June 30, 2021 is $2,108,811.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2022	$60,000
Year ending June 30, 2023	60,000
Year ending June 30, 2024	65,000
Year ending June 30, 2025	65,000
Year ending June 30, 2026	70,000
Thereafter:	$1,788,811

2021 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $205,000 to $215,000 plus interest at 2.13%, through June 2026, secured by real property and facilities. The balance due as of June 30, 2021 is $1,045,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2022	$205,000
Year ending June 30, 2023	205,000
Year ending June 30, 2024	210,000
Year ending June 30, 2025	210,000
Year ending June 30, 2026	215,000

The total of all bonds payable is $6,978,811.

Note I – Mortgages Payable

The Agency is liable for several mortgage loans from Capital One Bank to finance construction or renovation of its residential sites. The combined original amount of the loans were $2,614,462. Certain of the Agency's real property is pledged as collateral to the mortgages. Certain of the agreements provide for restrictions on the Agency's guarantees, other loans, mergers or other major changes in the business and on cash flow, net assets, and debt to capital ratio. Interest rates are between 6.4% - 7.1%. Total balance due at June 30, 2021 is $564,510.

Year ending June 30, 2022	$180,355
Year ending June 30, 2023	173,098
Year ending June 30, 2024	156,385
Year ending June 30, 2025	54,672

Note I – Mortgages Payable (continued)

The Organization has entered into an interest swap agreement. The Organization entered into this derivative instrument for the purpose of hedging interest rate risks, not for speculation. The swap agreement changes the nature of the interest rate paid on organization's long-term debt. The differential between the fixed and the variable rate interest payments is recognized as an increase/decrease in interest expense in the period incurred. The carrying value of the long-term debt (including current portion) approximates fair value since the current interest rate approximates market rates.

Note J – Loans Payable

The Agency is liable for several notes. The total balance at June 30, 2021, is $16,161,214. Principal installments due are as follows:

Year ending June 30, 2022	$3,583,703
Year ending June 30, 2023	2,033,804
Year ending June 30, 2024	1.839,203
Year ending June 30, 2025	1,857,561
Year ending June 30, 2026	1,846,943
	11,161,214

The total Agency maintains a line of credit with Chase Manhattan Bank in the amount of $5,000,000. As of June 30, 2021, the draw down against the line was $2,500,000 reported as loans payable in the financial statements. The line of credit interest rate is 3.00%. The agency has a loan due FJC in the amount of $5,000,000 to finance the purchase of a new site. Management expects to convert the loan to permanent financing upon completion of construction. The interest rate is prime plus 3%. The Agency has non-interest-bearing loans to various community members in the amount of $402,927. The agency is liable for a PPP loan in the amount of $8,258,287 with an interest rate of 0.98%. The maturity date of the loan is 6/14/2026.

Note K – Advance from OPWDD

Advance from OPWDD represents amounts advanced by the New York State Office for People with Developmental Disabilities to finance renovation of new sites and start-up of new programs. These amounts are either repaid over five years from the date the new program opens, or are converted to long term debt by inclusion in the mortgage loan from Dormitory Authority of the State of New York.

Note L – Leases

The Agency leases space for various sites in Brooklyn and Sullivan County. The leases are for 2 to 10 years. Rent expense for the year ended June 30, 2021, was $2,571,075, and future commitments are:

Year ending June 30, 2022	$2,042,067
Year ending June 30, 2023	1,189,837
Year ending June 30, 2024	1,187,575

Note L – Leases (Continued)

Year ending June 30, 2025	970,750
Year ending June 30, 2026	970,750

Note M – Equipment Leases

The Agency leases various auto and office equipment under 2 to 5-year leases. Total amount paid under expensed leases during the year ended June 30, 2021, was $99,212, and future required payments are:

Year ending June 30, 2022	$75,362
Year ending June 30, 2023	65,451
Year ending June 30, 2024	50,372
Year ending June 30, 2025	50,372
Year ending June 30, 2026	45,124

Note N – Due to Employees HCI

This represents the accrued health insurance expense for the unexpended funds received from New York State OPWDD for the purpose of reimbursing employees for healthcare expenses.

Note O – Related Parties

The Agency provided management services to Hasc Diagnostic & Treatment Center, Inc. Management fees for the year ended June 30, 2021, was $39,000. The two entities are under common management.

Hasc Center, Inc. purchased transportation services from a Not-for-Profit entity at a cost of $1,038,619 and $1,097,279 for the years ended June 30, 2020, and June 30, 2021, respectively. The two entities are under common management.

Note P – Pension Plan

The Agency maintains a 401K pension plan covering all employees who have been employed at least one year. Employees may contribute salaries to a maximum of $18,500, and an additional $6,000 for employees over fifty years old. The Agency matches 25% of employee contributions to a maximum of $2,500 of employee contributions. The cost of the plan was $228,060 for the year ended June 30, 2021.

Note Q – Commitment and Contingencies

The Agency receives payments from third party payers for services. These payments are subject to audit by various regulatory bodies which may give rise to contingent liabilities. The board has set up funds for such contingent liabilities, which is reflected in the financial statements as board designated funds. HASC Center Inc. was a member of the Community Residence Saving Plan self- insurance trust (CRISP), for the purpose of providing workers' compensation benefit under the NYS workers compensation law. The trust was taken over by the NYS Workers' Compensation Board, The Agency has agreed to settle all claims for $348,240 payable over 10 years in monthly installments of $2,902 inclusive of 3% interest. The amount due as of June 30, 2021 is $200,238. This is reported in the statement of financial position as other liabilities. The Agency advanced to a related not for profit organization, based on the terms of a subvention the amount of $2,200,000 for working capital, as well as guaranteeing their loan of $4,000,000.

Note R – COVID-19

In March of 2020, the COVID-19 outbreak in the United States has reduced the Agency's ability to service individuals in need. The Agency utilized remote and alternative services, as much as possible to offset any negative impact of the pandemic. The Agency received funds from the U. S. Department of Health and Human Services in the amount of $1,420,941. These funds were provided as a grant contingent on meeting certain requirements.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors of
HASC Center, Inc. and Subsidiaries
Brooklyn, NY 11220

We have audited the consolidated financial statements of HASC Center, Inc. and Subsidiaries as of and for the year ended June 30, 2021, and have issued our report thereon dated November 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was preformed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 17 through 19 are presented for the purpose of additional analysis and are 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 audit 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 the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

J. Gliksman CPA P.C.

J. Gliksman, CPA P.C.
November 28, 2021

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Current Assets	Center	Camp	Eliminations	Consolidated
Cash and Cash Equivalents	$ 8,083,858	$ 4,161,091		$ 12,244,949
Investments	17,378,560			17,378,560
Accounts Receivable (Less				-
Allowance for Bad Debts $4,000)	9,456,681	56,809	(8,023,359)	1,490,131
Medicaid and Grants Receivable	13,051,034			13,051,034
Prepaid Expenses	1,136,231	60,344		1,196,575
Prepaid Interest	10,879			10,879
Total Current Assets	**$ 49,117,243**	**$ 4,278,244**	**$ (8,023,359)**	**$ 45,372,128**
Fixed Assets				
Land	$ 2,481,500	$ 407,048		$ 2,888,548
Building	31,155,030			31,155,030
Leasehold Improvements	4,527,099	970,225		5,497,324
Vehicles	884,363			884,363
Machinery & Equipment	971,940	72,893		1,044,833
Furniture & Fixtures	678,983	36,226		715,209
Accumulated Depreciation	(19,171,658)			(19,171,658)
Total Fixed Assets	**$ 21,527,257**	**$ 1,486,392**	**$ -**	**$ 23,013,649**
Other Assets				
Due from BKFHC	$ 2,654,399			$ 2,654,399
Reserve Funds	574,891			574,891
Security Deposits	122,500			122,500
Retirement Trust Fund	1,807,406			1,807,406
Bond Closing Costs (Net of				-
Amortization of $1,161,914)	708,788			708,788
Total Other Assets	**$ 5,867,984**	**$ -**	**$ -**	**$ 5,867,984**
TOTAL ASSETS	**$ 76,512,484**	**$ 5,764,636**	**$ (8,023,359)**	**$ 74,253,761**

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Current Liabilities	Center	Camp	Eliminations	Consolidated
Accounts Payable	$ 1,987,290	$ 629,810		$ 2,617,100
Due to Employees HCI	415,507			415,507
Accrued Wages & Taxes	2,663,713	53,259		2,716,972
Accrued Expenses	108,380			108,380
Loans Payable	3,122,983	460,720		3,583,703
Advances Due to OPWDD	216,548			216,548
Bonds Payable	930,000			930,000
Mortgages Payable	180,355			180,355
Interest Payable	70,309			70,309
Deferred Revenue	(3,294)	1,115,101		1,111,807
Other Liabilities	34,824			34,824
Total Current Liabilities	$ 9,726,615	$ 2,258,890	$ -	$ 11,985,505
Other Liabilities				
Loans Payable	$ 10,079,824	$ 10,521,046	$ (8,023,359)	$ 12,577,511
Advances Due to OPWDD	250,218			250,218
Retirement Trust Fund	1,807,406			1,807,406
Bonds Payable	6,048,811			6,048,811
Mortgages Payable	384,155			384,155
Other Liabilities	140,125			140,125
Total Other Liabilities	$ 18,710,539	$ 10,521,046	$ (8,023,359)	$ 21,208,226
TOTAL LIABILITIES	$ 28,437,154	$ 12,779,936	$ (8,023,359)	$ 33,193,731
Net Assets				
Net Assets Without Donor Restrictions	$ 45,953,297	$ (7,015,300)		$ 38,937,997
Net Assets With Donor Restrictions	47,343			47,343
Board Designated Net Assets	2,074,690			2,074,690
Total Net Assets	$ 48,075,330	$ (7,015,300)	$ -	$ 41,060,030
TOTAL LIABILITIES AND NET ASSETS	$ 76,512,484	$ 5,764,636	$ (8,023,359)	$ 74,253,761

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	Center Without Donor Restrictions	Camp Without Donor Restrictions	Eliminations	Consolidated
Revenues				
Workshop Sales	$ 15,000			$ 15,000
Grants	483,712			483,712
Program Service Fees	54,157,414	408,734	(276,525)	54,289,623
Management Income	39,000			39,000
Other Income	185,012	735,358		920,370
Contributions		3,992,953		3,992,953
Investment Income	3,999,679			3,999,679
Total	$ 58,879,817	$ 5,137,045	$ (276,525)	$ 63,740,337
Expenses				
Program	$ 50,655,229	$ 2,892,216	$ (276,525)	$ 53,270,920
Management & General	3,856,823			3,856,823
Fundraising		1,558,865		1,558,865
Total	$ 54,512,052	$ 4,451,081	$ (276,525)	$ 58,686,608
Change in Net Assets	$ 4,367,765	$ 685,964	$ -	$ 5,053,729
Net Assets Beginning	43,707,564	(7,701,263)		36,006,301
NET ASSETS ENDING	$ 48,075,329	$ (7,015,299)	$ -	$ 41,060,030

HASC CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hasc Center, Inc. and Subsidiaries
Brooklyn, NY

We have audited the accompanying consolidated financial statements of Hasc Center, Inc. and Subsidiaries (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hasc Center, Inc. and Subsidiaries, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Hasc Center, Inc. and Subsidiaries for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 30, 2019. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statement from which it has been derived.

J. Gliksman, CPA PC

January 25, 2021

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

Current Assets	2020	2019
Cash and Cash Equivalents	$ 752,879	$ 1,428,759
Investments	15,125,026	13,983,754
Accounts Receivable (Less Allowance for Bad Debts $4,000)	1,126,196	2,013,613
Medicaid and Grants Receivable	12,153,521	9,969,709
Prepaid Expenses	913,538	1,048,845
Prepaid Interest	71,224	10,880
Total Current Assets	**$ 30,142,384**	**$ 28,455,560**
Fixed Assets		
Land	$ 2,888,548	$ 2,888,548
Building	31,976,155	31,292,462
Leasehold Improvements	5,093,182	4,835,655
Vehicles	884,363	884,363
Machinery & Equipment	991,128	975,376
Furniture & Fixtures	710,014	695,337
Accumulated Depreciation	(17,692,061)	(16,051,476)
Total Fixed Assets	**$ 24,851,329**	**$ 25,520,265**
Other Assets		
Due from BKFHC	$ 2,292,504	$ 1,858,051
Reserve Funds	625,454	652,947
Security Deposits	120,574	117,859
Retirement Trust Fund	1,422,379	1,248,982
Bond Closing Costs (Net of Amortization of $1,079,666)	724,267	807,270
Total Other Assets	**$ 5,185,178**	**$ 4,685,109**
TOTAL ASSETS	**$ 60,178,891**	**$ 58,660,934**

See notes to the financial statements.

HASC CENTER, INC. AND SUSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

Current Liabilities	2020	2019
Accounts Payable	$ 2,263,156	$ 1,814,805
Due to Employees HCI	415,507	415,507
Accrued Wages & Taxes	1,575,631	1,566,377
Accrued Expenses	108,380	113,380
Loans Payable	4,472,667	3,790,485
Advances Due to OPWDD	216,549	216,549
Bonds Payable	720,000	710,000
Mortgages Payable	172,211	157,486
Interest Payable	65,777	60,750
Deferred Revenue	371,751	968,400
Other Liabilities	34,824	34,824
Total Current Liabilities	**$ 10,416,453**	**$ 9,848,563**
Other Liabilities		
Loans Payable	$ 5,385,000	$ 6,033,246
Advances Due to OPWDD	250,218	250,218
Retirement Trust Fund	1,422,380	1,248,982
Bonds Payable	5,933,811	6,608,198
Mortgages Payable	564,490	751,402
Other Liabilities	200,238	235,062
Total Other Liabilities	**$ 13,756,137**	**$ 15,127,108**
TOTAL LIABILITIES	**$ 24,172,590**	**$ 24,975,671**
Net Assets		
Net Assets Without Donor Restrictions	$ 33,884,268	$ 31,563,230
Net Assets With Donor Restrictions	47,343	47,343
Board Designated Net Assets	2,074,690	2,074,690
Total Net Assets	**$ 36,006,301**	**$ 33,685,263**
TOTAL LIABILITIES AND NET ASSETS	**$ 60,178,891**	**$ 58,660,934**

See notes to the financial statements.

HASC CENTER, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	Without Donor Restrictions 2020	Camp Without Donor Restrictions 2020	Total 2020	Total 2019
Revenues				
Workshop Sales	$ -	$ -	$ -	$ 8,213
Grants	1,078,547	-	1,078,547	135,763
Program Service Fees	47,746,675	3,538,425	51,285,100	52,991,619
Management Income	39,000	-	39,000	39,000
Other Income	394,631	388,156	782,787	179,919
Contributions	-	3,001,633	3,001,633	2,766,646
Investment Income	1,133,929	-	1,133,929	957,896
Total	**$ 50,392,782**	**$ 6,928,214**	**$ 57,320,996**	**$ 57,079,056**
Expenses				
Program	$ 45,354,933	$ 5,379,098	$ 50,734,031	$ 51,964,226
Management & General	3,314,104	-	3,314,104	3,566,667
Fundraising	-	951,823	951,823	1,400,359
Total	**$ 48,669,037**	**$ 6,330,921**	**$ 54,999,958**	**$ 56,931,252**
Change in Net Assets	$ 1,723,745	$ 597,293	$ 2,321,038	$ 147,804
Net Assets Beginning	41,983,820	(8,298,557)	33,685,263	33,537,460
NET ASSETS ENDING	**$ 43,707,565**	**$ (7,701,264)**	**$ 36,006,301**	**$ 33,685,264**

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

Expenses	Program	General & Administrative	Fundraising	Total 2020	Total 2019
Salaries	$ 29,390,445	$ 1,612,145	$ 108,874	31,111,464	$ 30,328,473
Taxes & Fringe Benefits	7,556,589	646,603	-	8,203,192	9,318,428
Total Salaries and Benefits	**$ 36,947,034**	**$ 2,258,748**	**$ 108,874**	**$ 39,314,656**	**$ 39,646,901**
Food	1,697,484	10,320	93,880	1,801,684	2,005,369
Repairs & Maintenance	608,504	12,269	3,000	623,773	630,759
Utilities	765,151	28,684	2,174	796,009	785,490
Transportation	1,302,057	5,510	67,927	1,375,494	1,755,639
Auto Expense	220,002	5,183	10,803	235,988	248,807
Consumer Allowances & Incidental	763,617	-	-	763,617	694,653
Consumer Recreation	1,233,019	-	107,216	1,340,235	2,322,550
Consumer Salaries	6,664	-	-	6,664	9,454
Staff Training	69,288	1,416	14,140	84,844	85,073
Office Expense	357,967	109,996	227,988	695,951	510,752
Supplies	604,451	63,524	84,610	752,585	854,169
Postage	24,240	9,331	-	33,571	32,590
Advertising	164,088	101,643	54,099	319,830	638,455
Data Processing	283,747	7,533	-	291,280	245,369
Licenses & Fees	78,732	15,903	150	94,785	113,699
Professional Fees	502,838	464,071	83,433	1,050,342	911,331
Equipment Lease	101,779	9,115	-	110,894	116,163
Rent	2,483,565	70,455	93,529	2,647,549	2,678,224
Insurance	251,398	80,142	-	331,540	392,467
Interest	573,259	31,820	-	605,079	476,569
Depreciation & Amortization	1,695,147	28,441	-	1,723,588	1,776,766
TOTAL EXPENSES	**$ 50,734,031**	**$ 3,314,104**	**$ 951,823**	**$ 54,999,958**	**$ 56,931,249**

HASC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	2020	2019
Cash Flows from Operations		
Increase in Net Assets	$ 2,321,038	$ 147,803
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operations:		
Non-Cash Items:		
Depreciation & Amortization	1,723,588	1,776,766
Increase (Decrease) in Cash Resulting from Changes in Operating Assets and Liabilities:		
Receivables, Prepaids, Etc.	(1,397,544)	(2,500,610)
Payables, Accruals, Etc.	(178,868)	496,621
Net Cash Provided (Used) by Operations	**$ 2,468,214**	**$ (79,420)**
Cash Flows from Investing		
Purchase of Investments	$ (1,141,271)	$ 335,587
Advance to BKFHC	(434,453)	(247,100)
Purchase of Fixed Assets	(971,649)	(3,012,925)
Net Cash Provided (Used) by Investing	**$ (2,547,373)**	**$ (2,924,438)**
Cash Flows from Financing		
Refunds (Deposits) of Debt Reserve Funds	$ 27,493	$ -
Proceeds (Payments) of Loans	33,936	972,389
Proceeds (Payments) of Mortgages and Bonds	(658,149)	(836,403)
Net Cash Provided (Used) by Financing	**$ (596,720)**	**$ 135,986**
Net Cash Provided (Used):	**$ (675,879)**	**$ (2,867,872)**
Cash Balance Beginning	1,428,758	4,296,630
CASH BALANCE ENDING	**$ 752,879**	**$ 1,428,758**
Interest Paid	$ 605,079	$ 476,569

See notes to the financial statements.

HASC CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

Note A – Nature of Organization

Hasc Center, Inc. and Subsidiaries, (the Agency) is a not-for-profit agency that provides an array of services in Brooklyn, NY, to children and adults with developmental disabilities and their families. Approximately 90% of the Agency's revenue is from Medicaid received from the Office for People with Developmental Disabilities (OPWDD). The services include Day Programs, Residential Services, Employment Services, Service Coordination and Residential Habilitation. On March 29, 2018 Hasc Center, Inc. became the sole member of another Not-For-Profit entity, Camp Hasc Inc. Camp Hasc Inc. is an overnight and day camp in Sullivan county serving children and adults with development disabilities as well as other special needs individuals.

Note B – Accounting Policies

The accounting policies of the Agency conform to accounting principles generally accepted in the Unites States as applicable to voluntary health and welfare agencies. The accrual basis of accounting is followed by the Agency. Under the accrual basis of accounting, revenues are reported when earned. Expenditures are recorded when the goods or services are received. Sick and vacation pay is recorded when earned.

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation have not been material to the financial statements.

The Agency reports investments in equity and debt securities at their fair values in the statements of financial position. Interest, dividends, realized and unrealized gains and losses are included in the change in net assets.

All depreciable assets that cost at least $1,000 are recorded at cost and are depreciated on a straight-line basis. Buildings are depreciated over 25 years. Machinery and equipment are depreciated over 3 to 7 years and transportation equipment over 4 years. Leasehold improvements are depreciated over the term of the lease including extensions at the tenant's option.

Note B – Accounting Policies (continued)

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

The organization reports information regarding its financial position and activities according to the following classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Contributions and grants received are recorded depending on the existence or nature of any donor restrictions. When a restriction expires, donations with restrictions are reclassified as donations without restrictions. Revenue whose restriction expired during the year is presented as unrestricted revenue.

Information for the year ended June 30, 2019, is presented for comparative purposes only, and was extracted from the financial statements prepared for that year, upon which an unqualified opinion dated November 30, 2020 was expressed. Certain items have been reclassified to conform with current year presentation.

The Agency is a tax-exempt organization under the law of New York State and under Internal Revenue Code 501(c) (3) as a non-private foundation.

For purposes of the statements of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Subsequent events have been evaluated through January 25, 2021, the date of which financial statements were available to be issued.

Note C – Concentrations of Credit Risk

The Agency maintains cash balances at Capital One Bank and Bank of New York Mellon located in New York City. Federal Deposit Insurance Corporation insures all accounts at each institution in full.

Note D – Investments

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The

Note D – Investments (continued)

hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the agency 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;
- 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.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019, and 2020.

Common stocks, corporate bonds and government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value ('NAV') of shares held by the Agency at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note D – Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2020:

		2020	2019
Equity Securities	Level 1	$3,634,322	$3,301,563
U.S.Government and Agency Bonds	Level 1	410,296	393,864
Mutual Funds & Exchange Traded Funds	Level 2	7,650,655	7,144,362
Fixed Income Funds	Level 2	1,198,000	1,182,573
Cash & Money Market Accounts	Level 1	774,233	568,234
International Funds & Commodities	Level 2	28,013	4,248
Total		$13,695,519	$12,594,844

Additionally, investments included a J P Morgan Annuity in the amount of $1,402,507 and an insurance policy with cash value of $27,000. The investments are not insured. The annuity pays 3% interest per year. Interest and dividend income from these holding for the year ended June 30, 2020, was $413,036. Realized gains in fair market value of the investments for year ended June 30, 2020, is reported in the statement of activities in the amount of $439,051. Unrealized gains in fair market value of the investments for the year ended June 30 2020, is reported in the statement of activities in the amount of $342,228. Portfolio management and taxes for the year ended June 30, 2020, was $60,386.

Note E – Accounts Receivable

Accounts Receivable represents amounts owed to Hasc Center from revenues other than program service fees net of an allowance for bad debts estimated to be $4,000

Note F – Medicaid and Grants Receivable

All of the Medicaid and Grants Receivable are due from OPWDD.

Note G – Reserve Funds and Closing Costs

Reserve funds represents cash held by Bank of New York under the New York City Industrial Development Agency financing arrangement and by Dormitory Authority of the State of New York (DASNY) as security for payment of the Bonds and Mortgage loans.

Note G – Reserve Funds and Closing Costs (continued)

Closing costs represents the costs of obtaining the mortgages payable through the DASNY and New York City Industrial Development Agency. The costs are being amortized over 15 years, which is the life of the mortgages.

Note H - Bonds Payable

2013 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $10,000 to $300,000 plus interest at 3.280%, through July 2028, secured by real property and facilities. The balance due as of June 30, 2020 is $2,190,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2021		$250,000
Year ending June 30, 2022		255,000
Year ending June 30, 2023		260,000
Year ending June 30, 2024		265,000
Year ending June 30, 2025		280,000
Thereafter:	$880,000	

2015 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $75,000 to $500,000 plus interest at 2.98%, through July 2029, secured by real property and facilities. The balance due as of June 30, 2020 is $2,300,000.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2021		$415,000
Year ending June 30, 2022		410,000
Year ending June 30, 2023		350,000
Year ending June 30, 2024		180,000
Year ending June 30, 2025		175,000
Thereafter:	$770,000	

2017 Dormitory Authority of The State of NY revenue bonds payable in annual principal installments of $25,000 to $115,000 plus interest at 3.384%, through July 2042, secured by real property and

Note H - Bonds Payable (continued)

facilities. The balance due as of June 30, 2020 is $2,163,811.

Future maturities of revenue bonds payable are as follows:

Year ending June 30, 2021		$55,000
Year ending June 30, 2022		60,000
Year ending June 30, 2023		60,000
Year ending June 30, 2024		65,000
Year ending June 30, 2025		65,000
Thereafter:	$1,858,811	

The total of all bonds payable is $6,653,811.

Note I – Mortgages Payable

The Agency is liable for several mortgage loans from Capital One Bank to finance construction or renovation of its residential sites. The combined original amount of the loans was $2,614,462. Certain of the Agency's real property is pledged as collateral to the mortgages. Certain of the agreements provide for restrictions on the Agency's guarantees, other loans, mergers or other major changes in the business and on cash flow, net assets, and debt to capital ratio. Interest rates are between 6.4% -7.1%. Total balance due at June 30, 2020 is $736,701.

Year ending June 30, 2021	$172,211
Year ending June 30, 2022	180,335
Year ending June 30, 2023	173,098
Year ending June 30, 2024	156,385
Year ending June 30, 2025	54,672

The Organization has entered into an interest swap agreement. The Organization entered into this derivative instrument for the purpose of hedging interest rate risks, not for speculation. The swap agreement changes the nature of the interest rate paid on organization's long-term debt. The differential between the fixed and the variable rate interest payments is recognized as an increase/decrease in interest expense in the period incurred. The carrying value of the long-term debt (including current portion) approximates fair value since the current interest rate approximates market rates.

Note J – Loans Payable

The Agency is liable for several notes. The total balance at June 30, 2020, is $9,857,667. Principal installments due are as follows:

Year ending June 30, 2021	$4,472,667
Year ending June 30, 2022	193,324
Year ending June 30, 2023	91,676
Year ending June 30, 2024	100,000

The Agency maintains a line of credit with Capital One Bank in the amount of $3,500,000. As of June 30, 2020, the draw down against the line was $3,500,000 reported as loans payable in the financial statements. The line of credit interest rate is 4.75%. Subsequent to the financial statement date the Agency paid down $1,000,000 of the line of credit. The agency has a loan due FJC in the amount of $5,000,000 to finance the purchase of a new site. Management expects to convert the loan to permanent financing upon completion of construction. The interest rate is prime plus 3%. The Agency has non-interest-bearing loans to various community members in the amount of $1,357,667 of which $864,333 was paid subsequent to the financial statement date.

Note K – Advance from OPWDD

Advance from OPWDD represents amounts advanced by the New York State Office for People with Developmental Disabilities to finance renovation of new sites and start-up of new programs. These amounts are either repaid over five years from the date the new program opens, or are converted to long term debt by inclusion in the mortgage loan from Dormitory Authority of the State of New York.

Note L – Leases

The Agency leases space for various sites in Brooklyn and Sullivan County. The leases are for 2 to 10 years. Rent expense for the year ended June 30, 2020, was $2,647,549, and future commitments are:

Year ending June 30, 2021	$2,069,004
Year ending June 30, 2022	2,042,067
Year ending June 30, 2023	1,189,837
Year ending June 30, 2024	1,187,575
Year ending June 30, 2025	970,750

Note M – Equipment Leases

The Agency leases various auto and office equipment under 2 to 5-year leases. Total amount paid under expensed leases during the year ended June 30, 2020, was $110,894, and future required payments are:

Year ending June 30, 2021	$110,894
Year ending June 30, 2022	75,362
Year ending June 30, 2023	65,451
Year ending June 30, 2023	50,372

Note N – Due to Employees HCI

This represents the accrued health insurance expense for the unexpended funds received from New York State OPWDD for the purpose of reimbursing employees for healthcare expenses.

Note O – Related Parties

The Agency provided management services to Hasc Diagnostic & Treatment Center, Inc. Management fees for the year ended June 30, 2020, was $39,000. The two entities are under common management.

Hasc Center, Inc. purchased transportation services from a Not-for-Profit entity at a cost of $1,321,893 and $1,038,619 for the years ended June 30, 2019, and June 30, 2020, respectively. The two entities are under common management.

Note P – Pension Plan

The Agency maintains a 401K pension plan covering all employees who have been employed at least one year. Employees may contribute salaries to a maximum of $18,500, and an additional $6,000 for employees over fifty years old. The Agency matches 25% of employee contributions to a maximum of $2,500 of employee contributions. The cost of the plan was $208,083 for the year ended June 30, 2020.

Note Q – Commitment and Contingencies

The Agency receives payments from third party payers for services. These payments are subject to audit by various regulatory bodies which may give rise to contingent liabilities. The board has set up funds for such contingent liabilities, which is reflected in the financial statements as board designated funds. HASC Center Inc. was a member of the Community Residence Saving Plan self- insurance

Note Q – Commitment and Contingencies (continued)

trust (CRISP), for the purpose of providing workers' compensation benefit under the NYS workers compensation law. The trust was taken over by the NYS Workers' Compensation Board, The Agency has agreed to settle all claims for $348,240 payable over 10 years in monthly installments of $2,902 inclusive of 3% interest. The amount due as of June 30, 2020 is $235,062. This is reported in the statement of financial position as other liabilities. The Agency advanced to a related not for profit organization, based on the terms of a subvention the amount of $2,200,000 for working capital, as well as guaranteeing their loan of $4,000,000.

Note R – COVID-19

In March of 2020, the COVID-19 outbreak in the United States has reduced the Agency's ability to service individuals in need. The Agency utilized remote and alternative services, as much as possible to offset any negative impact of the pandemic. The Agency received funds from the U. S. Department of Health and Human Services in the amount of $1,420,941. These funds were provided as a grant contingent on meeting certain requirements.

APPENDIX B-V

HEARTSHARE HUMAN SERVICES OF NEW YORK

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED JUNE 30, 2022, JUNE 30, 2021 AND JUNE 30, 2020)

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2022 and 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2022 and 2021

Contents

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Independent Auditor's Report

The Board of Directors
HeartShare Human Services of New York and Affiliates
Brooklyn, New York

Opinion

We have audited the consolidated financial statements of HeartShare Human Services of New York and Affiliates (collectively, HeartShare and Affiliates), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, 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 financial position of HeartShare and Affiliates as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 HeartShare and Affiliates and to meet our other ethical responsibilities, in accordance with the 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 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 HeartShare and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 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, 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 HeartShare and Affiliates' 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 HeartShare and Affiliates' 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not required parts 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 1, 2022

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Financial Position

June 30,	2022	2021
Assets		
Current Assets		
Cash	$ 10,103,548	$ 5,254,650
Accounts receivable	38,585,476	43,590,085
Due from Metro Community Health Centers, Inc.	764,354	645,939
Prepaid expenses and other receivables	3,286,602	3,806,776
Security deposits	654,188	608,482
Other current assets	76,524	92,224
Total Current Assets	53,470,692	53,998,156
Due from Metro Community Health Centers, Inc.	825,766	873,465
Beneficial Interest in Perpetual Trust	38,032	47,102
Property and Equipment, Net	36,512,718	37,589,971
Deferred Leasing Costs	1,240,821	1,254,720
Right-of-Use Assets	66,990,531	76,002,703
Other Noncurrent Assets	548,396	150,113
Rent Receivable	9,416,904	8,127,163
Total Assets	$ 169,043,860	$ 178,043,393
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 7,212,718	$ 5,133,941
Accrued salaries and vacation payable	14,785,101	8,598,377
Accrued compensation - Deferred FICA	1,620,047	1,613,391
Due to government agencies	6,504,157	6,116,121
Current portion of Loan payable - Paycheck Protection Program	-	154,302
Current portion of long-term debt	3,760,505	3,336,497
Lines of credit	-	7,578,851
Current portion of operating lease liabilities	7,269,313	10,181,414
Other current liabilities	3,266,676	2,222,288
Total Current Liabilities	44,418,517	44,935,182
Long-Term Liabilities		
Accrued compensation - Deferred FICA	-	1,620,047
Due to government agencies, less current portion	12,253,559	11,727,848
Long-term debt, net of deferred issuance costs and current portion	18,344,198	17,779,190
Lines of credit	1,605,604	-
Refundable advance - Provider Relief Fund	-	1,256,481
Loan payable - Paycheck Protection Program, less current portion	-	4,472,232
Post-retirement benefit obligation	518,610	518,610
Operating lease liabilities, less current portion	64,341,618	70,455,654
Allowance for potential rate adjustments	7,050,000	5,094,791
Total Long-Term Liabilities	104,113,589	112,924,853
Total Liabilities	148,532,106	157,860,035
Net Assets		
Without donor restriction	19,824,485	19,377,484
With donor restrictions	687,269	805,874
Total Net Assets	20,511,754	20,183,358
Total Liabilities and Net Assets	$ 169,043,860	$ 178,043,393

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Activities

Year ended June 30, 2022

		Without Donor Restrictions		With Donor Restrictions		Total
Revenues, Gains and Other Support						
Contributions, bequests and non-government grants	$	2,568,435	$	138,860	$	2,707,295
Special events revenues, net of direct costs to donors of $377,767		778,102		-		778,102
Patient service revenues		192,874		-		192,874
Fees and grants from government agencies		149,446,563		-		149,446,563
Client fees		5,020,431		-		5,020,431
Interest income		136,058		-		136,058
Other revenues		513,260		-		513,260
Rental income		2,670,129		-		2,670,129
Workforce stabilization grant		14,148,531		-		14,148,531
Net assets released from restriction		248,395		(248,395)		-
Total Revenues, Gains and Other Support		175,722,778		(109,535)		175,613,243
Expenses						
Program services:						
Boarding home		13,929,765		-		13,929,765
Medical services		6,385,003		-		6,385,003
Residence programs		85,303,903		-		85,303,903
Prevention		10,074,787		-		10,074,787
Education		17,776,594		-		17,776,594
Respite		600,689		-		600,689
Energy programs		213,126		-		213,126
Day programs		23,243,125		-		23,243,125
Clinical services		805,355		-		805,355
American Dream program		453,936		-		453,936
Grant-making activities		148,156		-		148,156
Total Program Services		158,934,439		-		158,934,439
Supporting services:						
Management and general		20,116,072		-		20,116,072
Fundraising		716,178		-		716,178
Total Supporting Services		20,832,250		-		20,832,250
Total Expenses		179,766,689		-		179,766,689
Change in Net Assets, before other changes		(4,043,911)		(109,535)		(4,153,446)
Loss on beneficial interest in perpetual trust		-		(9,070)		(9,070)
Forgiveness of debt - Paycheck Protection Protection program		4,490,912		-		4,490,912
Change in Net Assets		447,001		(118,605)		328,396
Net Assets, beginning of year		19,377,484		805,874		20,183,358
Net Assets, end of year	$	19,824,485	$	687,269	$	20,511,754

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Activities

Year ended June 30, 2021

		Without Donor Restrictions		With Donor Restrictions		Total
Revenues, Gains and Other Support						
Contributions, bequests and non-government grants	$	3,114,081	$	248,058	$	3,362,139
Special events revenues, net of direct costs to donors of $79,609		671,270		-		671,270
Patient service revenues		243,348		-		243,348
Fees and grants from government agencies		143,157,320		-		143,157,320
Client fees		4,959,837		-		4,959,837
Interest income		109,259		-		109,259
Other revenues		528,006		-		528,006
Rental income		2,612,136		-		2,612,136
Net assets released from restriction		551,869		(551,869)		-
Total Revenues, Gains and Other Support		155,947,126		(303,811)		155,643,315
Expenses						
Program services:						
Boarding home		14,093,663		-		14,093,663
Medical services		6,130,293		-		6,130,293
Residence programs		70,276,877		-		70,276,877
Prevention		9,378,386		-		9,378,386
Education		18,104,295		-		18,104,295
Respite		356,601		-		356,601
Energy programs		212,466		-		212,466
Day programs		17,074,747		-		17,074,747
Clinical services		672,554		-		672,554
American Dream program		258,344		-		258,344
Grant-making activities		176,000		-		176,000
Total Program Services		136,734,226		-		136,734,226
Supporting services:						
Management and general		18,216,290		-		18,216,290
Fundraising		637,986		-		637,986
Total Supporting Services		18,854,276		-		18,854,276
Total Expenses		155,588,502		-		155,588,502
Change in Net Assets, before other changes		358,624		(303,811)		54,813
Gain on beneficial interest in perpetual trust		-		8,552		8,552
Change in affiliation with the William M. Casey Foundation, Inc.		(6,711,144)		-		(6,711,144)
Change in Net Assets		(6,352,520)		(295,259)		(6,647,779)
Net Assets, beginning of year, as revised		25,730,004		1,101,133		26,831,137
Net Assets, end of year	$	19,377,484	$	805,874	$	20,183,358

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Functional Expenses

Year ended June 30, 2022

	Program Services												Supporting Services			
	Boarding Home	Medical Services	Residence Programs	Prevention	Education	Respite	Energy Programs	Day Programs	Clinical Services	American Dream	Grant-making activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 4,988,898	$ 3,826,354	$ 47,972,526	$ 6,942,332	$ 11,526,923	$ 338,508	$ 144,479	$ 9,997,962	$ 384,502	$ 195,474	$ -	$ 86,317,958	$ 10,938,318	$ 230,071	$ 11,168,389	$ 97,486,347
Payroll taxes and employee benefits	1,295,105	1,024,115	11,486,106	1,813,129	3,107,184	82,849	41,020	2,335,449	109,509	50,999	-	21,345,465	2,925,100	54,762	2,979,862	24,325,327
Total Salaries and Related Expenses	6,284,003	4,850,469	59,458,632	8,755,461	14,634,107	421,357	185,499	12,333,411	494,011	246,473	-	107,663,423	13,863,418	284,833	14,148,251	121,811,674
Occupancy	418,450	157,558	7,727,914	334,987	1,764,017	62,594	11,290	4,134,118	244,979	9,609	-	14,865,516	1,379,709	22,244	1,401,953	16,267,469
Professional fees and contract service payments	808,772	633,346	3,630,391	132,287	62,782	80,532	14	1,732,845	25,313	25,696	-	7,131,978	2,817,820	177,088	2,994,908	10,126,886
Foster boarding home payments	4,562,011	-	-	-	-	-	-	-	-	58,771	-	4,620,782	-	130	130	4,620,912
Insurance	229,968	133,467	2,153,677	213,736	259,623	11,547	3,311	641,849	10,725	5,059	-	3,662,962	420,012	5,022	425,034	4,087,996
Depreciation and amortization	106,594	111,643	3,243,156	13,704	292,506	4,241	1,039	191,294	6,632	-	-	3,970,809	275,772	2,415	278,187	4,248,996
Repairs and maintenance	258,490	32,616	1,637,521	33,419	137,021	1,405	88	333,356	5,161	-	-	2,439,077	282,704	6,476	289,180	2,728,257
Supplies	135,757	87,059	1,322,763	176,241	132,836	904	20	94,820	3,441	10,260	-	1,964,101	102,368	13,470	115,838	2,079,939
Food	6,811	4,208	1,751,260	33,673	206,947	-	-	15,214	-	-	-	2,018,113	12,498	1,106	13,604	2,031,717
Interest	113,166	37,128	1,186,836	11,675	62,929	1,072	427	68,113	1,959	-	-	1,483,305	26,707	660	27,367	1,510,672
Telephone	100,928	66,943	575,599	95,349	52,558	10,934	5,366	141,216	4,958	344	-	1,054,195	142,806	2,381	145,187	1,199,382
Transportation	142,503	11,714	279,518	23,771	17,258	2,339	-	3,231,595	-	30,653	-	3,739,351	41,169	1,009	42,178	3,781,529
Equipment rental	23,282	-	520,957	-	23,167	2,070	718	265,732	-	-	-	835,926	56,783	652	57,435	893,361
Medical supplies	-	30,499	638,924	256	13,889	90	-	20,135	5,924	-	-	709,717	-	-	-	709,717
Clothing	347,480	-	140,452	-	-	-	-	215	2,054	-	-	490,201	-	-	-	490,201
Minor equipment acquisitions	-	-	181,228	-	77,599	168	-	9,970	-	-	-	268,965	5,088	-	5,088	274,053
Stipends	83,556	-	108,838	46,970	-	-	-	-	-	55,310	-	294,674	-	21,570	21,570	316,244
Camp fees and other children's activities	59,055	7,409	329,261	114,564	-	-	-	-	-	10,785	-	521,074	2,193	6,524	8,717	529,791
Dues	45,973	206,742	53,549	4,744	3,920	858	500	10,601	-	-	-	326,887	24,973	13	24,986	351,873
New York State health care facility assessment	-	-	187,191	-	-	-	-	-	-	-	-	187,191	-	-	-	187,191
Postage, printing and publications	9,451	534	24,538	1,017	7,460	68	-	3,708	198	976	-	47,950	61,796	10,130	71,926	119,876
Staff development	2,006	6,189	4,730	19,526	-	-	-	-	-	-	-	32,451	16,447	-	16,447	48,898
Conference expenses	2,804	1,860	5,821	396	-	-	-	-	-	-	-	10,881	4,223	1,153	5,376	16,257
Miscellaneous	188,705	5,619	141,147	63,011	27,975	510	4,854	14,933	-	-	-	446,754	579,586	159,302	738,888	1,185,642
Grant making activities	-	-	-	-	-	-	-	-	-	-	148,156	148,156	-	-	-	148,156
Total Expenses, reported on the consolidated statement of activities	$ 13,929,765	$ 6,385,003	$ 85,303,903	$ 10,074,787	$ 17,776,594	$ 600,689	$ 213,126	$ 23,243,125	$ 805,355	$ 453,936	$ 148,156	$158,934,439	$ 20,116,072	$ 716,178	$ 20,832,250	$179,766,689

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Functional Expenses

Year ended June 30, 2021

	Program Services												Supporting Services			
	Boarding Home	Medical Services	Residence Programs	Prevention	Education	Respite	Energy Programs	Day Programs	Clinical Services	American Dream	Grant-making activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 4,895,974	$ 3,410,805	$ 37,802,551	$ 6,319,005	$ 12,039,359	$ 199,136	$ 150,702	$ 7,178,071	$ 253,636	$ 39,214	$ -	$ 72,288,453	$ 9,798,301	$ 173,624	$ 9,971,925	$ 82,260,378
Payroll taxes and employee benefits	1,282,727	884,270	9,982,502	1,738,320	3,047,040	54,196	40,762	1,874,646	85,480	11,069	-	19,001,012	2,551,636	49,976	2,601,612	21,602,624
Total Salaries and Related Expenses	6,178,701	4,295,075	47,785,053	8,057,325	15,086,399	253,332	191,464	9,052,717	339,116	50,283	-	91,289,465	12,349,937	223,600	12,573,537	103,863,002
Occupancy	922,924	251,996	6,530,678	332,508	1,731,467	50,987	9,592	4,265,398	254,382	113	-	14,350,045	990,008	88,592	1,078,600	15,428,645
Professional fees and contract service payments	610,485	1,047,452	2,574,625	192,542	157,083	25,331	-	1,416,809	36,934	6,730	-	6,067,991	2,652,776	190,818	2,843,594	8,911,585
Foster boarding home payments	4,603,836	-	-	-	-	-	-	-	-	-	-	4,603,836	-	-	-	4,603,836
Insurance	231,841	122,530	2,238,322	212,563	314,150	5,555	3,925	674,853	8,992	1,309	-	3,814,040	436,400	4,521	440,921	4,254,961
Depreciation and amortization	110,918	46,549	2,770,004	17,041	245,372	4,129	1,191	399,141	5,701	-	-	3,600,046	418,518	3,226	421,744	4,021,790
Repairs and maintenance	91,102	20,096	1,705,063	43,920	84,384	1,011	110	195,155	4,243	-	-	2,145,084	246,485	4,131	250,616	2,395,700
Supplies	20,674	53,413	1,285,978	158,136	199,113	658	13	105,952	4,487	3,901	-	1,832,325	170,536	9,518	180,054	2,012,379
Food	5,040	6,095	1,548,585	19,505	64,734	-	-	4,103	-	-	-	1,648,062	13,540	9,797	23,337	1,671,399
Interest	110,608	30,010	1,044,667	8,031	56,335	1,151	499	63,034	-	-	-	1,314,335	25,991	804	26,795	1,341,130
Telephone	108,488	79,535	584,064	84,315	45,025	9,252	4,072	152,893	6,615	-	-	1,074,259	131,410	1,904	133,314	1,207,573
Transportation	101,131	9,113	216,921	9,735	1,301	712	-	453,766	240	22,910	-	815,829	39,872	443	40,315	856,144
Equipment rental	23,192	-	470,300	-	14,616	962	752	230,544	10,074	-	-	750,440	58,755	812	59,567	810,007
Medical supplies	-	-	469,506	-	12,101	57	-	7,335	761	-	-	489,760	-	-	-	489,760
Clothing	340,074	-	160,363	-	-	-	-	-	-	25	-	500,462	-	-	-	500,462
Foster parent expenses	304,828	1,326	20,739	25,781	-	-	-	-	-	62,611	-	415,285	-	-	-	415,285
Minor equipment acquisitions	-	-	205,046	-	61,079	2,301	-	4,582	900	-	-	273,908	2,408	-	2,408	276,316
Stipends	76,598	400	93,423	200	-	-	-	-	-	96,310	-	266,931	-	1,000	1,000	267,931
Camp fees and other children's activities	35,125	2,268	71,794	133,969	-	-	-	-	-	14,138	-	257,294	-	4,029	4,029	261,323
Dues	30,985	111,812	76,726	6,380	5,818	761	250	14,549	-	-	-	247,281	13,138	-	13,138	260,419
New York State health care facility assessment	-	-	205,106	-	-	-	-	-	-	-	-	205,106	-	-	-	205,106
Postage, printing and publications	15,700	3,610	11,168	1,215	2,753	36	-	1,769	74	14	-	36,339	52,677	12,684	65,361	101,700
Staff development	3,287	199	10,074	14,042	-	-	-	-	-	-	-	27,602	312	-	312	27,914
Conference expenses	1,765	7	-	2	-	-	-	-	-	-	-	1,774	15	-	15	1,789
Miscellaneous	166,361	48,807	198,672	61,176	22,565	366	598	32,147	35	-	-	530,727	613,512	82,107	695,619	1,226,346
Grant making activities	-	-	-	-	-	-	-	-	-	-	176,000	176,000	-	-	-	176,000
Total Expenses, reported on the consolidated statement of activities	$ 14,093,663	$ 6,130,293	$ 70,276,877	$ 9,378,386	$ 18,104,295	$ 356,601	$ 212,466	$ 17,074,747	$ 672,554	$ 258,344	$ 176,000	$136,734,226	$ 18,216,290	$ 637,986	$ 18,854,276	$155,588,502

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Year ended June 30,		2022		2021
Cash Flows from Operating Activities				
Change in net assets	$	**328,396**	$	(6,647,779)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**4,248,996**		4,021,790
Amortization of right-of-use assets - operating lease		**11,347,565**		12,162,819
Cash payments on operating leases		**(11,361,530)**		(10,601,528)
Amortization of debt issuance costs included in interest expense		**81,099**		63,007
(Gain) loss on beneficial interest in perpetual trust		**9,070**		(8,552)
Forgiveness of debt		**(4,490,912)**		-
Changes in:				
Accounts receivable		**5,004,609**		(3,806,964)
Grant receivable		**-**		4,141,634
Due from Metro Community Health Centers, Inc.		**(70,716)**		(167,878)
Prepaid expenses and other receivables		**520,174**		46,895
Security deposits		**(45,706)**		7,719
Other assets		**(382,583)**		(8,381,750)
Accounts payable and accrued expenses		**2,078,777**		(3,054,870)
Accrued salaries and vacations payable		**4,573,333**		2,674,407
Other liabilities		**1,044,388**		602,777
Due to government agencies		**913,747**		3,850,789
Refundable advance - provider relief fund		**(1,256,481)**		-
Allowance for potential rate adjustments		**1,955,209**		(201,906)
Net Cash Provided by Operating Activities		**13,221,593**		4,696,754
Cash Flows from Investing Activities				
Property and equipment acquisitions		**(3,171,743)**		(4,492,042)
Net Cash Used in Investing Activities		**(3,171,743)**		(4,492,042)
Cash Flows from Financing Activities				
Proceeds from long-term debt		**2,545,782**		3,760,000
Principal payments on long-term debt		**(9,216,716)**		(10,057,086)
Proceeds from Paycheck Protection Program loan		**-**		4,626,534
Proceeds from Provider Relief Fund		**-**		1,256,481
Debt issuance costs		**-**		(85,080)
Repayment of Paycheck Protection Program loan		**(135,622)**		-
Drawdown on line of credit		**1,605,604**		-
Net Cash Used in Financing Activities		**(5,200,952)**		(499,151)
Increase (Decrease) in Cash		**4,848,898**		(294,439)
Cash, beginning of year		**5,254,650**		5,549,089
Cash, end of year	$	**10,103,548**	$	5,254,650
Supplemental Cash Flows Information				
Interest paid, net of capitalized interest	$	**984,901**	$	733,947

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

1. Nature of Organization

HeartShare Human Services of New York (HeartShare) operates programs in Brooklyn, Queens and Staten Island, and was founded in 1914. HeartShare serves the community through children and family services, programs for persons of all ages with developmental disabilities and persons affected by HIV-AIDS. HeartShare is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies and government grants.

HeartShare Wellness, Ltd. (Wellness) operates Article 16 clinic services to provide evaluations and long-term therapies to individuals with intellectual and developmental disabilities (IDD). Wellness is supported primarily by patient service fees paid by Medicaid.

The members of Wellness are the Chairperson and President and CEO of HeartShare, and one other person designated by the Chairperson of HeartShare.

HeartShare Education Center (dba The HeartShare School) (HEC) was granted a provisional charter by the New York State Education Department (NYSED) on July 26, 2006. Effective July 1, 2009, HEC's operations were segregated from HeartShare. HEC is approved by the NYSED and the New York City Department of Education (DOE) to educate children ages five to 21 diagnosed with autism and the spectrum disorders, as well as children diagnosed with mental retardation and other developmental disabilities. HEC focuses on the whole child and uses a combination of educational, behavioral and therapeutic approaches based on each child's unique needs. HEC is funded by the NYSED through the DOE and the New York State Department of Health (DOH). Additional support is provided through private donations and grants.

The members of HEC are the Chairperson and President and CEO of HeartShare, and one other person designated by the Chairperson of HeartShare.

St. Vincent's Services, Inc. (dba HeartShare St. Vincent's Services) (HSVS) serves the community through the provision of foster boarding home services, educational services, medical and mental health care, group homes and intermediate care services. HSVS is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies, and government contracts.

The by-laws state that HSVS shall have only five members: The Chairperson of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); the President and CEO of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); one other person designated by the Board of Directors of HeartShare, the "Designee of HeartShare"; one other person designated by the Board of Directors of The William M. Casey Foundation, Inc. (the Casey Foundation); and, ex officio, the Bishop of The Roman Catholic Diocese of Brooklyn, New York, or his designee as so designated in writing by the Bishop.

During 2019, HSVS Property Foundation, Ltd. (HSVS Foundation) was formed as a 501(c)(2) organization holding title to certain properties of HSVS. HSVS is the sole member of HSVS Foundation.

On October 30, 2020, an amendment to the affiliation agreement was executed between HSVS and the Casey Foundation. The Casey Foundation is a New York not-for-profit corporation exempt from federal income tax as a section 501(c)(2) title holding company. The purpose of the Casey Foundation is to hold title to property and to lease, rent, or otherwise make such property available to HSVS in furtherance of HSVS's charitable purposes. The Casey Foundation is governed by a five-person board of directors. Four of the directors are appointed by HSVS. The fifth director is appointed by the Casey Foundation's corporate members, which consist of the Bishop, the Vicar General and a member of the clergy of the Roman Catholic Diocese of Brooklyn, New York.

HeartShare is a member of the New York Integrated Network for Persons with Developmental Disabilities and Affiliate (the Network), which was founded on June 12, 2012 as a collaborative venture of successful and trusted service providers in New York State. The purpose is to become a sustainable network with an integrated system with multiple services and supports that will develop new and innovative models of care, utilize best practices, stabilize quality of services and demonstrate effective and efficient delivery of care. On November 14, 2014, the Network was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). The Network is a publicly supported organization, as described in Internal Revenue Code Section 509(a). No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in the corporation.

HeartShare is a member of the Meaningful NY Initiatives for People with Disabilities, Inc. (MNY), which was founded on July 7, 2014. The purpose of MNY is to support individuals with disabilities in developing skills that will enable them to enter and be successful in the workforce by providing services to the community. On March 9, 2015, MNY was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). MNY is a publicly supported organization, as described in Internal Revenue Code Section 509(a). Contributions to MNY have been expensed in these consolidated financial statements. No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in MNY.

2. Principles of Consolidation

The accompanying consolidated financial statements include the balances, activities and cash flows of HeartShare, Wellness, HEC and HSVS, including their affiliates the Casey Foundation and HSVS Property Foundation, (collectively referred to as HeartShare and Affiliates). All intercompany transactions have been eliminated.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit entities. In the consolidated statements of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets defined below are in the consolidated statements of financial position, and the amounts of change in each of those classes of net assets are displayed in the consolidated statements of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of HeartShare and Affiliates. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. HeartShare and Affiliates report 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting HeartShare and Affiliates to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on HeartShare and Affiliates' financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted and passed by Congress as a result of the economic fallout from the COVID-19 pandemic. The CARES Act, among other things, has apportioned funds for the United States Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as established the Public Health and Social Services Emergency Fund (the Provider Relief Fund). The United States Department of Health and Human Services (HHS) has allocated the Provider Relief Fund among eligible healthcare providers through both general and targeted distributions which began in April 2020.

During the fiscal year ended June 30, 2021, HeartShare and Affiliates received PPP loans totaling $4,626,534. Management had applied for forgiveness on all amounts and had received full forgiveness on the loans provided to HeartShare ($1,900,000), HSVS ($1,900,000) and Education ($517,931). Partial forgiveness of $172,981 was granted on the PPP loan given to Wellness. The remaining outstanding portion, $135,622, was repaid by Wellness. The total amount forgiven of $4,490,912 is reported as a component of income on the consolidated statements of activities.

HeartShare and Affiliates received Provider Relief Funds totaling $4,041,016 during prior years and $188,049 during the year ended June 30, 2022. These funds are subjected to post payment reporting requirements. The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19, certification that payment will be used to prevent, prepare for and respond to coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to the coronavirus. These monies have been recognized following the grant accounting model, recognizing income over the applicable reporting period as management becomes reasonably assured of meeting the criteria. For the current year ended June 30, 2022, HeartShare and Affiliates recognized total income related to the Provider Relief Funds of $1,444,530. As of June 30, 2022, HeartShare and Affiliates had accounted for all such funds.

In addition, the CARES Act includes a provision to defer employer-side payroll taxes. As of June 30, 2022 and 2021, HeartShare and Affiliates had deferred $1,620,047 and $3,240,094, respectively of employer-side payroll taxes.

Accounts Receivable

HeartShare and Affiliates record receivables based on the amount of consideration to which the organization expects to be entitled in exchange for services provided based on established rates. HeartShare and Affiliates perform individual credit risk assessments, which evaluate the individual circumstances, abilities and intentions of each customer prior to providing the services. If, subsequent to providing the services, HeartShare and Affiliates become aware of customer-specific events, facts, or circumstances indicating customers no longer have the ability or intention to pay the amount of consideration to which HeartShare and Affiliates are expected to be entitled for providing the services, then the related receivable balances are written off as bad debt expense and reported in the consolidated statements of activities.

Contract Assets

Amounts related to services provided to customers who have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances would consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2022 and 2021.

Due from Metro Community Health Centers, Inc.

Included in due from Metro Community Health Centers, Inc. is a loan receivable that is recorded based on a signed loan agreement (see Note 6). Interest is accrued based on a rate specified in the loan agreement. In addition, a receivable has been recorded for operational costs incurred in the start-up of the program. No allowance has been recorded at June 30, 2022 and 2021.

Beneficial Interest in Perpetual Trust

HSVS is a beneficiary of a perpetual trust held by another entity, as a trustee. HSVS's beneficial interest in this trust is recorded at the fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Items with a cost in excess of $500 for HeartShare, Wellness and HEC, and $1,000 for HSVS, and an estimated useful life

of greater than one year, are capitalized. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the shorter of the term of the lease or the estimated useful life of the improvement.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Asset Category	Years
Building	20-25
Transportation equipment	4-5
Furniture and equipment	3-5
Leasehold improvements	5-15

HeartShare capitalizes interest costs as a component of buildings, based on the weighted-average rates paid for long-term borrowing.

Long-Lived Asset Impairment

HeartShare and Affiliates evaluate the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized on the straight-line basis over the term of the associated debt. Amortization of debt issuance costs is included in interest expense.

Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies for HeartShare and Affiliates' contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for HeartShare and Affiliates' contracts for services not yet performed and are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2022 and 2021.

Rental Income

Rental income is recognized based on the lease agreements. Leases are reflected on the straight-line basis.

Deferred Leasing Costs

Deferred leasing costs represent lease commissions that were paid to an agent. Leasing costs are amortized over the term of the lease. Amortization is computed utilizing the straight-line method. Amortization expense for the years ended June 30, 2022 and 2021 was $13,899.

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged and fall under the purview of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Income Taxes

HeartShare, HSVS, Wellness and HEC are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and a similar provision of state law. HSVS Foundation and the Casey Foundation are exempt from income taxes under 501(c)(2) of the Code. However, HeartShare and Affiliates are subject to federal income tax on any unrelated business taxable income. For the years ended June 30, 2022 and 2021, HeartShare and Affiliates did not have any unrelated business taxable income.

HeartShare and Affiliates have not taken any unsubstantiated tax positions that would require provision of a liability under FASB ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the tax liability associated with uncertain tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. HeartShare and Affiliates do not believe that there are any material uncertain tax positions and, accordingly, have not recognized any liability for unrecognized tax benefits. HeartShare and Affiliates have filed Internal Revenue Service (IRS) Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the years ended June 30, 2022 and 2021, there was no interest or penalties recorded or included in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing HeartShare and Affiliates' services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the job responsibility, square footage and other methods.

Program services are summarized as follows:

Boarding Home - The Boarding Home Program is funded by the City of New York through the Administration for Children's Services (ACS). ACS places abused and neglected children with contracted agencies that provide the children with foster homes and services. ACS pays a per-diem rate to the agency.

Medical Services - The children in foster care receive general medical care through Medicaid. Medicaid is funded 50% by the federal government and 50% by New York State. Based on the different types of programs, the agency receives various per-diem rates. The Out-Patient Clinic (OPC) serves adult clients who struggle with mental health issues. This program is funded by the New York State Office of Mental Health (OMH). The Chemical Dependency program serves adult clients with substance abuse issues.

Residence Programs for the Developmentally Disabled – The Intermediate Care Facilities (ICF) operate by certification from the Office for People with Developmental Disabilities (OPWDD) with a capacity of up to 30 beds to provide active programming, room and board and continuous 24-hour per day supervision. The supervised Individual Residential Alternative (IRA), which provides 24-hour supervised care, and the supportive IRA, where the consumer receives services in a more independent setting, are community-based group living arrangements that provide room, board and individualized protective oversight. They are designed to provide a home environment and a setting where persons can acquire the skills necessary to live as independently as possible. The residence programs are certified by OPWDD. The Community Habilitation services are residential habilitation services that are provided to individuals who do not reside in a residence that is certified or operated by OPWDD. Residential Habilitation also may include program-related personal care, health care and protective oversight and supervision. Residence programs serve adult clients referred from local hospitals who struggle with substance abuse and mental health issues. Residents are connected to support services, such as mental health and drug treatment programs, to help them become self-sufficient. Residence programs, coupled with such services, provide an affordable, safe and permanent place to live for people facing homelessness. In addition to allowing tenants to build their independence and become part of a community, this type of program reduces long-term costs to the city and state, such as for psychiatric inpatient care and emergency rooms. The Children Community Residence program provides for 24 youngsters residing at three locations, each with various services, such as daily living, social skills, behavioral management, crisis management, family support and therapeutic recreation.

Prevention – Four of the programs are funded through ACS, with contracted services provided to families in need. These programs are community-based family service centers that help families find healthy ways to resolve problems and avoid conflicts and crisis. The goal is to help these families stay together and keep the children out of foster care.

Education - The Education Programs are for children who are diagnosed as learning-disabled. Disabilities can range from mild to severe. Clinical services are required for the programs. The program is funded by New York State Education Department through the New York City Department of Education. The two Beacon Programs, the Out of School Time Program, the New York City Housing Authority (NYCHA) Community Program and the two Cornerstone Programs are funded by the City of New York through DYCD. These programs provide recreational and educational activities for community residents of all ages. DYCD reimburses the agency for qualifying expenses.

Respite – This program provides an array of services that support families in maintaining their family members with disabilities at home or at-site.

Energy Programs - Grants are funded through contributions by Con Edison, Entergy, National Grid, New York State Electric and Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RGE), foundations, corporations and generous individuals. HeartShare administers the program that helps over 5,000 families stay warm in the winter and cool in the summer.

Day Programs - The Day Programs provide individuals with training in self-care and independent living skills. The programs also offer occupational, physical and speech therapy services. The staff also assists families with residential living plans for their relatives with developmental disabilities. Each facility offers services for individuals based on levels of disability.

Clinical Services - This program includes Article 16 clinic services that provide evaluations and long-term therapies to individuals with IDD, as well as a targeted case management program (Health Home) for those with chronic health/mental health conditions who also receive Medicaid.

American Dream Program - This program is funded by contributions used to provide and assist with the finest educational opportunities for clients who are still in care or those who have aged out of care.

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases (Topic 842)*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statements of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2019 for not-for-profit entities with conduit debt. Effective July 1, 2020, HeartShare and Affiliates adopted ASU 2016-02 following the modified retrospective method of application.

Reclassifications

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

4. Revenue from Contracts with Customers

Service Revenue

HeartShare and Affiliates receive funding from Medicaid, New York City and New York State agencies through fees and government grants. Revenue is reported at the amount that reflects the consideration to which HeartShare and Affiliates expect to be entitled in exchange for providing the

contracted services. These amounts are due from third-party payors (including government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, HeartShare and Affiliates bill the third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by HeartShare and Affiliates. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. HeartShare and Affiliates believe 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. HeartShare and Affiliates measure the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, HeartShare and Affiliates have elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, are 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

HeartShare and Affiliates determine the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction prices is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. HeartShare and Affiliates have determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and services provided. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-Party Payors

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 is as follows:

Medicaid - Reimbursements for Medicaid services are generally paid for each type of service provided.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per established charges and prospectively determined daily rates. Certain of these rates are subject to final settlement and determined after submission of annual cost reports by HeartShare and Affiliates.

Private Pay – Agreements with customers typically provide for payments at established charges.

Significant Judgments

Laws and regulations concerning government programs, including Medicaid, are complex and subject to varying interpretation. 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 HeartShare and Affiliates' compliance with these laws and regulations and it is not possible to determine the impact (if any) such claims, or penalties would have upon HeartShare and Affiliates. Revenues and receivables arising from the programs are dependent upon final audit and negotiations between HeartShare and Affiliates and various third parties. As of June 30, 2022 and 2021, an allowance for potential rate adjustments of $7,050,000 and $5,094,791, respectively, has been included in these consolidated financial statements.

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 HeartShare and Affiliates' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

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Revenue Composition and Reimbursement Method

The composition of revenue by payor is as follows:

June 30, 2022

	Boarding Home	Medical Services	Residence Program	Prevention	Education	Respite	Day Programs	Clinical Services	Total
Medicaid	$ -	$ 3,066,532	$47,182,159	$ -	$ -	$ 393,114	$16,665,579	$ 551,732	$67,859,116
OPWDD	-	-	3,823,768	-	-	72,204	-	-	3,895,972
New York City governmental agencies	13,864,689	-	18,120,403	10,013,646	12,531,263	-	-	-	54,530,001
New York State Department of Health	-	-	-	-	230,985	-	-	-	230,985
OMH	-	-	4,739,857	-	-	-	-	-	4,739,857
Managed Care	-	4,617,017	5,783,067	-	-	14,930	1,268,523	-	11,683,537
SNAP	-	-	1,455,702	-	-	-	-	-	1,455,702
SSI	-	-	4,977,497	-	-	-	-	-	4,977,497
Other	129,553	817	289,515	941,631	-	-	34,881	-	1,396,397
Total	$13,994,242	$ 7,684,366	$86,371,968	$10,955,277	$12,762,248	$ 480,248	$17,968,983	$ 551,732	$150,769,064

Per diem	$ 141,545,658
Per contract	11,894,279
Revenue not subject to 606	22,278,841
	$175,718,778

Also included in the financial statement line item, fees and contracts from government agencies, $1,256,481 of Provider Relief Funds from the HHS.

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June 30, 2021

	Boarding Home	Medical Services	Residence Program	Prevention	Education	Respite	Day Programs	Clinical Services	Total
Medicaid	$ -	$ 4,496,534	$46,468,109	$ -	$ -	$ 333,814	$13,285,628	$ 272,207	$64,856,292
Medicare	-	79,894	-	-	-	-	-	-	79,894
OPWDD	-	-	4,158,350	-	-	117,100	-	-	4,275,450
New York City governmental agencies	14,056,772	-	14,252,140	10,059,282	16,160,947	-	-	-	54,529,141
New York State Department of Health	-	-	-	-	53,047	-	-	-	53,047
OMH	-	(91,200)	4,065,816	-	-	-	-	-	3,974,616
Managed Care	-	1,797,041	5,839,903	-	-	619	996,282	-	8,633,845
SNAP	-	-	1,008,343	-	-	-	-	-	1,008,343
SSI	-	-	3,131,395	-	-	-	-	-	3,131,395
Other	130,149	5,416	22,289	(83,744)	-	-	-	-	74,110
Total	$14,186,921	$ 6,287,685	$78,946,345	$ 9,975,538	$16,213,994	$ 451,533	$14,281,910	$ 272,207	$140,616,133

Per diem	$ 130,640,595
Per contract	9,975,538
Revenue not subject to 606	15,027,182
	$155,643,315

Also included in the financial statement line item, fees and contracts from government agencies, $2,784,535 of Provider Relief Funds from the HHS.

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Financing Component

HeartShare and Affiliates have elected the practical expedient allowed under FASB ASC 606-10-32-18 and do not adjust the promised amount of consideration from customers for the effects of a significant financing component due to HeartShare and Affiliates' expectation that the period between the time the service is provided to a customer and the time a third-party payor pays for that service will be one year or less.

Contract Costs

HeartShare and Affiliates have 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 HeartShare and Affiliates otherwise would have recognized is one year or less in duration.

5. Beneficial Interest in Perpetual Trust

HSVS has been named as an irrevocable beneficiary of a perpetual trust held and administered by independent trustees. Perpetual trust provides for the distribution of the net income of the trust to HSVS; however, HSVS will never receive the assets of the trust.

At the date HSVS receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of activities. A beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trust's assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

The estimated value of the expected future cash flows is $38,032 and $47,102, respectively, which represents the fair value of the trust assets at June 30, 2022 and 2021. There was a loss in 2022 of $9,070 and a gain in 2021 of $8,552.

6. Due from Metro Community Health Centers, Inc.

During 2016, Wellness transferred its medical clinic license pursuant to Article 28 of the Public Health Law, to Metro Community Health Centers, Inc. (Metro), an unrelated not-for-profit organization. Additionally, pursuant to an asset sale agreement, on August 29, 2016, Wellness (seller) sold certain assets with a net book value of $1,234,050. In connection with this sale, Wellness recorded a gain of $220,252. As part of the agreement, Wellness accepted a note evidencing a loan receivable in the amount of $1,454,302. The loan bears interest at an annual rate of 5.5% payable monthly over eight years. As of June 30, 2022 and 2021, a total of $825,766 and $873,465, respectively, was outstanding on the loan.

Additionally, Wellness agreed to lease certain employees, provide contracted staff, rental space, and other costs to the same unrelated not-for-profit organization. The sublease agreement expires in May 2024. As of June 30, 2022 and 2021, $764,354 and $645,939, respectively, was due under this arrangement.

Wellness and Metro have mutually agreed to adjust the repayment schedule on all outstanding amounts. Metro continues to explore options in improving its financial condition, inclusive of potential partnerships, application for government subsidies, and operating enhancements. With the plans being discussed and the important part Metro plays in the developmentally disabled community, Wellness' continued position is that these amounts are fully collectible.

7. Property and Equipment

Property and equipment consist of the following:

June 30,	**2022**	2021
Land	**$ 9,059,856**	$ 9,059,856
Buildings	**40,319,133**	40,239,879
Transportation equipment	**182,496**	93,191
Furniture and equipment	**15,088,881**	11,142,393
Leasehold improvements	**31,170,995**	34,162,744
Construction in progress	**367,307**	-
	96,188,668	94,698,063
Less: accumulated depreciation and amortization	**(59,675,950)**	(57,108,092)
Property and Equipment, Net	**$ 36,512,718**	$ 37,589,971

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $4,248,996 and $4,021,790, respectively.

8. Debt Service Reserve

Under the terms of the Dormitory Authority of the State of New York (DASNY) mortgages, HeartShare was required to deposit with the Medical Care Facilities Financing Agency (MCFFA) amounts to be held in reserve, which will be withdrawn to satisfy the remaining installments on the DASNY mortgages. The balance of the reserve fund as of June 30, 2022 and 2021 consists of cash of $532,232 and $141,573, respectively. This amount is included in other noncurrent assets on the consolidated statements of financial position.

9. Due to Government Agencies

HeartShare and Affiliates receive funding from various government agencies, including the New York State Office for People with Developmental Disabilities (OPWDD), the New York State OMH, the Center for Medicaid Services (CMS), the New York City Department of Mental Health and Hygiene (DMHH), New York City DOE and New York State Education Department. These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG), the New York Office of Alcoholism & Substance Abuse Services (OASAS), the New York City Human Resources Administration and other agencies, have the right to audit fiscal, as well as programmatic, compliance of HeartShare and Affiliates.

Current portion of due to government agencies represents balances that are expected to be repaid in the next 12 months following fiscal year end. As of June 30, 2022 and 2021, the total current portion of due to government agencies in the consolidated statements of financial position is $6,504,157 and $6,116,121, respectively. The remaining amount of due to government agencies of $12,253,559 and $11,727,848, respectively, is included in long-term liabilities.

Due to New York City and New York State

HeartShare receives funding from various government agencies, including OPWDD, the Centers for Medicaid Services (CMS), New York City Administration for Children's Services (ACS), New York City Department of Mental Health and Hygiene (DMHH), New York City Department of Education and New York State Education Department (SED). These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), Internal Revenue Service, New York State Office of the Attorney General's Charities Bureau, New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG) and other agencies have the right to audit fiscal, as well as programmatic compliance of HeartShare.

As of June 30, 2022 and 2021, HeartShare had accrued a liability in the amount of $3,366,961 and $3,358,408, respectively, for various OPWDD advances.

The total amount due to New York State and New York City for these advances, liabilities and accrued interest was $3,672,686 and $4,747,740 at June 30, 2022 and 2021, respectively.

As of June 30, 2022 and 2021, HSVS has due to government agencies of $10,074,617 and $8,099,683, respectively, which has been included in these consolidated financial statements, which consist of the following:

- HSVS entered into an agreement with New York City ACS to repay an original amount of $2,586,373 over 30 years (ending in 2046) at a rate of $7,185 per month. As of June 30, 2022 and 2021, the outstanding amount was $2,019,495 and $2,105,715, respectively.
- OMIG has audited the chemical dependency and clinic programs for HSVS. Formal findings have been communicated and a liability of $691,911 and $1,199,254 has been recorded in these consolidated financial statements as of June 30, 2022 and 2021, respectively.
- The remaining amount of $7,363,211 and $4,794,714, as of June 30, 2022 and 2021, respectively, was related to New York City-related foster care and group homes programs and other New York State-related residence programs.

Due from/to New York City Department of Education

As of the date of this report, rate reconciliation with SED have been completed for periods through June 30, 2020 and final reimbursement rates have been determined. Payments have been reconciled with NYC Department of Education.

In addition, HEC has received overpayments from the New York City DOE for certain students. These amounts are included in due to the New York City Department of Education in the accompanying statements of financial position and will be recouped from future tuition payments.

10. Rental Income

Ground Lease

In February 2012, the Casey Foundation entered into a 49-year ground lease with an unrelated third party (the Tenant) for a tract of land where the parking lot once existed. During 2014, the Casey Foundation received an initial payment of $1,000,000 as a credit of full satisfaction of the base rent payable from the lease commencement date (October 24, 2012) to the rent commencement date (April 24, 2014). Base rent began April 24, 2014 over the term of the lease.

In June 2013, the Casey Foundation signed a lease amendment with the Tenant, which extended the lease term to 99 years. The amended lease now expires October 23, 2111. The Casey Foundation received a payment of $4,000,000 in June 2013, as additional consideration for entering into this amendment. The lease includes escalations in base rent payments to the Casey Foundation starting October 2017, increasing every five years throughout the lease term. Total base rent payments to be received by the Casey Foundation over the remaining life of the lease total $222,900,408, as follows:

Year ending June 30,	
2023	$ 1,173,333
2024	1,210,000
2025	1,210,000
2026	1,210,000
2027	1,210,000
Thereafter	216,887,075
	$ 222,900,408

The Casey Foundation records rental income on a straight-line basis over the term of the lease. This resulted in an annual adjustment of $1,289,741 for the years ended June 30, 2022 and 2021.

Rental income relating to the ground leases noted above for the years ended June 30, 2022 and 2021 is $2,389,741.

Additionally, and concurrently with the aforementioned lease, the Casey Foundation entered into a recognition agreement and a consideration agreement with the Roman Catholic Diocese of Brooklyn, New York (the Diocese). In consideration of the Diocese entering into the recognition agreement, the Casey Foundation agrees to remit to the Diocese, an amount equal to 16% of the monthly base rent collected from the Tenant. The Casey Foundation agrees to remit payment within seven (7) days of its receipt of the monthly base rent. The consideration agreement extends over the life of the 99-year lease. For the year ended June 30, 2022 and 2021, the Casey Foundation made annual payments of $176,000.

The Casey Foundation is also entitled to a $3,200,000 security deposit payable on or before February 16, 2102. The security deposit shall be maintained in an interest-bearing account. The Casey Foundation may utilize the security deposit if the Tenant defaults on any of the terms, conditions and provisions of the lease. The Tenant, at their election, in lieu of a cash payment of the security deposit, may deliver to the Casey Foundation an irrevocable letter of credit.

If at expiration of the lease term, the Tenant is not in default on any of the terms, conditions and provisions of the lease, any remaining security deposit and interest shall be returned to the Tenant within 60 days of October 23, 2111.

11. Long-Term Debt

June 30,		2022		2021
(A) Note payable - HSBC Bank, U.S.A.	$	**2,437,406**	$	2,602,939
(B) Mortgage payable (East 99th Street) - HSBC Bank, U.S.A.		**603,668**		669,922
(C) Mortgage payable (East 102nd Street) - HSBC Bank, U.S.A.		**671,001**		744,644
(D) Mortgage payable (East 66th Street) - HSBC Bank, U.S.A.		**456,234**		506,306
(E) Mortgage payable (168th Street) - HSBC Bank, U.S.A.		**640,966**		659,135
(F) Mortgage payable (Clermont Avenue) - HSBC Bank, U.S.A.		**381,099**		445,728
(G) Mortgage payable (East 29th Street) - HSBC Bank, U.S.A.		**83,506**		152,497
(H) Mortgage payable (153rd Avenue) - HSBC Bank, U.S.A.		**544,643**		556,898
(I) Mortgage payable (Clarke Avenue) - HSBC Bank, U.S.A.		**941,329**		963,553
(J) Mortgage payable (Avenue L) - HSBC Bank, U.S.A.		**709,375**		725,689
(K) Mortgage payable (120th Avenue) - HSBC Bank, U.S.A.		**1,141,274**		1,170,870
(L) Mortgage payable (151st Avenue) - HSBC Bank, U.S.A.		**872,768**		955,908
(M) Bonds payable (53 Dreyer) – DASNY Series 2021 A-1 & A-2		**1,305,000**		1,305,000
(N) Bonds payable (89 Clearmont Avenue) – DASNY Series 2021 A-1 & A-2		**1,270,000**		1,270,000
(O) Bonds payable (Gateway Elton Center) – DASNY Series 2021 A-1 & A-2		**1,185,000**		1,185,000
(P) HSVS note payable – HSBC Bank, U.S.A.		**1,966,952**		2,488,483
(Q) HSVS note payable - DASNY		**1,784,047**		1,877,984
(R) HSVS property payable - DASNY		**3,116,121**		3,285,000
(S) HSVS Mortgage payable (167-01 Highland Avenue) – HSBSC Bank, U.S.A.		**500,000**		-
(T) Bonds payable – Build NYC Series 2022 A & B		**1,975,000**		-
		22,585,389		21,565,556
Add: premium on bonds payable		**313,361**		332,925
Less:				
Unamortized debt issuance costs		**(794,047)**		(782,794)
Current maturities		**(3,760,505)**		(3,336,497)
	$	**18,344,198**	$	17,779,190

(A) In June 2013, HeartShare entered into a loan agreement with HSBC Bank, U.S.A. As part of the loan agreement, HeartShare borrowed the following amounts and agreed to the repayment schedules and collateral terms. The original principal amount of $18,000,000 bears interest at a rate of 4.35% per annum and is payable in monthly installments until July 2023. The properties encumbered are the land and buildings located at various program sites.

(B) In August 2014, HeartShare entered into a $1,040,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $8,127 until September 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located in Brooklyn, New York.

(C) In August 2014, HeartShare entered into a $1,156,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of

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$9,034 until September 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located in Brooklyn, New York.

(D) In August 2014, HeartShare entered into a $786,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $6,142 until September 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located in Brooklyn, New York.

(E) In June 2017, HeartShare converted a bridge loan in the amount of $722,839 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.71% per annum and is payable to HSBC Bank, U.S.A. in monthly installments of $4,104 until July 2027. Payments commenced July 1, 2017. The loan is secured by property located in Springfield Gardens, New York.

(F) In July 2017, HeartShare converted a bridge loan in the amount of $672,853 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.66% per annum and is payable in monthly installments of $7,026 until July 2027. The loan is secured by property located in Brooklyn, New York.

(G) In August 2017, HeartShare converted a bridge loan in the amount of $392,365 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.26% per annum and is payable in monthly installments of $6,186 until August 2023. The loan is secured by property located in Brooklyn, New York.

(H) In August 2017, HeartShare converted a bridge loan in the amount of $583,694 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.51% per annum and is payable in monthly installments of $3,587 until August 2023. The loan is secured by property located in Howard Beach, New York.

(I) In December 2018, HeartShare converted a bridge loan in the amount of $1,012,000 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.17% per annum and is payable in monthly installments of $6,016 until January 2024. The loan is secured by property located in Staten Island, New York.

(J) In December 2018, HeartShare converted a bridge loan in the amount of $763,400 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.44% per annum and is payable in monthly installments of $4,659 until January 2028. The loan is secured by property located in Brooklyn, New York.

(K) In June 2019, HeartShare converted a bridge loan in the amount of $1,223,509 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.27% per annum and is payable in monthly installments of $6,641 until July 2024. The loan is secured by property located in Jamaica, New York.

(L) In December 2020, HeartShare converted a bridge loan in the amount of $1,000,000 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.20% per annum and is payable in monthly installments of $10,187 until December 2025. The loan is secured by property located in Howard Beach, New York.

(M) HeartShare entered into a bond payable agreement with Dormitory Authority of the State of New York (DASNY), a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,305,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2046. The property encumbered is the land and building located in Staten Island, New York.

(N) HeartShare entered into a bond payable agreement with DASNY, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,270,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2046. The property encumbered is the land and building located in Staten Island, New York.

(O) HeartShare entered into a bond payable agreement with DASNY, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,185,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2033. The property encumbered is the land and building located in Brooklyn, New York.

(P) In October 2015, HSVS obtained a $5,000,000 term loan payable on a monthly basis in the amount of $51,680, which includes principal and interest, for working capital purposes. Payments commenced December 1, 2015. Interest is charged at a fixed rate of 4.32% per year. The loan was refinanced during fiscal end June 30, 2021 and the amount outstanding at year end is due in full at the end of 5 years. As of June 30, 2022 and 2021, the amount outstanding on the underlying debt was $1,966,952 and $2,488,482 respectively.

(Q) In December 2016, HSVS entered into a loan agreement with DASNY in the amount of $2,250,580 for the purpose of acquiring a building. Principal and interest are payable semiannually in the amount of $96,465. The loan matures June 1, 2035. Interest is fixed at the rate of 5.3357% per year. The loan is secured by HSVS's revenue and furniture and equipment. As of June 30, 2022 and 2021, the outstanding balance was $1,784,047 and $1,877,984, respectively.

(R) In April 2021, the Casey Foundation entered into several loan agreements with Dormitory Authority of the State of New York (DASNY) totaling in the amount of $3,285,000 for the purpose of acquiring multiple buildings. Principal and interest are payable semiannually in various amounts. The loans mature on various maturity dates up through February 2037, with varying interest rates. The loans are secured by HSVS and the Casey Foundation's revenue and furniture and equipment. As of June 30, 2022 and 2021, the outstanding balance was $3,116,121 and $3,285,000, respectively.

(S) In June 30, 2022, HSVS converted a bridge loan in the amount of $500,000 to a permanent loan with HSBC bank, U.S.A. The loan bears interest at the rate of 6.79% per annum and is payable in monthly installments of $5,752 until July 2027. The loan is secured by a property located in property located in Jamaica, New York.

(T) HeartShare entered into a bond payable agreement with Build NYC, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,975,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to Build NYC in monthly installments of $5,833 until June 2040. The loan is secured by a property located in property located in Brooklyn, New York.

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Aggregate annual maturities of long-term debt at June 30, 2022 are as follows:

Year ending June 30,	
2023	$ 3,757,848
2024	3,306,837
2025	3,783,395
2026	1,593,715
2027	772,275
Thereafter	9,371,319
	$ 22,585,389

Interest expense on long-term debt was $1,510,672 and $1,341,130 for the years ended June 30, 2022 and 2021, respectively.

12. Lines of Credit

In December 2020, HeartShare and HSVS amended their revolving loan agreement for working capital of up to $15,000,000. The line of credit is renewable annually on May 31 and bears interest at the borrower's option of (a) prime rate plus 1.0% or (b) secured overnight financing rate plus 3.10%, for the applicable interest period. The line of credit is payable on demand. The interest rate was 4.26% and 3.08% as of June 30, 2022 and 2021, respectively. The line of credit has an outstanding balance of $0 and 6,000,000 as of June 30, 2022 and 2021 respectively, which is recorded on HeartShare's financial statements. As part of this revolving loan agreement, HEC and Wellness, related organizations, entered into the agreement to be guarantors for this revolving line of credit.

In December 2020, HeartShare and HSVS entered into a bridge financing facility revolving loan agreement for capital expenditures of up to $6,500,000. The line of credit is renewable annually on May 31 and bears interest at the borrower's option of (a) prime rate plus 1.0% or (b) secured overnight financing rate plus 3.10%, for the applicable interest period. The line of credit is payable on demand. The interest rate was 4.26% and 3.08% as of June 30, 2022 and 2021, respectively. There was an outstanding balance of $1,605,604 and $1,078,851 as of June 30, 2022 and 2021, respectively. As part of the agreement, HEC and Wellness, related organizations, entered into the agreement to have joint and several liability for this revolving line of credit. Subsequent to year-end the line was increased to $9,500,000.

13. Operating Leases

HeartShare and Affiliates lease certain facilities and equipment under operating leases with terms generally ranging from two to 25 years. The nature of these leases generally falls into one of the following categories: real estate, office and facility equipment and vehicles. Leases are generally classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. HeartShare and Affiliates elected to adopt the package of practical expedients, which included (1) an election to not reassess whether expired or existing contracts contain leases under the new definition of a lease, (2) an election to not reassess the lease classification for expired or existing leases, and (3) an election not to reassess whether any previously capitalized initial direct costs would qualify for capitalization under the new standard. Accordingly, all leases that were previously classified as operating leases under previous guidance, were classified as operating leases under the new guidance. For leases with initial terms greater than a year, HeartShare and Affiliates record the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. For leases with a term of 12 months or less, HeartShare and Affiliates have elected not to recognize a right-of-use asset or lease liability.

HeartShare and Affiliates' leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities, unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless HeartShare and Affiliates is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing a risk-free discount rate determined using a period comparable with that of the lease term. HeartShare and Affiliates elected not to separate lease components from non-lease components in contracts when determining its lease payments for its asset classes. As such, HeartShare and Affiliates account for each separate lease component and the associated non-lease components as a single lease component when determining the right-of-use assets and lease liabilities.

The following table summarizes information related to the lease assets and liabilities as of and for the years ended June 30, 2022 and 2021:

June 30,	2022	2021
Lease cost:		
Operating lease expense	**$ 11,347,565**	$ 12,715,376
Total Operating Lease Cost	**$ 11,347,565**	$ 12,715,376

June 30,	2022	2021
Right-of-use assets and liabilities:		
Right-of-use assets – operating leases	**$ 66,990,531**	$ 76,002,703
Lease liability – operating leases	**71,610,931**	80,637,068

Year ended June 30,	2022	2021
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 11,361,530**	$ 11,154,085
Right-of-use assets obtained in exchange for operating lease obligations	**8,305,350**	41,473,346
Weighted-average remaining lease term – operating leases	**6.24 years**	7.2 years
Weighted-average discount rate – operating leases	**1.01%**	0.59%

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2022 and a reconciliation to operating lease liabilities reported on the consolidated statements of financial position:

Year ending June 30,	
2023	$ 7,299,827
2024	7,753,674
2025	6,614,213
2026	6,635,868
2027	6,691,223
Thereafter	45,601,609
Total Lease Payments	80,595,814
Less: interest	(8,711,405)
Present Value of Lease Liabilities	$ 71,610,931

During the prior year ended, June 30, 2021, the Casey Foundation transferred ten properties with a net book value of $4,574,621 to HSVS Foundation. HSVS leases four buildings from HSVS Foundation. A right-of-use asset and corresponding lease liability of $17,961,465 and $19,151,285 is eliminated in consolidation of HSVS and its affiliates for the years ended June 30, 2022 and 2021 respectively.

14. Pension and Other Postretirement Benefit Plans

Multiple-employer Pension Plan

HeartShare and Affiliates contribute to a multiple-employer church defined benefit pension plan. The plan is administered by Catholic Federation of Social Service Agencies of Brooklyn and Queens (a separate unrelated organization.) The risks of participating in these multiple-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiple-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If HeartShare and Affiliates choose to stop participating in some of its multiple-employer plans, HeartShare and Affiliates may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

HeartShare and Affiliates' participation in this plan for the annual period ended June 30, 2022 is outlined below.

- Unless otherwise noted, the most recent PPA zone status available in 2022 is for the plan's year-end at June 30, 2021.
- The zone status is based on information HeartShare and Affiliates received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone generally are less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded.

- The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) either is pending or has been implemented.

There have been no significant changes that affect the comparability of 2021 contributions.

June 30, 2022

Pension Fund	EIN Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions of HeartShare
Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Benefit Plan	26-4439481	Yellow as of June 30, 2021	None	$ 2,416,000

June 30, 2021

Pension Fund	EIN Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions of HeartShare
Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Benefit Plan	26-4439481	Yellow as of June 30, 2020	None	$ 2,679,700

Defined Contribution Plan

Effective July 1, 2014, HeartShare and Affiliates entered into the Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Contribution Pension Plan. The plan is a multiple-employer church plan. Contributions for eligible employees of HeartShare, HSVS, Wellness and HEC were made at the rate of 1% of participants’ salaries for the year ended June 30, 2022 and 2021. Contribution expense for the years ended June 30, 2022 and 2021 was $140,224 and $173,603, respectively.

Defined Benefit Pension Plan

HSVS had a defined benefit pension plan covering certain eligible employees. Plan benefits were generally based on the greater of an employee’s accumulated cash balance plus interest or years of service and the employee’s compensation during the last several years of employment. HSVS’s funding policy was based on an actuarially determined cost method allowable under applicable regulations. The funds were invested in individual annuities. HSVS terminated the plan effective June 30, 2019 and all funds and liabilities have been paid out.

Defined Benefit Postretirement Health Care Plan

HeartShare has a noncontributory defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. HeartShare has not funded the plan to date. HeartShare does not expect to contribute to the plan in 2022.

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15. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose:

June 30,	2022	2021
Subject to expenditure for specified purpose:		
Developmental disabilities programs	$ **20,781**	$ 23,805
Preschool	**546,038**	530,068
Memorial Fund	**26,764**	23,304
ArtShare Grant	**-**	16,774
Family aid services	**55,654**	56,371
Smart Girls	**-**	54,886
Other	**-**	43,277
	649,237	748,485
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for education programs	**-**	10,287
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trust	**38,032**	47,102
Total	$ **687,269**	$ 805,874

Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

June 30,	2022	2021
Satisfaction of purpose restrictions:		
American Dream program	$ **75,077**	$ 114,212
Educational programs	**10,287**	115,374
Developmental disabilities programs	**47,377**	29,485
Mother Cabrini Grant	**-**	187,500
ArtShare Grant	**16,774**	105,298
Family aid services	**717**	-
Smart Girls	**54,886**	-
Other	**43,277**	-
Total	$ **248,395**	$ 551,869

16. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 – This level consists of quoted prices in active markets for identical assets.

Level 2 – This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – This level consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

June 30,		2022		2021
		Level 3		Level 3
Beneficial interest in perpetual trust	$	**38,032**	$	47,102

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

June 30,		2022		2021
Balance, beginning of year	$	**47,102**	$	38,550
Change in carrying value of trust		**(9,070)**		8,552
Balance, end of year	$	**38,032**	$	47,102

17. Significant Estimates and Concentrations

U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

HeartShare and Affiliates are subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of HeartShare and Affiliates. Events could occur that would change this estimate materially in the near term.

Revenue and Receivable Concentrations

As of June 30, 2022 and 2021, substantially all of the outstanding accounts receivable are due from Medicaid through the New York State and New York City reimbursement systems. As of June 30, 2022 and 2021, approximately 91% and 89% of revenues is paid by Medicaid, New York State and New York City, respectively.

Cash

HeartShare and Affiliates have cash accounts in financial institutions that, from time-to-time, exceed the Federal Deposit Insurance Corporation limit. HeartShare and Affiliates have not experienced any losses in such accounts and management does not believe HeartShare and Affiliates are exposed to any significant credit risk.

18. Liquidity and Availability

Financial assets available for general expenditure—that is, without donor or other restrictions limiting their use—within one year comprise the following:

June 30,		2022		2021
Financial assets:				
Cash	$	**10,103,548**	$	5,254,650
Accounts receivable, net		**38,585,476**		43,590,085
Total Financial Assets, at fiscal year-end		**48,689,024**		48,844,735
Less: those unavailable for general expenditures within one year, due to:				
Donor-imposed restricted funds		**687,269**		805,874
Financial Assets Available to Meet General Expenditures Within One Year	**$**	**48,001,755**	$	48,038,861

HeartShare and Affiliates receive contributions restricted by donors and consider contributions restricted for programs that are ongoing, major and central to their annual operations to be available to meet cash needs for general expenditures.

HeartShare and Affiliates manage their liquidity and reserve the following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. HeartShare and Affiliates forecast their future cash flows and monitor their liquidity.

HeartShare and Affiliates manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. HeartShare and Affiliates monitor its liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash is available to meet current expenditure needs. As of June 30, 2022, HeartShare and Affiliates have $22,894,396 available on their lines of credit to utilize for working capital purposes.

19. Subsequent Events

HeartShare and Affiliates have evaluated all events or transactions that occurred after June 30, 2022 through December 1, 2022, the date the consolidated financial statements were available to be issued. During this period, there were no material subsequent events that required disclosure or adjustments.

Supplementary Information

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2022

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Assets						
Current Assets						
Cash	$ 6,223,374	$ 3,458,015	$ 85,718	$ 336,441	$ -	$ 10,103,548
Accounts receivable	19,320,866	17,263,256	1,930,890	70,464	-	38,585,476
Due from Metro Community Health Centers, Inc.	-	-	-	764,354	-	764,354
Due from related party	500,000	-	-	500,000	(1,000,000)	-
Prepaid expenses and other receivables	2,527,589	759,013	-	-	-	3,286,602
Security deposits	302,299	353,627	-	-	-	654,188
Other current assets	56,855	-	500	19,169	-	76,524
Total Current Assets	28,930,983	21,833,911	2,017,108	1,690,428	(1,000,000)	53,470,692
Due from Metro Community Health Centers, Inc.	-	-	-	825,766	-	825,766
Due from Related Party	10,923,444	-	-	930,362	(11,853,806)	-
Beneficial Interest in Perpetual Trust	-	38,032	-	-	-	38,032
Property and Equipment, Net	26,494,506	9,886,135	125,184	6,893	-	36,512,718
Deferred Leasing Costs	-	1,240,821	-	-	-	1,240,821
Right-of-Use Asset	62,295,505	1,706,245	-	2,988,781	-	66,990,531
Other Noncurrent Assets	548,396	-	-	-	-	548,396
Rent Receivable	-	9,416,904	-	-	-	9,416,904
Total Assets	$ 129,192,834	$ 44,122,048	$ 2,142,292	$ 6,442,230	$ (12,853,806)	$ 169,043,860

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2022

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	$ 4,929,579	$ 1,814,992	$ 37,427	$ 430,720	$ -	$ 7,212,718
Accrued salaries and vacation payable	10,712,561	3,462,157	510,333	100,050	-	14,785,101
Accrued compensation - Deferred FICA	1,069,501	494,761	49,129	6,656	-	1,620,047
Due to government agencies	3,565,333	2,019,945	918,879	-	-	6,504,157
Due to related party	500,000	500,000	-	-	(1,000,000)	-
Current portion of long-term debt	2,908,267	852,238	-	-	-	3,760,505
Current portion of operating lease liabilities	5,670,603	1,141,300	-	457,410	-	7,269,313
Other current liabilities	2,812,163	454,513	-	-	-	3,266,676
Total Current Liabilities	32,168,007	10,739,906	1,515,768	994,836	(1,000,000)	44,418,517
Long-Term Liabilities						
Due to government agencies	3,474,313	8,054,672	724,574	-	-	12,253,559
Due to related party	930,362	10,340,226	584,956	-	(11,855,544)	-
Long-term debt	11,918,900	6,425,298	-	-	-	18,344,198
Lines of credit	1,605,604	-	-	-	-	1,605,604
Post-retirement benefit obligation	518,610	-	-	-	-	518,610
Operating lease liability	60,897,474	811,437	-	2,632,707	-	64,341,618
Allowance for potential rate adjustments	7,050,000	-	-	-	-	7,050,000
Total Liabilities	118,563,270	36,371,539	2,825,298	3,627,543	(12,855,544)	148,532,106
Net Assets						
Without donor restrictions	10,035,981	7,656,823	(683,006)	2,814,687	-	19,824,485
With donor restrictions	593,583	93,686	-	-	-	687,269
Total Net Assets	10,629,564	7,750,509	(683,006)	2,814,687	-	20,511,754
Total Liabilities and Net Assets	$ 129,192,834	$ 44,122,048	$ 2,142,292	$ 6,442,230	$ (12,855,544)	$ 169,043,860

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Assets						
Current Assets						
Cash	$ 2,827,872	$ 2,024,351	$ 173,425	$ 229,002	$ -	$ 5,254,650
Accounts receivable	23,395,851	18,446,508	1,633,220	114,506	-	43,590,085
Due from Metro Community Health Centers, Inc.	-	-	-	645,939	-	645,939
Due from related party	500,000	-	-	500,000	(1,000,000)	-
Prepaid expenses and other receivables	3,376,926	429,850	-	-	-	3,806,776
Security deposits	302,462	307,755	-	-	-	608,482
Other current assets	67,278	-	5,777	19,169	-	92,224
Total Current Assets	30,470,389	21,208,464	1,812,422	1,508,616	(1,000,000)	53,998,156
Due from Metro Community Health Centers, Inc.	-	-	-	873,465	-	873,465
Due from Related Party	12,753,331	-	-	1,152,148	(13,905,479)	-
Beneficial Interest in Perpetual Trust	-	47,102	-	-	-	47,102
Property and Equipment, Net	26,817,658	10,618,503	128,159	25,651	-	37,589,971
Deferred Leasing Costs	-	1,254,720	-	-	-	1,254,720
Right-of-Use Asset	63,095,931	9,485,387	-	3,421,385	-	76,002,703
Other Noncurrent Assets	150,113	-	-	-	-	150,113
Rent Receivable	-	8,127,163	-	-	-	8,127,163
Total Assets	$ 133,287,422	$ 50,741,339	$ 1,940,581	$ 6,981,265	$ (14,905,479)	$ 178,043,393

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	$ 3,012,078	$ 1,741,571	$ 25,748	$ 354,544	$ -	$ 5,133,941
Accrued salaries and vacation payable	6,095,747	2,270,116	134,456	98,058	-	8,598,377
Accrued compensation - Deferred FICA	1,069,501	494,761	49,129	-		1,613,391
Due to government agencies	3,358,407	2,451,885	305,829	-	-	6,116,121
Due to related party	500,000	500,000	-	-	(1,000,000)	-
Current portion of Loan payable - Paycheck Protection Program	-	-	-	154,302	-	154,302
Current portion of long-term debt	2,721,030	615,467	-	-	-	3,336,497
Lines of credit	7,078,851	500,000	-	-	-	7,578,851
Current portion of operating lease liabilities	7,140,468	2,524,022	-	516,924	-	10,181,414
Other current liabilities	2,222,288	-	-	-	-	2,222,288
Total Current Liabilities	33,198,370	11,097,822	515,162	1,123,828	(1,000,000)	44,935,182
Long-Term Liabilities						
Deferred payroll taxes	1,069,501	494,761	49,129	6,656	-	1,620,047
Due to government agencies	5,566,397	5,647,798	513,653	-	-	11,727,848
Due to related party	1,152,148	11,792,604	962,462	-	(13,907,214)	-
Long-term debt	10,743,190	7,036,000	-	-	-	17,779,190
Refundable advance - Provider Relief Fund	-	1,256,481	-	-	-	1,256,481
Loan payable - Paycheck Protection Program	1,900,000	1,900,000	517,931	154,301	-	4,472,232
Post-retirement benefit obligation	518,610	-	-	-	-	518,610
Operating lease liability	60,474,212	7,019,975	-	2,961,467	-	70,455,654
Allowance for potential rate adjustments	5,094,791	-	-	-	-	5,094,791
Total Long-Term Liabilities	86,518,849	35,147,619	2,043,175	3,122,424	(13,907,214)	112,924,853
Total Liabilities	119,717,219	46,245,441	2,558,337	4,246,252	(14,907,214)	157,860,035
Net Assets						
Without donor restrictions	12,976,252	4,283,975	(617,756)	2,735,013	-	19,377,484
With donor restrictions	593,951	211,923	-	-	-	805,874
Total Net Assets	13,570,203	4,495,898	(617,756)	2,735,013	-	20,183,358
Total Liabilities and Net Assets	$ 133,287,422	$ 50,741,339	$ 1,940,581	$ 6,981,265	$ (14,907,214)	$ 178,043,393

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2022

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Changes in Net Assets Without Donor Restrictions						
Revenues, Gains and Other Support						
Contributions, bequests and non-government grants	$ 812,545	$ 1,646,706	$ 109,184	$ -	$ -	$ 2,568,435
Special events revenues net of direct costs to donors of $377,767	390,771	387,331	-	-	-	778,102
Patient service revenues	-	-	-	192,874	-	192,874
Fees and grants from government agencies	89,425,626	55,494,145	3,975,060	551,732	-	149,446,563
Client fees	5,020,431	-	-	-	-	5,020,431
Interest income	1,584	134,474	-	-	-	136,058
Other revenues	6,676,181	54,806	-	36,753	(6,254,480)	513,260
Rental income	-	2,523,060	-	147,069	-	2,670,129
New York State Workforce Stabilization Grant	14,148,531	-	-	-	-	14,148,531
Net assets released from restriction	64,151	184,244	-	-	-	248,395
Total Revenues, Gains and Other Support	116,539,820	60,424,766	4,084,244	928,428	(6,254,480)	175,722,778
Expenses						
Program services:						
Boarding home	-	13,929,765	-	-	-	13,929,765
Medical services	-	6,385,003	-	-	-	6,385,003
Residence programs for the Developmentally Disabled	65,318,812	19,985,091	-	-	-	85,303,903
Prevention	-	10,074,787	-	-	-	10,074,787
Education	13,605,627	-	4,170,967	-	-	17,776,594
Respite	600,689	-	-	-	-	600,689
Energy programs	213,126	-	-	-	-	213,126
Day programs	23,243,125	-	-	-	-	23,243,125
Clinical services	-	-	-	805,355	-	805,355
American Dream program	-	453,936	-	-	-	453,936
Grant-making activities	-	148,156	-	-	-	148,156
Total Program Services	$ 102,981,379	$ 50,976,738	$ 4,170,967	$ 805,355	$ -	$ 158,934,439

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2022

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Supporting services:						
Management and general	$ 18,018,805	$ 7,638,909	$ 496,458	$ 216,380	$ (6,254,480)	$ 20,116,072
Fundraising	379,907	336,271	-	-	-	716,178
Total Supporting Services	18,398,712	7,975,180	496,458	216,380	(6,254,480)	20,832,250
Total Expenses	121,380,091	58,951,918	4,667,425	1,021,735	(6,254,480)	179,766,689
Change in Net Assets, before other changes	(4,840,271)	1,472,848	(583,181)	(93,307)	-	(4,043,911)
Non-Operating Income (Expense)						
Forgiveness of debt PPP loans	1,900,000	1,900,000	517,931	172,981	-	4,490,912
Change in Net Assets Without Donor Restriction	(2,940,271)	3,372,848	(65,250)	79,674	-	447,001
Change in Net Assets with Donor Restrictions						
Contributions and bequests	63,783	75,077	-	-	-	138,860
Loss on beneficial interest in perpetual trust	-	(9,070)	-	-	-	(9,070)
Net assets released from restriction	(64,151)	(184,244)	-	-	-	(248,395)
Change in Net Assets with Donor Restrictions	(368)	(118,237)	-	-	-	(118,605)
Net Assets, beginning of year	13,570,203	4,495,898	(617,756)	2,735,013	-	20,183,358
Net Assets, end of year	$ 10,629,564	$ 7,750,509	$ (683,006)	$ 2,814,687	$ -	$ 20,511,754

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Changes in Net Assets Without Donor Restrictions						
Revenues, Gains and Other Support						
Contributions, bequests and non-government grants	$ 2,941,258	$ 2,467,417	$ 199,086	$ 6,320	$ (2,500,000)	$ 3,114,081
Special events revenues, net of direct costs to donors of $79,609	489,200	182,070	-	-	-	671,270
Patient service revenues	-	-	-	243,348	-	243,348
Fees and grants from government agencies	88,934,052	49,622,632	4,488,766	111,870	-	143,157,320
Client fees	4,959,837	-	-	-	-	4,959,837
Interest income	4,822	104,437	-	-	-	109,259
Other revenues	6,285,861	146,189	900	44,723	(5,949,667)	528,006
Rental income	-	2,468,829	-	143,307	-	2,612,136
Net assets released from restriction	322,283	219,586	10,000	-	-	551,869
Total Revenues, Gains and Other Support	103,937,313	55,211,160	4,698,752	549,568	(8,449,667)	155,947,126
Expenses						
Program services:						
Boarding home	-	14,093,663	-	-	-	14,093,663
Medical services	-	6,130,293	-	-	-	6,130,293
Residence programs for the Developmentally Disabled	53,229,256	17,047,621	-	-	-	70,276,877
Prevention		9,378,386	-	-	-	9,378,386
Education	13,976,358	-	4,127,937	-	-	18,104,295
Respite	356,601	-	-	-	-	356,601
Energy programs	212,466	-	-	-	-	212,466
Day programs	17,074,747	-	-	-	-	17,074,747
Clinical services	-	-	-	672,554	-	672,554
American Dream program	-	258,344	-	-	-	258,344
Grant-making activities	-	176,000	-	-	-	176,000
Total Program Services	$ 84,849,428	$ 47,084,307	$ 4,127,937	$ 672,554	$ -	$ 136,734,226

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Supporting services:						
Management and general	$ 16,097,696	$ 7,369,387	$ 503,182	$ 195,692	$ (5,949,667)	$ 18,216,290
Fundraising	397,625	240,361	-	-	-	637,986
Total Supporting Services	16,495,321	7,609,748	503,182	195,692	(5,949,667)	18,854,276
Total Expenses	101,344,749	54,694,055	4,631,119	868,246	(5,949,667)	155,588,502
Change in Net Assets, before other changes	2,592,564	517,105	67,633	(318,678)	(2,500,000)	358,624
Non-Operating Income (Expense)						
Change in affiliation with the William M. Casey Foundation, Inc.	-	(6,711,144)	-	-	-	(6,711,144)
Forgiveness of debt - Due from HeartShare	-	-	-	(2,500,000)	2,500,000	-
Change in Net Assets Without Donor Restriction	2,592,564	(6,194,039)	67,633	(2,818,678)	-	(6,352,520)
Change in Net Assets with Donor Restrictions						
Contributions and bequests	59,467	188,591	-	-	-	248,058
Gain on beneficial interest in perpetual trust	-	8,552	-	-	-	8,552
Net assets released from restriction	(322,283)	(219,586)	(10,000)	-	-	(551,869)
Change in Net Assets with Donor Restrictions	(262,816)	(22,443)	(10,000)	-	-	(295,259)
Net Assets, beginning of year, as revised	11,240,455	10,712,380	(675,389)	5,553,691	-	26,831,137
Net Assets, end of year	$ 13,570,203	$ 4,495,898	$ (617,756)	$ 2,735,013	$ -	$ 20,183,358

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements
and Supplementary Information
Year Ended June 30, 2021

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements
and Supplementary Information
Year Ended June 30, 2021

HeartShare Human Services of New York and Affiliates

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Independent Auditor's Report

The Board of Directors
HeartShare Human Services of New York and Affiliates
Brooklyn, New York

Opinion

We have audited the consolidated financial statements of HeartShare Human Services of New York and Affiliates (collectively, HeartShare and Affiliates), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 financial position of HeartShare and Affiliates as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 HeartShare and Affiliates and to meet our other ethical responsibilities, in accordance with the 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 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 HeartShare and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or 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 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, 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 HeartShare and Affiliates' 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 HeartShare and Affiliates' 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary Consolidating Schedule of Financial Position and Consolidating Schedule of Activities are presented for purposes of additional analysis and are not required parts 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 1, 2021

HeartShare Human Services of New York and Affiliates

Consolidated Statement of Financial Position

June 30, 2021		
Assets		
Current Assets		
Cash	$	5,254,613
Accounts receivable		45,780,741
Due from Metro Community Health Centers, Inc.		1,006,809
Prepaid expenses and other receivables		1,224,838
Security deposits		610,217
Other current assets		174,946
Total Current Assets		54,052,164
Due from Metro Community Health Centers, Inc.		512,595
Beneficial Interest in Perpetual Trust		47,102
Property and Equipment, Net		37,549,123
Deferred Leasing Costs		1,254,720
Right-of-Use Assets		77,748,582
Other Noncurrent Assets		8,619,044
Total Assets	$	179,783,330
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$	5,397,095
Accrued salaries and vacation payable		9,967,223
Due to government agencies		5,073,895
Current portion of long-term debt		3,336,497
Lines of credit		7,578,851
Loan payable - Paycheck Protection Program		154,302
Current portion of operating lease liabilities		10,181,414
Other current liabilities		2,267,028
Total Current Liabilities		43,956,305
Long-Term Liabilities		
Deferred payroll taxes		1,548,938
Due to government agencies, less current portion		12,770,073
Long-term debt, net of deferred issuance costs and current portion		19,679,301
Loan payable - Paycheck Protection Program, less current portion		4,472,232
Refundable advance - Provider Relief Fund		1,256,481
Post-retirement benefit obligation		518,610
Operating lease liabilities, less current portion		70,303,241
Allowance for potential rate adjustments		5,094,791
Total Long-Term Liabilities		115,643,667
Total Liabilities		159,599,972
Net Assets		
Without donor restrictions		19,377,484
With donor restrictions		805,874
Total Net Assets		20,183,358
Total Liabilities and Net Assets	$	179,783,330

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statement of Activities

Year ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions, bequests and non-government grants	$ 3,114,081	$ 248,058	$ 3,362,139
Special events revenues	750,879	-	750,879
Direct costs of special events	(79,609)	-	(79,609)
Patient service revenues	243,348	-	243,348
Fees and grants from government agencies	143,157,320	-	143,157,320
Client fees	4,959,837	-	4,959,837
Interest income	109,259	-	109,259
Other revenues	528,006	-	528,006
Rental income	2,612,136	-	2,612,136
Net assets released from restriction	551,869	(551,869)	-
Total Revenues, Gains, and Other Support	155,947,126	(303,811)	155,643,315
Expenses			
Program services:			
Boarding home	14,093,663	-	14,093,663
Medical services	6,130,293	-	6,130,293
Residence programs	70,276,877	-	70,276,877
Prevention	9,378,386	-	9,378,386
Education	18,104,295	-	18,104,295
Respite	356,601	-	356,601
Energy programs	212,466	-	212,466
Day programs	17,074,747	-	17,074,747
Clinical services	672,554	-	672,554
American Dream program	258,344	-	258,344
Total Program Services	136,558,226	-	136,558,226
Supporting services:			
Management and general	18,392,290	-	18,392,290
Fundraising	637,986	-	637,986
Total Supporting Services	19,030,276	-	19,030,276
Total Expenses	155,588,502	-	155,588,502
Change in Net Assets, before other changes	358,624	(303,811)	54,813
Gain on beneficial interest in perpetual trust	-	8,552	8,552
Change in affiliation with the William M. Casey Foundation, Inc.	(6,711,144)	-	(6,711,144)
Change in Net Assets	(6,352,520)	(295,259)	(6,647,779)
Net Assets, beginning of year, as revised	25,730,004	1,101,133	26,831,137
Net Assets, end of year	$ 19,377,484	$ 805,874	$ 20,183,358

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statement of Functional Expenses

Year ended June 30, 2021

	Program Services											Supporting Services			
	Boarding Home	Medical Services	Residence Programs	Prevention	Education	Respite	Energy Programs	Day Programs	Clinical Services	American Dream	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 4,895,974	$ 3,410,805	$ 37,802,551	$ 6,319,005	$ 12,039,359	$ 199,136	$ 150,702	$ 7,178,071	$ 253,636	$ 39,214	$ 72,288,453	$ 9,798,301	$ 173,624	$ 9,971,925	$ 82,260,378
Payroll taxes and employee benefits	1,282,727	884,270	9,982,502	1,738,320	3,047,040	54,196	40,762	1,874,646	85,480	11,069	19,001,012	2,551,636	49,976	2,601,612	21,602,624
Total Salaries and Related Expenses	6,178,701	4,295,075	47,785,053	8,057,325	15,086,399	253,332	191,464	9,052,717	339,116	50,283	91,289,465	12,349,937	223,600	12,573,537	103,863,002
Occupancy	922,924	251,996	6,530,678	332,508	1,731,467	50,987	9,592	4,265,398	254,382	113	14,350,045	1,166,008	88,592	1,254,600	15,604,645
Professional fees and contract service payments	610,485	1,047,452	2,574,625	192,542	157,083	25,331	-	1,416,809	36,934	6,730	6,067,991	2,652,776	190,818	2,843,594	8,911,585
Foster boarding home payments	4,603,836	-	-	-	-	-	-	-	-	-	4,603,836	-	-	-	4,603,836
Insurance	231,841	122,530	2,238,322	212,563	314,150	5,555	3,925	674,853	8,992	1,309	3,814,040	436,400	4,521	440,921	4,254,961
Depreciation and amortization	110,918	46,549	2,770,004	17,041	245,372	4,129	1,191	399,141	5,701	-	3,600,046	418,518	3,226	421,744	4,021,790
Repairs and maintenance	91,102	20,096	1,705,063	43,920	84,384	1,011	110	195,155	4,243	-	2,145,084	246,485	4,131	250,616	2,395,700
Supplies	20,674	53,413	1,285,978	158,136	199,113	658	13	105,952	4,487	3,901	1,832,325	170,536	9,518	180,054	2,012,379
Food	5,040	6,095	1,548,585	19,505	64,734	-	-	4,103	-	-	1,648,062	13,540	9,797	23,337	1,671,399
Interest	110,608	30,010	1,044,667	8,031	56,335	1,151	499	63,034	-	-	1,314,335	25,991	804	26,795	1,341,130
Telephone	108,488	79,535	584,064	84,315	45,025	9,252	4,072	152,893	6,615	-	1,074,259	131,410	1,904	133,314	1,207,573
Transportation	101,131	9,113	216,921	9,735	1,301	712	-	453,766	240	22,910	815,829	39,872	443	40,315	856,144
Equipment rental	23,192	-	470,300	-	14,616	962	752	230,544	10,074	-	750,440	58,755	812	59,567	810,007
Medical supplies	-	-	469,506	-	12,101	57	-	7,335	761	-	489,760	-	-	-	489,760
Clothing	340,074	-	160,363	-	-	-	-	-	-	25	500,462	-	-	-	500,462
Foster parent expenses	304,828	1,326	20,739	25,781	-	-	-	-	-	62,611	415,285	-	-	-	415,285
Minor equipment acquisitions	-	-	205,046	-	61,079	2,301	-	4,582	900	-	273,908	2,408	-	2,408	276,316
Stipends	76,598	400	93,423	200	-	-	-	-	-	96,310	266,931	-	1,000	1,000	267,931
Camp fees and other children's activities	35,125	2,268	71,794	133,969	-	-	-	-	-	14,138	257,294	-	4,029	4,029	261,323
Dues	30,985	111,812	76,726	6,380	5,818	761	250	14,549	-	-	247,281	13,138	-	13,138	260,419
New York State health care facility assessment	-	-	205,106	-	-	-	-	-	-	-	205,106	-	-	-	205,106
Postage, printing, and publications	15,700	3,610	11,168	1,215	2,753	36	-	1,769	74	14	36,339	52,677	12,684	65,361	101,700
Staff development	3,287	199	10,074	14,042	-	-	-	-	-	-	27,602	312	-	312	27,914
Conference expenses	1,765	7	-	2	-	-	-	-	-	-	1,774	15	-	15	1,789
Miscellaneous	166,361	48,807	198,672	61,176	22,565	366	598	32,147	35	-	530,727	613,512	82,107	695,619	1,226,346
Total Expenses, reported on the consolidated statement of activities	$ 14,093,663	$ 6,130,293	$ 70,276,877	$ 9,378,386	$ 18,104,295	$ 356,601	$ 212,466	$ 17,074,747	$ 672,554	$ 258,344	$136,558,226	$ 18,392,290	$ 637,986	$ 19,030,276	$155,588,502

See accompanying notes to consolidated financial statements.

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Year ended June 30, 2021	
Cash Flows from Operating Activities	
Change in net assets	$ (6,647,779)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,021,790
Amortization of debt issuance costs included in interest expense	63,007
Gain on beneficial interest in perpetual trust	(8,552)
Change in interest in net assets of The William M. Casey Foundation, Inc.	9,996,144
Amortization of right-of-use assets – operating leases	12,162,819
Changes in:	
Accounts receivable	(3,806,964)
Grant receivable	4,141,634
Due from Metro Community Health Centers, Inc.	(167,878)
Prepaid expenses and other receivables	46,895
Security deposits	7,719
Other noncurrent assets	(8,381,750)
Accounts payable and accrued expenses	(3,061,526)
Accrued salaries and vacations payable	2,681,063
Other current liabilities	602,777
Due to government agencies	3,850,789
Allowance for potential rate adjustments	(201,906)
Operating lease liabilities	(10,601,528)
Net Cash Provided by Operating Activities	4,696,754
Cash Flows from Investing Activities	
Property and equipment acquisitions	(4,492,042)
Net Cash Used in Investing Activities	(4,492,042)
Cash Flows from Financing Activities	
Proceeds from long-term debt	3,760,000
Principal payments on long-term debt	(10,057,086)
Proceeds from Paycheck Protection Program loan	4,626,534
Proceeds from Provider Relief Fund	1,256,481
Debt issuance costs	(85,080)
Net Cash Used in Financing Activities	(499,151)
Decrease in Cash	(294,439)
Cash, beginning of year	5,549,052
Cash, end of year	$ 5,254,613
Supplemental Cash Flows Information	
Interest paid, net of capitalized interest	$ 733,947

See accompanying notes to consolidated financial statements.

1. Nature of Organization

HeartShare Human Services of New York (HeartShare) operates programs in Brooklyn, Queens, and Staten Island, and was founded in 1914. HeartShare serves the community through children and family services, programs for persons of all ages with developmental disabilities, and persons affected by HIV-AIDS. HeartShare is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies, and government grants.

HeartShare Wellness, Ltd. (Wellness) operates Article 16 clinic services to provide evaluations and long-term therapies to individuals with intellectual and developmental disabilities (IDD). Wellness began operations on May 1, 2000. Wellness is supported primarily by patient service fees paid by Medicaid.

The members of Wellness are the Chairperson and President and CEO of HeartShare, and one other person designated by the Chairperson of HeartShare.

HeartShare Education Center (dba The HeartShare School) (HEC) was granted a provisional charter by the New York State Education Department (NYSED) on July 26, 2006. Effective July 1, 2009, HEC's operations were segregated from HeartShare. HEC is approved by the NYSED and the New York City Department of Education (DOE) to educate children ages five to 21 diagnosed with autism and the spectrum disorders, as well as children diagnosed with mental retardation and other developmental disabilities. HEC focuses on the whole child and uses a combination of educational, behavioral, and therapeutic approaches based on each child's unique needs. HEC is funded by the NYSED through the DOE and the New York State Department of Health (DOH). Additional support is provided through private donations and grants.

The members of HEC are the Chairperson and President and CEO of HeartShare, and one other person designated by the Chairperson of HeartShare.

St. Vincent's Services, Inc. (dba HeartShare St. Vincent's Services) (HSVS) serves the community through the provision of foster boarding home services, educational services, medical and mental health care, group homes, and intermediate care services. HSVS is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies, and government grants.

The by-laws state that HSVS shall have only five members: The Chairperson of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); the President and CEO of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); one other person designated by the Board of Directors of HeartShare, the "Designee of HeartShare"; one other person designated by the Board of Directors of The William M. Casey Foundation, Inc. (the Casey Foundation); and, ex officio, the Bishop of The Roman Catholic Diocese of Brooklyn, New York, or his designee as so designated in writing by the Bishop.

During 2019, HSVS Property Foundation, Ltd. (HSVS Foundation) was formed as a 501(c)(2) organization holding title to certain properties of HSVS. HSVS is the sole member of HSVS Foundation.

On October 30, 2020, an amendment to the affiliation agreement was executed between HSVS and the Casey Foundation. The Casey Foundation is a New York not-for-profit corporation exempt from federal income tax as a section 501(c)(2) title holding company. The purpose of the Casey Foundation is to hold title to property and to lease, rent, or otherwise make such property available to HSVS in furtherance of HSVS's charitable purposes. The Casey Foundation is governed by a five-person board of directors. Four of the directors are appointed by HSVS. The fifth director is appointed by the Casey Foundation's corporate members, which consist of the Bishop, the Vicar General, and a member of the clergy of the Roman Catholic Diocese of Brooklyn, New York.

HeartShare is a member of the New York Integrated Network for Persons with Developmental Disabilities and Affiliate (the Network), which was founded on June 12, 2012 as a collaborative venture of successful and trusted service providers in New York State. The purpose is to become a sustainable network with an integrated system with multiple services and supports that will develop new and innovative models of care, utilize best practices, stabilize quality of services, and demonstrate effective and efficient delivery of care. On November 14, 2014, the Network was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). The Network is a publicly supported organization, as described in Internal Revenue Code Section 509(a). No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in the corporation.

HeartShare is a member of the Meaningful NY Initiatives for People with Disabilities, Inc. (MNY), which was was founded on July 7, 2014. The purpose of MNY is to support individuals with disabilities in developing skills that will enable them to enter and be successful in the workforce by providing services to the community. On March 9, 2015, MNY was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). MNY is a publicly supported organization, as described in Internal Revenue Code Section 509(a). Contributions to MNY have been expensed in these consolidated financial statements. No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in MNY.

2. Principles of Consolidation

The accompanying consolidated financial statements include the balances, activities, and cash flows of HeartShare, Wellness, HEC, and HSVS, including their affiliates the Casey Foundation and HSVS Property Foundation, (collectively referred to as HeartShare and Affiliates). All intercompany transactions have been eliminated.

Due to an error on the statement of financial position of the Casey Foundation relating to prior years, consolidated net assets at July 1, 2020 were revised to reflect a decrease of $3,285,000 in the June 30, 2020 recorded beneficial interest in the Casey Foundation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit entities. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for

each of the two classes of net assets defined below are in the consolidated statement of financial position, and the amounts of change in each of those classes of net assets are displayed in the consolidated statement of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of HeartShare and Affiliates. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time, and/or purpose restrictions. HeartShare and Affiliates report 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the COVID-19 outbreak, HeartShare and Affiliates have incurred, and is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses. COVID-19-related expenses consist of additional costs that are incurring to protect HeartShare and Affiliates employees and consumers, and to support social-distancing requirements resulting from the COVID-19 pandemic. These costs include, but are not limited to, new or added benefits provided to employees and consumers, the purchase of additional personal protection equipment and disinfecting supplies, additional facility cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on HeartShare and Affiliates' financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted and passed by Congress as a result of the economic fallout from the COVID-19 pandemic. The CARES Act, among other things, has apportioned funds for the United States Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as established the Public Health and Social Services Emergency Fund (the Provider Relief Fund). The United States Department of Health and Human Services (HHS) has allocated the Provider Relief Fund among eligible healthcare providers through both general and targeted distributions which began in April 2020.

During the fiscal year ended June 30, 2021, HeartShare and Affiliates received Provider Relief Funds totaling $4,041,016. In July 2020, HeartShare and Affiliates applied and received $4,626,354 in PPP loans. Due to management's assessment of forgiveness, it is expected that the PPP loans will be fully forgiven, but until such time the PPP loans are recorded as a loan payable in the accompanying consolidated statement of financial position. See Note 13 for further details on this loan payable and forgiveness. In addition, the CARES Act includes a provision to defer employer side payroll taxes. HeartShare and Affiliates elected to defer payroll taxes beginning in April 2020. As of June 30, 2021, a total of $3,097,876 employer side payroll taxes were deferred of which $1,548,938 was included in current liabilities.

The Provider Relief Funds are subjected to post payment reporting requirements. The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19, certification that payment will be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to the coronavirus. These monies have been recognized following the grant accounting model, recognizing income over the applicable reporting period as management becomes reasonably assured of meeting the required criteria.

June 30, 2021		
Funds received during the year	$	4,041,016
Funds applied to incremental expenses and lost revenues		(2,784,535)
Funds unused	$	1,256,481

The unused funds of $1,256,481 is included in refundable advance – provider relief fund in the consolidated statement of financial position. The funds applied to incremental expenses and lost revenues of $2,784,535 is included in fees and grants from government agencies in the consolidated statement of activities.

Accounts Receivable

HeartShare and Affiliates record receivables based on the amount of consideration to which the organization expects to be entitled in exchange for services provided based on established rates. HeartShare and Affiliates perform individual credit risk assessments, which evaluate the individual circumstances, abilities, and intentions of each customer prior to providing the services. If, subsequent to providing the services, HeartShare and Affiliates become aware of customer-specific events, facts, or circumstances indicating customers no longer have the ability or intention to pay the amount of consideration to which HeartShare and Affiliates are expected to be entitled for providing the services, then the related receivable balances are written off as bad debt expense and reported in the consolidated statement of activities.

Contract Assets

Amounts related to services provided to customers who have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances would consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2021.

Due from Metro Community Health Centers, Inc.

Included in due from Metro Community Health Centers, Inc. is a loan receivable that is recorded based on a signed loan agreement (see Note 6). Interest is accrued based on a rate specified in the loan agreement. In addition, a receivable has been recorded for operational costs incurred in the start-up of the program. No allowance has been recorded at June 30, 2021.

Beneficial Interest in Perpetual Trust

HSVS is a beneficiary of a perpetual trust held by another entity, as a trustee. HSVS's beneficial interest in this trust is recorded at the fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Items with a cost in excess of $500 for HeartShare, Wellness, and HEC, and $1,000 for HSVS, and an estimated useful life of greater than one year, are capitalized. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the shorter of the term of the lease or the estimated useful life of the improvement.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Asset Category	Years
Building	20-25
Transportation equipment	4-5
Furniture and equipment	3-5
Leasehold improvements	5-15

HeartShare capitalizes interest costs as a component of buildings, based on the weighted-average rates paid for long-term borrowing.

Long-Lived Asset Impairment

HeartShare and Affiliates evaluate the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2021.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized on the straight-line basis over the term of the associated debt. Amortization of debt issuance costs is included in interest expense.

Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies for HeartShare and Affiliates' contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for HeartShare and Affiliates' contracts for services not yet performed and are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2021.

Rental Income

Rental income is recognized based on the lease agreements. Leases are reflected on the straight-line basis.

Deferred Leasing Costs

Deferred leasing costs represent lease commissions that were paid to an agent. Leasing costs are amortized over the term of the lease. Amortization is computed utilizing the straight-line method. Amortization expense for the year ended June 30, 2021 was $13,899.

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged and fall under the purview of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Income Taxes

HeartShare, HSVS, Wellness and HEC are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and a similar provision of state law. HSVS Foundation and the Casey Foundation are exempt from income taxes under 501(c)(2) of the Code. However, HeartShare and Affiliates are subject to federal income tax on any unrelated business taxable income. For the year ended June 30, 2021, HeartShare and Affiliates did not have any unrelated business taxable income.

HeartShare and Affiliates have not taken any unsubstantiated tax positions that would require provision of a liability under FASB ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the tax liability associated with uncertain tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. HeartShare and Affiliates do not believe that there are any material uncertain tax positions and, accordingly, have not recognized any liability for unrecognized tax benefits. HeartShare and Affiliates have filed Internal Revenue Service (IRS) Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the year ended June 30, 2021, there was no interest or penalties recorded or included in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing HeartShare and Affiliates' services have been summarized on a functional basis in the consolidated statement of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on the job responsibility, square footage, and other methods.

Program services are summarized as follows:

Boarding Home - The Boarding Home Program is funded by the City of New York through the Administration for Children's Services (ACS). ACS places abused and neglected children with contracted agencies that provide the children with foster homes and services. ACS pays a per-diem rate to the agency.

Medical Services - The children in foster care receive general medical care through Medicaid. Medicaid is funded 50% by the federal government and 50% by New York State. Based on the different types of programs, the agency receives various per-diem rates. The Out-Patient Clinic (OPC) serves adult clients who struggle with mental health issues. This program is funded by the New York State Office of Mental Health (OMH). The Chemical Dependency program serves adult clients with substance abuse issues.

Residence Programs for the Developmentally Disabled – The Intermediate Care Facilities (ICF) operate by certification from the Office for People with Developmental Disabilities (OPWDD) with a capacity of up to 30 beds to provide active programming, room and board, and continuous 24-hour per day supervision. The supervised Individual Residential Alternative (IRA), which provides 24-hour supervised care, and the supportive IRA, where the consumer receives services in a more independent setting, are community-based group living arrangements that provide room, board, and individualized protective oversight. They are designed to provide a home environment and a setting where persons can acquire the skills necessary to live as independently as possible. The residence programs are certified by OPWDD. The Community Habilitation services are residential habilitation services that are provided to individuals who do not reside in a residence that is certified or operated by OPWDD. Residential Habilitation also may include program-related personal care, health care, and protective oversight and supervision. Residence programs serve adult clients referred from local hospitals who struggle with substance abuse and mental health issues. Residents are connected to support services, such as mental health and drug treatment programs, to help them become self-sufficient. Residence programs, coupled with such services, provide an affordable, safe, and permanent place to live for people facing homelessness. In addition to allowing tenants to build their independence and become part of a community, this type of program reduces long-term costs to the city and state, such as for psychiatric inpatient care and emergency rooms. The Children Community Residence program provides for 24 youngsters residing at three locations, each with various services, such as daily living, social skills, behavioral management, crisis management, family support, and therapeutic recreation.

Prevention - The Prevention Programs are funded by the City of New York. Three of the programs are funded through ACS with contracted services provided to 352 families. The other program is funded through the Department of Youth and Community Development (DYCD) with contracted services provided to 105 families. These programs are community-based family service centers that help families find healthy ways to resolve problems and avoid conflicts and crisis. The goal is to help these families stay together and keep the children out of foster care. ACS and DYCD reimburse the agency for qualifying expenses.

Education - The Education Programs are for children who are diagnosed as learning-disabled. Disabilities can range from mild to severe. Clinical services are required for the programs. The program is funded by New York State Education Department through the New York City Department of Education. The two Beacon Programs, the Out of School Time Program, the New York City Housing Authority (NYCHA) Community Program, and the two Cornerstone Programs are funded by the City of New York through DYCD. These programs provide recreational and educational activities for community residents of all ages. DYCD reimburses the agency for qualifying expenses.

Respite – This program provides an array of services that support families in maintaining their family members with disabilities at home or at-site.

Energy Programs - Grants are funded through contributions by Con Edison, Entergy, National Grid, New York State Electric and Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RGE), foundations, corporations, and generous individuals. HeartShare administers the program that helps over 5,000 families stay warm in the winter and cool in the summer.

Day Programs - The Day Programs provide individuals with training in self-care and independent living skills. The programs also offer occupational, physical, and speech therapy services. The staff also assists families with residential living plans for their relatives with developmental disabilities. Each facility offers services for individuals based on levels of disability.

Clinical Services - This program includes Article 16 clinic services that provide evaluations and long-term therapies to individuals with IDD, as well as a targeted case management program (Health Home) for those with chronic health/mental health conditions who also receive Medicaid.

American Dream Program - This program is funded by contributions used to provide and assist with the finest educational opportunities for clients who are still in care or those who have aged out of care.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases (Topic 842)*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2019 for not-for-profit entities with conduit debt.

Effective July 1, 2020, HeartShare and Affiliates adopted ASU 2016-02 following the modified retrospective method of application.

4. Revenue from Contracts with Customers

Service Revenue

HeartShare and Affiliates receive funding from Medicaid, New York City, and New York State agencies through fees and government grants. Revenue is reported at the amount that reflects the consideration to which HeartShare and Affiliates expect to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, HeartShare and Affiliates bill the third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by HeartShare and Affiliates. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. HeartShare and Affiliates believe 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. HeartShare and Affiliates measure the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, HeartShare and Affiliates have elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, are 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

HeartShare and Affiliates determine the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction prices is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. HeartShare and Affiliates have determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the payors and services provided. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-Party Payors

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 is as follows:

Medicaid - Reimbursements for Medicaid services are generally paid for each type of service provided.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per established charges and prospectively determined daily rates. Certain of these rates are subject to final settlement and determined after submission of annual cost reports by HeartShare and Affiliates.

Private Pay – Agreements with customers typically provide for payments at established charges.

Significant Judgments

Laws and regulations concerning government programs, including Medicaid, are complex and subject to varying interpretation. 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 HeartShare and Affiliates' compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon HeartShare and Affiliates. Revenues and receivables arising from the programs are dependent upon final audit and negotiations between HeartShare and Affiliates and various third parties. As of June 30, 2021, an allowance for potential rate adjustments of $5,094,791 has been included in these consolidated financial statements.

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 HeartShare and Affiliates' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations.

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Revenue Composition and Reimbursement Method

The composition of revenue by payor is as follows:

June 30, 2021

	Boarding Home	Medical Services	Residence Program	Prevention	Education	Respite	Day Programs	Clinical Services	Total
Medicaid	$ -	$ 4,496,534	$ 46,468,109	$ -	$ -	$ 333,814	$ 13,285,628	$ 272,207	$ 64,856,292
Medicare	-	79,894	-	-	-	-	-	-	79,894
OPWDD	-	-	4,158,350	-	-	117,100	-	-	4,275,450
New York City governmental agencies	14,056,772	-	14,252,140	10,059,282	16,160,947	-	-	-	54,529,141
New York State Department of Health	-	-	-	-	53,047	-	-	-	53,047
OMH	-	(91,200)	4,065,816	-	-	-	-	-	3,974,616
Managed Care	-	1,797,041	5,839,903	-	-	619	996,282	-	8,633,845
SNAP	-	-	1,008,343	-	-	-	-	-	1,008,343
SSI	-	-	3,131,395	-	-	-	-	-	3,131,395
Other	130,149	5,416	22,289	(83,744)	-	-	-	-	74,110
Total	$ 14,186,921	$ 6,287,685	$ 78,946,345	$ 9,975,538	$ 16,213,994	$ 451,533	$ 14,281,910	$ 272,207	$140,616,133

Per diem	$130,640,595
Per contract	9,975,538
	$140,616,133

Also included in the financial statement line item, fees and contracts from government agencies, $2,784,535 of Provider Relief Funds from the HHS.

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Financing Component

HeartShare and Affiliates have elected the practical expedient allowed under FASB ASC 606-10-32-18 and do not adjust the promised amount of consideration from customers for the effects of a significant financing component due to HeartShare and Affiliates' expectation that the period between the time the service is provided to a customer and the time a third-party payor pays for that service will be one year or less.

Contract Costs

HeartShare and Affiliates have 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 HeartShare and Affiliates otherwise would have recognized is one year or less in duration.

5. Beneficial Interest in Perpetual Trust

HSVS has been named as an irrevocable beneficiary of a perpetual trust held and administered by independent trustees. Perpetual trust provides for the distribution of the net income of the trust to HSVS; however, HSVS will never receive the assets of the trust.

At the date HSVS receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statement of activities. A beneficial interest in perpetual trust is recorded in the consolidated statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trust's assets in the consolidated statement of financial position, with trust distributions and changes in fair value recognized in the consolidated statement of activities.

The estimated value of the expected future cash flows is $47,102, which represents the fair value of the trust assets at June 30, 2021. The gain from this trust for 2021 was $8,552.

6. Due from Metro Community Health Centers, Inc.

During 2016, Wellness transferred its medical clinic license, pursuant to Article 28 of the Public Health Law, to Metro Community Health Centers, Inc., an unrelated not-for-profit organization. Additionally, pursuant to an asset sale agreement, on August 29, 2016, Wellness (seller) sold certain assets with a net book value of $1,234,050 to Metro Community Health Centers, Inc. In connection with this sale, Wellness recorded a gain of $220,252. As part of the agreement, Wellness accepted a note evidencing a loan receivable in the amount $1,454,302. The loan bears interest at an annual rate of 5.5% payable monthly over eight years. As of June 30, 2021, a total of $873,465 on the loan was outstanding.

Additionally, Wellness agreed to lease certain employees and provide contracted staff, rental space, and other costs to the same unrelated not-for-profit organization. The sublease agreement expires in May 2024. As of June 30, 2021, $645,939 was due under this arrangement.

During 2021, Wellness recorded rental income in the amount of $143,307.

The loans receivable and other amounts are due as follows:

Year ending June 30,		
2022	$	1,006,809
2023		203,897
2024		215,400
2025		93,298
	$	1,519,404

Rental income to be received is as follows:

Year ending June 30,		
2022	$	541,226
2023		557,462
2024		526,338
	$	1,625,026

7. Property and Equipment

Property and equipment consist of the following:

June 30, 2021		
Land	$	9,059,856
Buildings		40,199,031
Transportation equipment		93,191
Furniture and equipment		11,142,393
Leasehold improvements		34,162,744
		94,657,215
Less: accumulated depreciation and amortization		(57,108,092)
Property and Equipment, Net	$	37,549,123

Depreciation and amortization expense for the year ended June 30, 2021 was $4,021,790.

8. Debt Service Reserve

Under the terms of the Dormitory Authority of the State of New York (DASNY) mortgages, HeartShare was required to deposit with the Medical Care Facilities Financing Agency (MCFFA) amounts to be held in reserve, which will be withdrawn to satisfy the remaining installments on the DASNY mortgages. The balance of the reserve fund as of June 30, 2021 consists of cash of $141,573. This amount is included in other current assets on the consolidated statement of financial position.

9. Due to Government Agencies

HeartShare and Affiliates receive funding from various government agencies, including the New York State Office for People With Developmental Disabilities (OPWDD), the New York State OMH, the Center for Medicaid Services (CMS), the New York City Department of Mental Health and Hygiene (DMHH), New York City DOE, and New York State Education Department. These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG), the New York Office of Alcoholism & Substance Abuse Services (OASAS), the New York City Human Resources Administration, and other agencies, have the right to audit fiscal, as well as programmatic, compliance of HeartShare and Affiliates.

Current portion of due to government agencies represents balances that are expected to be repaid in the next 12 months following fiscal year end. As of June 30, 2021, the total current portion of due to government agencies in the consolidated statement of financial position is $5,073,895. The remaining amount of due to government agencies of $12,770,073 is included in long-term liabilities.

Due to New York City and New York State

HeartShare entered into contracts with OPWDD for the operation of two Children Residential ICF Programs, 48 IRAs, 33 supportive IRA apartments, and 12-day habilitation programs. As part of these agreements, OPWDD issued a Provider Payment Agreement (PPA) agreeing to reimburse capital costs within the rate to HeartShare for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes, and operations.

As of June 30, 2021, HeartShare had accrued a liability in the amount of $3,358,408 for OPWDD advances, day habilitation recoupments, and the effects of new ICF reimbursement methodology.

As of June 30, 2021, an estimated liability for HeartShare in the amount of $818,657 has been included in these financial statements for erroneous collection of food stamps receipts by certain customers. These monies should have not been collected and are in the process of being refunded to the funding source.

The total amount due to New York State and New York City for these advances, liabilities, and accrued interest was $4,747,740 at June 30, 2021.

As of June 30, 2021, HSVS has due to government agencies of $8,099,683, which has been included in these consolidated financial statements, which consist of the following:

- HSVS entered into an agreement with New York City ACS to repay an original amount of $2,586,373 over 30 years (ending in 2046) at a rate of $7,185 per month. As of June 30, 2021, the outstanding amount was $2,341,935.
- OMIG has audited the chemical dependency and clinic programs for HSVS. Formal findings have been communicated and a liability of $1,199,254 has been recorded in these consolidated financial statements as of June 30, 2021.
- Out of the remaining amount of $4,558,494 as of June 30, 2021, $3,670,256 is related to New York City-related foster care and group homes programs and $628,585 is related to New York State-related residence programs.

As of the date of this report, audits performed by New York City have been completed through June 30, 2014 and final reimbursement rates have been determined. Recoupments are made by reducing current payments for services provided.

The Office of State Comptroller performed an audit of HeartShare's Consolidated Fiscal Reports (CFR) for the years ended June 30, 2012, 2013, and 2014. The purpose of the audit was to determine if HeartShare's CFRs were properly calculated, adequately documented, and allowable under the State Educational Department's Reimbursable Cost Manual. HeartShare received the final audit report on October 24, 2017. The audit results will not have a significant impact on HeartShare's financial position.

Due from/to New York City Department of Education

HEC has agreed to the final reconciliation for tuition years through 2016 with the New York City DOE. These amounts are included in accounts receivable at June 30, 2021.

In addition, HEC has received overpayments from the DOE for certain students. As of June 30, 2021, due to DOE of $819,481 is included in due to government agencies and will be recouped from future tuition payments.

10. Rental Income

Ground Lease

In February 2012, the Casey Foundation entered into a 49-year ground lease with an unrelated third party (the Tenant) for a tract of land where the parking lot once existed. During 2014, the Casey Foundation received an initial payment of $1,000,000 as a credit of full satisfaction of the base rent payable from the lease commencement date (October 24, 2012) to the rent commencement date (April 24, 2014). Base rent began April 24, 2014 over the term of the lease.

In June 2013, the Casey Foundation signed a lease amendment with the Tenant, which extended the lease term to 99 years. The amended lease now expires October 23, 2111. The Casey Foundation received a payment of $4,000,000 in June 2013, as additional consideration for entering into this amendment. The lease includes escalations in base rent payments to the Casey Foundation starting October 2017, increasing every five years throughout the lease term. Total base rent payments to be received by the Casey Foundation over the remaining life of the lease total $224,000,408, as follows:

Year ending June 30,	
2022	$ 1,100,000
2023	1,173,333
2024	1,210,000
2025	1,210,000
2026	1,210,000
Thereafter	218,097,075
	$ 224,000,408

The Casey Foundation records rental income on a straight-line basis over the term of the lease. This resulted in an annual adjustment of $1,289,741 for the year ended June 30, 2021.

Rental income relating to the ground leases noted above for the year ended June 30, 2021 is $2,389,741.

Additionally, and concurrently with the aforementioned lease, the Casey Foundation entered into a recognition agreement and a consideration agreement with the Roman Catholic Diocese of Brooklyn, New York (the Diocese). In consideration of the Diocese entering into the recognition agreement, the Casey Foundation agrees to remit to the Diocese, an amount equal to 16% of the monthly base rent collected from the Tenant. The Casey Foundation agrees to remit payment within seven (7) days of its receipt of the monthly base rent. The consideration agreement extends over the life of the 99-year lease. For the year ended June 30, 2021, the Casey Foundation made annual payments of $176,000.

The Casey Foundation is also entitled to a $3,200,000 security deposit payable on or before February 16, 2102. The security deposit shall be maintained in an interest-bearing account. The Casey Foundation may utilize the security deposit if the Tenant defaults on any of the terms, conditions and provisions of the lease. The Tenant, at their election, in lieu of a cash payment of the security deposit, may deliver to the Casey Foundation an irrevocable letter of credit.

If at expiration of the lease term, the Tenant is not in default on any of the terms, conditions and provisions of the lease, any remaining security deposit and interest shall be returned to the Tenant within 60 days of October 23, 2111.

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HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

11. Long-Term Debt

June 30, 2021	
(A) Note payable - HSBC Bank, U.S.A.	$ 4,503,150
(B) Mortgage payable (East 99th Street) - HSBC Bank, U.S.A.	669,922
(C) Mortgage payable (East 102nd Street) - HSBC Bank, U.S.A.	744,644
(D) Mortgage payable (East 66th Street) - HSBC Bank, U.S.A.	506,306
(E) Mortgage payable (168th Street) - HSBC Bank, U.S.A.	659,135
(F) Mortgage payable (Clermont Avenue) - HSBC Bank, U.S.A.	445,728
(G) Mortgage payable (East 29th Street) - HSBC Bank, U.S.A.	152,497
(H) Mortgage payable (153rd Avenue) - HSBC Bank, U.S.A.	556,898
(I) Mortgage payable (Clarke Avenue) - HSBC Bank, U.S.A.	963,553
(J) Mortgage payable (Avenue L) - HSBC Bank, U.S.A.	725,689
(K) Mortgage payable (120th Avenue) - HSBC Bank, U.S.A.	1,170,870
(L) Mortgage payable (151st Avenue) - HSBC Bank, U.S.A.	955,908
(M) Bonds payable (53 Dreyer) – DASNY Series 2021 A-1 & A-2	1,305,000
(N) Bonds payable (89 Clearmont Avenue) – DASNY Series 2021 A-1 & A-2	1,270,000
(O) Bonds payable (Gateway Elton Center) - DASNY Series 2021 A-1 & A-2	1,185,000
(P) HSVS note payable – HSBC Bank, U.S.A	2,488,483
(Q) HSVS note payable - DASNY	1,877,984
(R) HSVS property payable - DASNY	3,285,000
	23,465,767
Add: premium on bonds payable	332,825
Less: unamortized debt issuance costs	(782,794)
Less: current maturities	(3,336,497)
	$ 19,679,301

(A) In June 2013, HeartShare entered into a loan agreement with HSBC Bank, U.S.A. As part of the loan agreement, HeartShare borrowed the following amounts and agreed to the repayment schedules and collateral terms. The original principal amount of $18,000,000 bears interest at a rate of 4.35% per annum and is payable in monthly installments until July 2023. The properties encumbered are the land and buildings located at various program sites.

(B) In August 2014, HeartShare entered into a $1,040,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $8,127 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(C) In August 2014, HeartShare entered into a $1,156,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $9,034 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(D) In August 2014, HeartShare entered into a $786,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $6,142 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(E) In June 2017, HeartShare converted a bridge loan in the amount of $722,839 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.71% per annum and is payable in monthly installments of $4,104 until November 2027. Payments commenced on July 1, 2017. The loan is secured by property located in Springfield Gardens, New York.

(F) In July 2017, HeartShare converted a bridge loan in the amount of $672,853 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.66% per annum and is payable in monthly installments of $7,026 until July 2027. The loan is secured by property located in Brooklyn, New York.

(G) In August 2017, HeartShare converted a bridge loan in the amount of $392,365 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.26% per annum and is payable in monthly installments of $6,186 until August 2023. The loan is secured by property located in Brooklyn, New York.

(H) In November 2018, HeartShare converted a bridge loan in the amount of $583,694 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.51% per annum and is payable in monthly installments of $3,587 until June 2023. The loan is secured by property located in Howard Beach, New York.

(I) In December 2018, HeartShare converted a bridge loan in the amount of $1,012,000 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.17% per annum and is payable in monthly installments of $6,016 until January 2024. The loan is secured by property located in Staten Island, New York.

(J) In December 2018, HeartShare converted a bridge loan in the amount of $763,400 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.44% per annum and is payable in monthly installments of $4,659 until December 2028. The loan is secured by property located in Brooklyn, New York.

(K) In June 2019, HeartShare converted a bridge loan in the amount of $1,223,509 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.27% per annum and is payable in monthly installments of $6,641 until June 2024. The loan is secured by property located in Jamaica, New York.

(L) In December 2020, HeartShare converted a bridge loan in the amount of $1,000,000 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.20% per annum and is payable in monthly installments of $10,187 until December 2025. The loan is secured by property located in Howard Beach, New York.

(M) In June 2021, HeartShare entered into a bond payable agreement with DASNY, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,305,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2046. The property encumbered is the land and building located in Staten Island, New York.

(N) In June 2021, HeartShare entered into a bond payable agreement with DASNY, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,270,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2046. The property encumbered is the land and building located in Staten Island, New York.

(O) In June 2021, HeartShare entered into a bond payable agreement with DASNY, a body corporate and politic of the State of New York, constituting a public benefit corporation, acting by and through its agent, the Commissioner of OPWDD. As part of the bond payable agreement, HeartShare borrowed $1,185,000 and agreed to the repayment schedules and collateral terms. The loan is payable by HeartShare to DASNY in monthly installments until June 2033. The property encumbered is the land and building located in Brooklyn, New York.

(P) In October 2015, HSVS obtained a $5,000,000 term loan payable on a monthly basis in the amount of $50,433, which includes principal and interest, for working capital purposes. Payments commenced December 1, 2015. Interest is charged at a fixed rate of 3.92% per year. The loan is based on a ten-year amortization but will be due in 59 monthly installments. As of June 30, 2021, the outstanding balance was $2,488,483. The balance of any principal outstanding on the $5,000,000 term loan has a maturity date of November 30, 2025. In December 2020, the $5,000,000 term loan was amended to revise monthly principal installments of $46,647 and interest at 1.00% above the prime rate or 3.00% above the London Interbank Offered Rate (LIBOR) commencing on December 1, 2020.

(Q) In December 2016, HSVS entered into a loan agreement with DASNY in the amount of $2,250,580 for the purpose of acquiring a building. Principal and interest are payable semiannually in the amount of $96,465. The loan matures June 1, 2035. Interest is fixed at the rate of 5.3357% per year. The loan is secured by HSVS's revenue and furniture and equipment. As of June 30, 2021, the outstanding balance was $1,877,984.

(R) In April 2021, the Casey Foundation entered into several loan agreements with Dormitory Authority of the State of New York (DASNY) totaling in the amount of $3,285,000 for the purpose of acquiring multiple buildings. Principal and interest are payable semiannually in various amounts. The loans mature on various maturity dates up through February 2037, with varying interest rates. The loans are secured by HSVS and the Casey Foundation's revenue and furniture and equipment. As of June 30, 2021, the outstanding balance was $3,285,000.

Aggregate annual maturities of long-term debt at June 30, 2021 are as follows:

Year ending June 30,	
2022	$ 3,648,271
2023	3,485,281
2024	1,593,598
2025	1,370,987
2026	1,090,867
Thereafter	13,179,075
	$ 24,368,079

Interest expense on long-term debt was $1,137,391 for the year ended June 30, 2021.

12. Lines of Credit

In December 2020, HeartShare and HSVS amended their revolving loan agreement for working capital of up to $15,000,000. The line of credit is renewable annually in March and bears interest at LIBOR plus 3.0%. The interest rate was 3.07% as of June 30, 2021. As of June 30, 2021, the outstanding balance on the working capital revolving loan was $6,000,000.

In December 2020, HeartShare entered into a bridge financing facility revolving loan agreement for capital expenditures of up to $6,500,000. The line of credit is renewable annually in March. The line of credit is payable on demand. The interest rate was 3.09% as of June 30, 2021. As of June 30, 2021, the outstanding balance on the bridge financing revolving loan was $1,578,851.

Interest of $542,445 was capitalized for the year ended June 30, 2021, relating to construction projects. Once the construction project is completed, the expenditures are converted to bridge loans and then to a permanent loan.

13. Loan Payable – Paycheck Protection Program

In July of 2020, HeartShare, HSVS, Wellness, and HEC applied for and received approval for a loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration. The receipt of these funds, and the loan forgiveness of the loan attendant to these funds, is dependent on HeartShare having initially qualified for the loan and qualifying for the forgiveness of such loan based on their future adherence to the forgiveness criteria. The PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. As of June 30, 2021, HeartShare, HSVS, HEC, and Wellness's PPP loan had a balance of $1,900,000, $1,900,000, $517,931, and $308,603, respectively. The note is held by a bank. On November 4, 2021, HSVS and HEC were notified their PPP loan was fully forgiven by the SBA. The remaining outstanding loans are eligible for forgiveness under the CARES Act; management believes that these loans will be fully forgiven, except for the $154,302 funds for Wellness which is presented as a current liability.

14. Operating Leases

HeartShare and Affiliaties lease certain facilities and equipment under operating leases with terms generally ranging from two to 25 years. The nature of these leases generally falls into one of the following categories: real estate, office and facility equipment, and vehicles. Leases are generally classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. HeartShare and Affiliates elected to adopt the package of practical expedients, which included (1) an election to not reassess whether expired or existing contracts contain leases under the new definition of a lease, (2) an election to not reassess the lease classification for expired or existing leases, and (3) an election not to reassess whether any previously capitalized initial direct costs would qualify for capitalization under the new standard. Accordingly, all leases that were previously classified as operating leases under previous guidance, were classified as operating leases under the new guidance. For leases with initial terms greater than a year, HeartShare and Affiliates record the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. For leases with a term of 12 months or less, HeartShare and Affiliates have elected not to recognize a right-of-use asset or lease liability.

HeartShare and Affiliates' leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities, unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless HeartShare and Affiliates is

reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing a risk-free discount rate determined using a period comparable with that of the lease term. HeartShare and Affiliates elected not to separate lease components from non-lease components in contracts when determining its lease payments for its asset classes. As such, HeartShare and Affiliates account for each separate lease component and the associated non-lease components as a single lease component when determining the right-of-use assets and lease liabilities.

The following table summarizes information related to the lease assets and liabilities as of and for the year ended June 30, 2021:

June 30, 2021		
Lease cost:		
Operating lease expense	$	12,162,819
Short-term lease expense		552,557
Total operating lease cost	$	12,715,376

June 30, 2021		
Right-of-use assets and liabilities:		
Right-of-use assets – operating leases	$	77,748,582
Lease liability – operating leases		80,484,655

Year ended June 30, 2021		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	11,154,085
Right-of-use assets obtained in exchange for operating lease obligations		41,473,346
Weighted-average remaining lease term – operating leases		7.2 years
Weighted-average discount rate – operating leases		0.59%

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2021, and a reconciliation to operating lease liabilities reported on the consolidated statement of financial position:

Year ending June 30,		
2022	$	7,753,956
2023		6,788,653
2024		7,547,802
2025		7,531,394
2026		7,549,146
Thereafter		55,782,698
Total lease payments		92,953,649
Less: Interest		(12,468,994)
Present value of lease liabilities	$	80,484,655

During the year, the Casey Foundation transferred ten properties with a net book value of $4,574,621 to HSVS Property Foundation, Ltd. HSVS leases four buildings from HSVS Property Foundation, Ltd. A right-of-use asset and corresponding lease liability of $19,151,285 is eliminated in consolidation of HSVS and its affiliates.

15. Pension and Other Postretirement Benefit Plans

Multiemployer Pension Plan

HeartShare and Affiliates contribute to a multiemployer defined benefit pension plan. The plan is administered by Catholic Federation of Social Service Agencies of Brooklyn and Queens (a separate unrelated organization.) The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If HeartShare and Affiliates choose to stop participating in some of its multiemployer plans, HeartShare and Affiliates may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

HeartShare and Affiliates' participation in this plan for the annual period ended June 30, 2021 is outlined below.

- Unless otherwise noted, the most recent PPA zone status available in 2021 is for the plan's year-end at June 30, 2020.
- The zone status is based on information HeartShare and Affiliates received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone generally are less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.
- The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) either is pending or has been implemented.

There have been no significant changes that affect the comparability of 2021 contributions.

June 30, 2021

Pension Fund	EIN Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions of HeartShare
Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Benefit Plan	26-4439481	Yellow as of June 30, 2020	None	$ 2,679,700

Defined Contribution Plan

Effective July 1, 2014, HeartShare and Affiliates entered into the Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Contribution Pension Plan. The plan is a multiple-employer church plan. Contributions for eligible employees of HeartShare, HSVS, Wellness, and HEC were made at the rate of 1% of participants' salaries for the year ended June 30, 2021. Contribution expense for the year ended June 30, 2021 was $173,603.

Defined Benefit Pension Plan

HSVS had a defined benefit pension plan covering certain eligible employees. Plan benefits were generally based on the greater of an employee's accumulated cash balance plus interest or years of service and the employee's compensation during the last several years of employment. HSVS's funding policy was based on an actuarially determined cost method allowable under applicable regulations. The funds were invested in individual annuities. HSVS terminated the plan effective June 30, 2019 and all funds and liabilities have been paid out.

Defined Benefit Postretirement Health Care Plan

HeartShare has a noncontributory defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. HeartShare has not funded the plan to date. HeartShare does not expect to contribute to the plan in 2021.

16. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose:

June 30, 2021		
Subject to expenditure for specified purpose:		
Developmental disabilities programs	$	23,805
Preschool		530,068
Memorial Fund		23,304
ArtShare Grant		16,774
Family aid services		56,371
Smart Girls		54,886
Other		43,277
		748,485
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for education programs		10,287
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trust		47,102
Total	**$**	**805,874**

Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

June 30, 2021		
Satisfaction of purpose restrictions:		
American Dream program	$	114,212
Educational programs		115,374
Developmental disabilities programs		29,485
Mother Cabrini Grant		187,500
ArtShare Grant		105,298
Total	**$**	**551,869**

17. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 – This level consists of quoted prices in active markets for identical assets.

Level 2 – This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – This level consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

June 30, 2021		Level 3
Beneficial interest in perpetual trust	$	47,102

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

June 30, 2021		
Balance, beginning of year	$	38,550
Change in carrying value of trust		8,552
Balance, end of year	**$**	**47,102**

18. Significant Estimates and Concentrations

U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

HeartShare and Affiliates are subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets, and cash flows of HeartShare and Affiliates. Events could occur that would change this estimate materially in the near term.

Revenue and Receivable Concentrations

As of June 30, 2021, substantially all of the outstanding accounts receivable are due from Medicaid through the New York State and New York City reimbursement systems. As of June 30, 2021, approximately 89% of revenues is paid by Medicaid, New York State, and New York City.

Cash

HeartShare and Affiliates have cash accounts in financial institutions that, from time-to-time, exceed the Federal Deposit Insurance Corporation limit. HeartShare and Affiliates have not experienced any losses in such accounts and management does not believe HeartShare and Affiliates are exposed to any significant credit risk.

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19. Liquidity and Availability

Financial assets available for general expenditure—that is, without donor or other restrictions limiting their use—within one year of June 30, 2021 comprise the following:

Financial assets:		
Cash	$	5,254,613
Accounts receivable, net		45,780,741
Total Financial Assets, at fiscal year-end		51,035,354
Less: those unavailable for general expenditures within one year, due to:		
donor-imposed restricted funds		805,874
Financial Assets Available to Meet General Expenditures Within One Year	$	50,229,480

HeartShare and Affiliates receive contributions restricted by donors and consider contributions restricted for programs that are ongoing, major, and central to their annual operations to be available to meet cash needs for general expenditures.

HeartShare and Affiliates manage their liquidity and reserve the following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. HeartShare and Affiliates forecast their future cash flows and monitor their liquidity.

20. Subsequent Events

In September 2021, HeartShare, HSVS, HEC and Wellness applied for forgiveness of the full amounts of the PPP loans. On November 4, 2021, HSVS and HEC were notified their PPP loans were fully forgiven by the SBA. On November 10, 2021, SBA notified Wellness of the partial forgiveness of its PPP loan in the amount of $172,981.

HeartShare and Affiliates have evaluated all events or transactions that occurred after June 30, 2021 through December 1, 2021, the date the consolidated financial statements were available to be issued. During this period, there were no material subsequent events other than those above items that required disclosure or adjustments.

Supplementary Information

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Assets						
Current Assets						
Cash	$ 2,827,835	$ 2,024,351	$ 173,425	$ 229,002	$ -	$ 5,254,613
Accounts receivable	25,654,454	18,378,561	1,633,220	114,506	-	45,780,741
Due from Metro Community Health Centers, Inc.	-	-	-	1,006,809	-	1,006,809
Due from related party	500,000	-	-	500,000	(1,000,000)	-
Prepaid expenses and other receivables	727,041	497,797	-	-	-	1,224,838
Security deposits	302,462	307,755	-	-	-	610,217
Other current assets	150,000	-	5,777	19,169	-	174,946
Total Current Assets	30,161,792	21,208,464	1,812,422	1,869,486	(1,000,000)	54,052,164
Due from Metro Community Health Centers, Inc.	-	-	-	512,595	-	512,595
Due from Related Party	12,755,066	-	-	1,152,148	(13,907,214)	-
Beneficial Interest in Perpetual Trust	-	47,102	-	-	-	47,102
Property and Equipment, Net	26,776,810	10,618,503	128,159	25,651	-	37,549,123
Deferred Leasing Costs	-	1,254,720	-	-	-	1,254,720
Right-of-Use Asset	64,841,810	9,485,387	-	3,421,385	-	77,748,582
Other Noncurrent Assets	491,881	8,127,163	-	-	-	8,619,044
Total Assets	$ 135,027,359	$ 50,741,339	$ 1,940,581	$ 6,981,265	$ (14,907,214)	$ 179,783,330

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	$ 3,103,904	$ 1,741,571	$ 197,076	$ 354,544	$ -	$ 5,397,095
Accrued salaries and vacation payable	7,020,921	2,835,986	12,258	98,058	-	9,967,223
Due to government agencies	2,316,181	2,451,885	305,829	-	-	5,073,895
Due to related party	500,000	500,000	-	-	(1,000,000)	-
Current portion of long-term debt	2,721,030	615,467	-	-	-	3,336,497
Lines of credit	7,078,851	500,000	-	-	-	7,578,851
Loan payable - Paycheck Protection Program	-	-	-	154,302	-	154,302
Current portion of operating lease liabilities	7,140,468	2,524,022	-	516,924	-	10,181,414
Other current liabilities	2,267,028	-	-	-	-	2,267,028
Total Current Liabilities	32,148,383	11,168,931	515,163	1,123,828	(1,000,000)	43,956,305
Long-Term Liabilities						
Deferred payroll taxes	1,069,501	423,652	49,129	6,656	-	1,548,938
Due to government agencies	6,608,623	5,647,798	513,652	-	-	12,770,073
Due to related party	1,152,148	11,792,604	962,462	-	(13,907,214)	-
Long-term debt	12,643,301	7,036,000	-	-	-	19,679,301
Refundable advance – Provider Relief Fund	-	1,256,481	-	-	-	1,256,481
Loan payable - Paycheck Protection Program	1,900,000	1,900,000	517,931	154,301	-	4,472,232
Post-retirement benefit obligation	518,610	-	-	-	-	518,610
Operating lease liability	60,321,799	7,019,975	-	2,961,467	-	70,303,241
Allowance for potential rate adjustments	5,094,791	-	-	-	-	5,094,791
Total Long-Term Liabilities	89,308,773	35,076,510	2,043,174	3,122,424	(13,907,214)	115,643,667
Total Liabilities	121,457,156	46,245,441	2,558,337	4,246,252	(14,907,214)	159,599,972
Net Assets						
Without donor restrictions	12,976,252	4,283,975	(617,756)	2,735,013	-	19,377,484
With donor restrictions	593,951	211,923	-	-	-	805,874
Total Net Assets	13,570,203	4,495,898	(617,756)	2,735,013	-	20,183,358
Total Liabilities and Net Assets	$ 135,027,359	$ 50,741,339	$ 1,940,581	$ 6,981,265	$ (14,907,214)	$ 179,783,330

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Changes in Net Assets Without Donor Restrictions						
Revenues, Gains, and Other Support						
Contributions, bequests and non-government grants	$ 2,941,258	$ 2,467,417	$ 199,086	$ 6,320	$ (2,500,000)	$ 3,114,081
Special events revenues	520,309	230,570	-	-	-	750,879
Direct costs of special events	(31,109)	(48,500)	-	-	-	(79,609)
Patient service revenues	-	-	-	243,348	-	243,348
Fees and grants from government agencies	88,934,052	49,622,632	4,488,766	111,870	-	143,157,320
Client fees	4,959,837	-	-	-	-	4,959,837
Interest income	4,822	104,437	-	-	-	109,259
Other revenues	6,285,861	146,189	900	44,723	(5,949,667)	528,006
Rental income	-	2,468,829	-	143,307	-	2,612,136
Net assets released from restriction	322,283	219,586	10,000	-	-	551,869
Total Revenues, Gains, and Other Support	103,937,313	55,211,160	4,698,752	549,568	(8,449,667)	155,947,126
Expenses						
Program services:						
Boarding home	-	14,093,663	-	-	-	14,093,663
Medical services	-	6,130,293	-	-	-	6,130,293
Residence programs for the Developmentally Disabled	53,229,256	17,047,621	-	-	-	70,276,877
Prevention		9,378,386	-	-	-	9,378,386
Education	13,976,358	-	4,127,937	-	-	18,104,295
Respite	356,601	-	-	-	-	356,601
Energy programs	212,466	-	-	-	-	212,466
Day programs	17,074,747	-	-	-	-	17,074,747
Clinical services	-	-	-	672,554	-	672,554
American Dream program	-	258,344	-	-	-	258,344
Total Program Services	84,849,428	46,908,307	4,127,937	672,554	-	136,558,226

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2021

	HSHS	HSVS	Education	Wellness	Eliminations	Total
Supporting services:						
Management and general	$ 16,097,696	$ 7,545,387	$ 503,182	$ 195,692	$ (5,949,667)	$ 18,392,290
Fundraising	397,625	240,361	-	-	-	637,986
Total Supporting Services	16,495,321	7,785,748	503,182	195,692	(5,949,667)	19,030,276
Total Expenses	101,344,749	54,694,055	4,631,119	868,246	(5,949,667)	155,588,502
Change in Net Assets, before other changes	2,592,564	517,105	67,633	(318,678)	(2,500,000)	358,624
Non-Operating Income (Expense)						
Change in affiliation with the William M. Casey Foundation, Inc.	-	(6,711,144)	-	-	-	(6,711,144)
Forgiveness of debt - Due from HeartShare	-	-	-	(2,500,000)	2,500,000	-
Change in Net Assets Without Donor Restriction	2,592,564	(6,194,039)	67,633	(2,818,678)	-	(6,352,520)
Change in Net Assets with Donor Restrictions						
Contributions and bequests	59,467	188,591	-	-	-	248,058
Gain on beneficial interest in perpetual trust	-	8,552	-	-	-	8,552
Net assets released from restriction	(322,283)	(219,586)	(10,000)	-	-	(551,869)
Change in Net Assets with Donor Restrictions	(262,816)	(22,443)	(10,000)	-	-	(295,259)
Net Assets, beginning of year, as revised	11,240,455	10,712,380	(675,389)	5,553,691	-	26,831,137
Net Assets, end of year	$ 13,570,203	$ 4,495,898	$ (617,756)	$ 2,735,013	$ -	$ 20,183,358

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2020 and 2019

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

HeartShare Human Services of New York and Affiliates

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2020 and 2019

HeartShare Human Services of New York and Affiliates

Contents

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Independent Auditor's Report

The Board of Directors
HeartShare Human Services of New York and Affiliates
Brooklyn, New York

We have audited the accompanying consolidated financial statements of HeartShare Human Services of New York and Affiliates (collectively, HeartShare and Affiliates), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HeartShare Human Services of New York and Affiliates as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary Consolidating Schedule of Financial Position and Consolidating Schedule of Activities are presented for purposes of additional analysis and are not required parts 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 audit of the consolidated financial statements, and to 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 to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Audit of the 2019 Consolidated Financial Statements

The 2019 consolidated financial statements of HeartShare Human Services of New York and Affiliates were audited by other auditors, whose report dated November 27, 2019 expressed an unmodified opinion on those statements.

BDO USA, LLP

December 23, 2020

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Financial Position
(with comparative totals for 2019)

June 30,	2020	2019
Assets		
Current Assets		
Cash	$ 5,549,052	$ 2,205,596
Accounts receivable	41,973,777	34,563,098
Distribution receivable	720,000	720,000
Due from Metro Community Health Centers, Inc.	645,918	711,569
Prepaid expenses and other receivables	1,271,733	2,585,710
Security deposits	617,936	306,755
Other current assets	174,946	374,955
Total Current Assets	50,953,362	41,467,683
Due from The William M. Casey Foundation, Inc.	1,272,041	1,272,041
Distribution Receivable	2,149,593	2,773,324
Due from Metro Community Health Centers, Inc.	705,608	888,311
Beneficial Interest in Perpetual Trust	38,550	44,765
Interest in Net Assets of The William M. Casey Foundation, Inc.	9,996,144	8,249,665
Property and Equipment, Net	31,622,447	30,470,662
Other Noncurrent Assets	237,294	475,741
Total Assets	$ 96,975,039	$ 85,642,192
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 8,458,621	$ 5,474,928
Accrued salaries and vacations payable	8,091,984	6,827,392
Due to government agencies	5,563,173	9,468,467
Current portion of long-term debt	17,794,115	3,832,697
Other current liabilities	1,664,251	663,834
Total Current Liabilities	41,572,144	26,267,318
Long-Term Liabilities		
Deferred payroll taxes	743,114	-
Due to government agencies	8,430,006	9,468,079
Long-term debt	15,834,693	21,179,610
Post-retirement benefit obligation	518,610	518,610
Deferred rent liability	1,174,782	1,451,626
Allowance for potential rate adjustments	5,296,697	3,698,375
Total Long-Term Liabilities	31,997,902	36,316,300
Total Liabilities	73,570,046	62,583,618
Net Assets		
Without donor restrictions	18,070,518	17,316,078
With donor restrictions	5,334,475	5,742,496
Total Net Assets	23,404,993	23,058,574
Total Liabilities and Net Assets	$ 96,975,039	$ 85,642,192

See accompanying notes to consolidated financial statements.

HeartShare Human Services of New York and Affiliates

Consolidated Statements of Activities
(with comparative totals for 2019)

Year ended June 30			2020	2019
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Revenues, Gains and Other Support				
Contributions and bequests	$ 3,986,987	$ 552,323	$ 4,539,310	$ 3,952,793
Special events revenues	1,173,644	-	1,173,644	1,838,405
Direct costs of special events	(391,220)	-	(391,220)	(630,863)
Patient service revenues	1,312,389	-	1,312,389	3,328,319
Fees and grants from government agencies	139,830,379	-	139,830,379	132,362,137
Client fees	4,427,411	-	4,427,411	4,163,546
Other grants	-	17,120	17,120	767,765
Interest income	330,046	-	330,046	112,957
Other revenues	1,403,133	-	1,403,133	4,598,434
Rental income	138,626	-	138,626	134,832
Net assets released from restrictions	971,249	(971,249)	-	-
Total Revenues, Gains and Other Support	153,182,644	(401,806)	152,780,838	150,628,325
Expenses				
Program services:				
Boarding home	14,029,515	-	14,029,515	19,546,971
Medical services	6,327,189	-	6,327,189	5,257,219
AIDS services	-	-	-	12,338
Residence programs for the Developmentally Disabled	70,552,419	-	70,552,419	53,520,734
Prevention	7,951,304	-	7,951,304	6,899,942
Education	18,592,537	-	18,592,537	17,808,646
Respite	876,252	-	876,252	1,038,669
Energy programs	196,091	-	196,091	189,503
Day programs	21,219,300	-	21,219,300	22,505,199
Clinical services	1,074,578	-	1,074,578	2,890,919
Children community residence	-	-	-	3,229,013
American Dream program	604,470	-	604,470	468,823
Total Program Services	141,423,655	-	141,423,655	133,367,976
Supporting services:				
Management and general	12,062,968	-	12,062,968	17,439,036
Fundraising	688,060	-	688,060	766,734
Total Supporting Services	12,751,028	-	12,751,028	18,205,770
Total Expenses	154,174,683	-	154,174,683	151,573,746
Change in Net Assets, before other changes	(992,039)	(401,806)	(1,393,845)	(945,421)
Loss on beneficial interest in perpetual trust	-	(6,215)	(6,215)	(4,291)
Change in unfunded post-retirement benefits	-	-	-	84,868
Change in interest in net assets of The William M. Casey Foundation, Inc.	1,746,479	-	1,746,479	1,000,185
Change in Net Assets	754,440	(408,021)	346,419	135,341
Net Assets, beginning of year	17,316,078	5,742,496	23,058,574	22,923,233
Net Assets, end of year	$ 18,070,518	$ 5,334,475	$ 23,404,993	$ 23,058,574

See accompanying notes to consolidated financial statements.

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HeartShare Human Services of New York and Affiliates

Statements of Functional Expenses
(with comparative totals for 2019)

Year ended June 30,

	Program Services											Supporting Services			Total	
	Boarding Home	Medical Services	Residence Programs	Prevention	Education	Respite	Energy Programs	Day Programs	Clinical	American Dream	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2020**	2019
Salaries	$ 4,804,833	$ 3,368,930	$ 37,869,906	$ 5,162,419	$ 12,635,622	$ 469,219	$ 133,212	$ 8,643,558	$ 562,709	$ 172,582	$ 73,822,990	$ 4,098,699	$ 301,699	$ 4,400,398	**$ 78,223,388**	$ 78,607,286
Payroll taxes and employee benefits	1,280,670	787,292	9,822,160	1,433,158	3,088,097	122,052	33,845	2,228,289	131,500	53,870	18,980,933	2,836,963	70,749	2,907,712	**21,888,645**	20,316,978
Total Salaries and Related Expenses	6,085,503	4,156,222	47,692,066	6,595,577	15,723,719	591,271	167,057	10,871,847	694,209	226,452	92,803,923	6,935,662	372,448	7,308,110	**100,112,033**	98,924,264
Food	10,979	7,275	1,710,625	18,451	206,800	4,384	-	14,304	-	174	1,972,992	2,248	93	2,341	**1,975,333**	1,974,222
Clothing	385,420	-	142,031	22,652	39	-	-	32	-	-	550,174	-	400	400	**550,574**	602,425
Transportation	115,150	37,318	428,107	24,853	22,834	12,885	70	4,112,764	1,355	47,320	4,802,656	45,805	2,182	47,987	**4,850,643**	6,403,753
Supplies	79,238	76,887	1,229,218	165,545	125,610	3,618	1,120	118,852	3,416	2,421	1,805,925	207,572	12,467	220,039	**2,025,964**	1,573,043
Telephone	98,872	106,399	574,165	86,760	42,529	12,108	2,857	154,793	7,390	1,128	1,087,001	180,846	2,916	183,762	**1,270,763**	1,163,238
Professional fees and contract service payments	901,722	815,510	2,365,396	156,873	161,795	48,432	-	538,729	132,560	92,288	5,213,305	2,125,815	166,596	2,292,411	**7,505,716**	7,037,397
Camp fees and other children's activities	56,571	3,565	345,959	101,807	3,959	63,895	-	76,096	-	53,627	705,479	-	3,500	3,500	**708,979**	784,575
Dues	27,928	121,116	26,755	6,660	2,139	520	500	6,596	-	290	192,504	5,204	1,568	6,772	**199,276**	320,461
Postage, printing and publications	14,495	8,125	12,475	2,638	4,733	151	-	2,278	3,020	365	48,280	83,284	4,533	87,817	**136,097**	101,589
Minor equipment acquisitions	-	-	116,406	-	4	6	-	14	-	-	116,430	5,573	-	5,573	**122,003**	160,475
Occupancy	910,395	599,284	7,254,504	361,401	1,592,018	51,888	9,467	3,756,622	188,995	-	14,724,574	1,109,389	22,114	1,131,503	**15,856,077**	15,181,631
Repairs and maintenance	184,948	108,878	1,542,788	150,843	115,417	9,305	173	353,046	543	-	2,465,941	256,734	2,876	259,610	**2,725,551**	2,424,586
Equipment rental	5,675	-	574,836	54,393	6,892	15,538	1,008	257,728	14,295	-	930,365	76,340	537	76,877	**1,007,242**	961,676
Interest	153,727	57,088	1,108,991	11,909	49,524	11,546	564	47,527	-	-	1,440,876	29,345	945	30,290	**1,471,166**	1,165,514
Insurance	217,741	119,743	1,943,849	172,287	273,125	23,322	2,944	554,310	19,699	5,687	3,332,707	352,185	7,135	359,320	**3,692,027**	2,325,817
Medical supplies	-	-	476,535	-	5,332	49	-	12,189	1,319	-	495,424	-	-	-	**495,424**	497,111
New York State health care facility assessment	-	-	143,176	-	-	-	-	-	-	-	143,176	-	-	-	**143,176**	226,755
Depreciation and amortization	145,042	86,265	2,670,702	14,386	225,120	27,334	1,528	288,897	6,768	-	3,466,042	233,748	3,256	237,004	**3,703,046**	3,453,698
Miscellaneous	102,484	23,479	189,118	4,269	30,948	-	8,803	52,676	1,009	78,159	490,945	413,218	84,494	497,712	**988,657**	1,406,583
Foster boarding home payments	4,533,625	35	4,717	-	-	-	-	-	-	96,559	4,634,936	-	-	-	**4,634,936**	4,884,933
Total Expenses, reported on the consolidated statements of activities	$ 14,029,515	$ 6,327,189	$ 70,552,419	$ 7,951,304	$ 18,592,537	$ 876,252	$ 196,091	$ 21,219,300	$ 1,074,578	$ 604,470	$ 141,423,655	$ 12,062,968	$ 688,060	$ 12,751,028	**$ 154,174,683**	$ 151,573,746

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows
(with comparative totals for 2019)

Year ended June 30,	2020	2019
Cash Flows from Operating Activities		
Change in net assets	**$ 346,419**	$ 135,341
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**3,703,046**	3,443,501
Amortization of debt issuance costs included in interest expense	**122,162**	170,469
Loss from disposal of property and equipment	**-**	110,594
Loss on beneficial interest in perpetual trust	**6,215**	4,291
Change in interest in net assets of The William M. Casey Foundation, Inc.	**(1,746,479)**	(1,000,185)
Post-retirement benefit obligation	**-**	(55,050)
Changes in:		
Accounts receivable	**(7,410,679)**	(4,200,243)
Distribution receivable	**623,731**	605,321
Due from Metro Community Health Centers, Inc.	**248,354**	285,057
Prepaid expenses and other receivables	**1,313,977**	(513,278)
Security deposits	**(311,181)**	(134,919)
Other current assets	**200,009**	43,800
Due from The William M. Casey Foundation, Inc.	**-**	(34,767)
Other noncurrent assets	**238,447**	(193,911)
Accounts payable and accrued expenses	**2,983,693**	1,388,477
Accrued salaries and vacations payable	**2,007,707**	444,399
Due to government agencies	**(4,943,368)**	1,152,972
Allowance for potential rate adjustments	**1,598,322**	(782,808)
Other current liabilities	**1,000,417**	233,176
Deferred rent liability	**(276,844)**	(32,190)
Net Cash Provided by (Used in) Operating Activities	**(296,052)**	1,070,047
Cash Flows from Investing Activities		
Property and equipment acquisitions	**(4,854,831)**	(6,255,941)
Net Cash Used in Investing Activities	**(4,854,831)**	(6,255,941)
Cash Flows from Financing Activities		
Proceeds from long-term debt	**15,041,192**	7,587,750
Principal payments on long-term debt	**(6,530,681)**	(5,668,963)
Debt issuance costs	**(16,172)**	(218,522)
Net Cash Provided by Financing Activities	**8,494,339**	1,700,265
Increase (Decrease) in Cash	**3,343,456**	(3,485,629)
Cash, beginning of year	**2,205,596**	5,691,225
Cash, end of year	**$ 5,549,052**	$ 2,205,596
Supplemental Cash Flows Information		
Interest paid, net of capitalized interest	**$ 733,947**	$ 989,180
Capital expenditure borrowings converted to term notes	**-**	3,582,990

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Nature of Organization

HeartShare Human Services of New York (HeartShare) operates programs in Brooklyn, Queens, and Staten Island, and was founded in 1914. HeartShare serves the community through children and family services, programs for persons of all ages with developmental disabilities and persons affected by HIV-AIDS. HeartShare is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies, and government grants.

HeartShare Wellness, Ltd.'s (Wellness) operates Article 16 clinic services to provide evaluations and long-term therapies to individuals with intellectual and developmental disabilities (IDD). Wellness began operations on May 1, 2000. Wellness is supported primarily by patient service fees paid by Medicaid.

The members of Wellness are the Chairperson and President and CEO of HeartShare and one other person designated by the Chairperson of HeartShare.

HeartShare Education Center (dba The HeartShare School) (HEC) was granted a provisional charter by the New York State Education Department on July 26, 2006. Effective July 1, 2009, HEC's operations were segregated from HeartShare. HEC is approved by the New York State Education Department and the New York City Department of Education (DOE) to educate children ages five to 21 diagnosed with autism and the spectrum disorders, as well as children diagnosed with mental retardation and other developmental disabilities. HEC focuses on the whole child and uses a combination of educational, behavioral and therapeutic approaches based on each child's unique needs. HEC is funded by the New York State Education Department through the New York City Department of Education and the New York State Department of Health. Additional support is provided through private donations and grants.

The members of HEC are the Chairperson and President and CEO of HeartShare and one other person designated by the Chairperson of HeartShare.

St. Vincent's Services, Inc. (dba HeartShare St. Vincent's Services) (HSVS) serves the community through the provision of foster boarding home services, educational services, medical and mental health care, group homes, and intermediate care services. HSVS is supported primarily by service fees paid by Medicaid, New York City and various New York State agencies, and government grants. HSVS formally affiliated in 2014.

The by-laws state that HSVS shall have only five members: The Chairperson of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); the President and CEO of HeartShare (unless otherwise so designated by the Board of Directors of HeartShare); one other person designated by the Board of Directors of HeartShare, the "Designee of HeartShare"; and one other person designated by the Board of Directors of The William M. Casey Foundation, Inc. (the Foundation); and, ex officio, the Bishop of The Roman Catholic Diocese of Brooklyn, New York, or his designee as so designated in writing by the Bishop.

During 2019, HSVS Property Foundation, Ltd. was formed as a 501(c)(2) organization holding title to certain properties of HSVS. HSVS is the sole member of HSVS Property Foundation, Ltd. As of June 30, 2020, there was no activity in HSVS Property Foundation, Ltd.

HeartShare is a member of the New York Integrated Network for Persons with Developmental Disabilities and Affiliate (the Network) which was founded on June 12, 2012 as a collaborative venture of successful and trusted service providers in New York State. The purpose is to become a sustainable network with an integrated system with multiple services and supports that will develop new and innovative models of care, utilize best practices, stabilize quality of services, and demonstrate effective and efficient delivery of care. On November 14, 2014, the Network was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). The Network is a publicly supported organization, as described in Internal Revenue Code Section 509(a). No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in the corporation.

Meaningful NY Initiatives for People with Disabilities, Inc. (MNY) was founded on July 7, 2014. The purpose is to support individuals with disabilities in developing skills that will enable them to enter and be successful in the workforce by providing services to the community. On March 9, 2015, MNY was granted exemption from federal income tax under Internal Revenue Code Section 501(c)(3). MNY is a publicly supported organization, as described in Internal Revenue Code Section 509(a). Contributions to the Network have been expensed in these statements. No consolidation is required, as HeartShare is one of several members and has less than a 50% membership in MNY.

2. Principles of Consolidation

The accompanying consolidated financial statements include the balances, activities and cash flows of HeartShare, Wellness, HEC, and HSVS (collectively referred to as HeartShare and Affiliates). All intercompany transactions have been eliminated.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit entities. In the consolidated statements of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets defined below in the consolidated statements of financial position, and the amounts of change in each of those classes of net assets, are displayed in the consolidated statements of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of HeartShare and Affiliates. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. HeartShare and Affiliates report 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. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the COVID-19 outbreak, HeartShare and Affiliates have incurred, and are expected to incur for the foreseeable future, incremental and other COVID-19 pandemic related expenses. COVID-19 related expenses consist of additional costs that are incurring to protect its employees, students and teachers, and to support social distancing requirements resulting from the COVID-19 pandemic. These costs include, but are not limited to, new or added benefits provided to consumers, employees and teachers, the purchase of additional personal protection equipment and disinfecting supplies, additional facility-cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on HeartShare and Affiliates' financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27. 2020, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, has apportioned funds for the United States Small Business Administration Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as established the Public Health and Social Services Emergency Fund for eligible healthcare providers for healthcare-related expenses or lost revenue associated with the COVID-19 pandemic. In July 2020, HeartShare, HSVS, Wellness and HEC applied and received $1,900,000, $1,900,000, $308,603 and $517,931, respectively, in PPP loans, which management believes will be fully forgiven. HeartShare, HSVS and Wellness have all successfully applied for and are scheduled to receive $1,800,000, $800,000 and $60,000, respectively, from provider relief funds.

HeartShare and Affiliates elected to defer employer-side payroll taxes during the quarter April 1, 2020 through June 30, 2020 in the amount of $743,144.

Accounts Receivable

HeartShare and Affiliates record receivables based on the amount of consideration to which the organization expects to be entitled in exchange for services provided based on established rates. HeartShare and Affiliates perform individual credit risk assessments, which evaluate the individual circumstances, abilities and intentions of each customer prior to providing the services. If, subsequent to providing the services, HeartShare and Affiliates become aware of customer-specific events, facts or circumstances indicating customers no longer have the ability or intention to pay the amount of consideration to which HeartShare and Affiliates are expected to be entitled for providing the services, then the related receivable balances are written off as bad debt expense and reported in the consolidated statements of activities.

Contract Assets

Amounts related to services provided to customers who have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances would consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2020.

Due from Metro Community Health Centers, Inc.

Included in due from Metro Community Health Centers, Inc. is a loan receivable that is recorded based on a signed loan agreement (see Note 8). Interest is accrued based on a rate specified in the loan agreement. In addition, a receivable has been recorded for operational costs incurred in the start-up of the program. No allowance has been recorded at June 30, 2020 and 2019.

Beneficial Interest in Perpetual Trust

HSVS is a beneficiary of a perpetual trust held by another entity, as a trustee. HSVS's beneficial interest in this trust is recorded at the fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Items with a cost in excess of $500 for HeartShare, Wellness, and HEC, and $1,000 for HSVS, and an estimated useful life of greater than one year, are capitalized. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the shorter of the term of the lease or the estimated useful life of the improvement.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	Years
Building	20-25
Transportation equipment	4-5
Furniture and equipment	3-5
Leasehold improvements	5-15

HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

HeartShare capitalizes interest costs as a component of buildings, based on the weighted-average rates paid for long-term borrowing. Total interest incurred each year was:

June 30,		**2020**		2019
Interest costs capitalized	$	**181,681**	$	138,230
Interest costs charged to expense		**733,947**		1,165,517
Total Interest Incurred	$	**915,628**	$	1,303,747

Long-Lived Asset Impairment

HeartShare and Affiliates evaluate the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized on the straight-line basis over the term of the associated debt. Amortization of debt issuance costs is included in interest expense.

Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies for HeartShare and Affiliates' contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for HeartShare and Affiliates' contracts for services not yet performed and are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2020.

Rental Income

Rental income is recognized based on the lease agreements. Leases are reflected on the straight-line basis.

Contributions and Bequests

Contributions and bequests are provided to HeartShare and Affiliates either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts, with or without donor restrictions. The value recorded for each contribution and bequest is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction:	
Gifts that depend on HeartShare and Affiliates overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
Unconditional gifts, with or without restriction:	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, 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 restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restrictions.

Conditional contributions having donor stipulations that are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Leases

Leases are classified as operating or capital leases in accordance with the terms of the underlying agreements. Operating lease payments are charged to rent expense. Rent expense is recorded on the straight-line basis over the term of the lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

Income Taxes

HeartShare and Affiliates are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. HeartShare and Affiliates are publicly supported organizations, as described in Section 509(a).

However, HeartShare and Affiliates are subject to federal income tax on any unrelated business taxable income. HeartShare and Affiliates file tax returns in the U.S. federal jurisdiction.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing HeartShare and Affiliates' services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the job responsibility, square footage, and other methods.

Program services are summarized as follows:

Boarding Home - The Boarding Home Program is funded by the City of New York through the Administration for Children's Services (ACS). ACS places abused and neglected children with contracted agencies that provide the children with foster homes and services. ACS pays a per-diem rate to the agency.

Medical Services - The children in foster care receive general medical care through Medicaid. Medicaid is funded 50% by the federal government and 50% by New York State. Based on the different types of programs, the agency receives various per-diem rates. The Out-Patient Clinic (OPC) serves adult clients who struggle with mental health issues. This program is funded by the New York State Office of Mental Health (OMH). The Chemical Dependency program serves adult clients with substance abuse issues.

Residence Programs for the Developmentally Disabled – The Intermediate Care Facilities (ICF) operates by certification from the Office for People with Developmental Disabilities (OPWDD) with a capacity of up to 30 beds to provide active programming, room and board, and continuous 24-hour per day supervision. The supervised Individual Residential Alternative (IRA), which provides 24-hour supervised care, and the Supportive IRA, where the consumer receives services in a more independent setting, are a community-based group living arrangement that provides room, board and individualized protective oversight. They are designed to provide a home environment and a setting where persons can acquire the skills necessary to live as independently as possible. The residence programs are certified by OPWDD. The Community Habilitation services are residential habilitation services that are provided to individuals who do not reside in a residence that is certified or operated by OPWDD. Residential Habilitation also may include program-related personal care, health care and protective oversight and supervision. Residence programs serve adult clients referred from local hospitals who struggle with substance abuse and mental health issues. Residents are connected to support services, such as mental health and drug treatment programs, to help them become self-sufficient. Residence programs, coupled with such services, provide an affordable, safe and permanent place to live for people facing homelessness. In addition to allowing tenants to build their independence and become part of a community, this type of program reduces long-term costs to the city and state, such as for psychiatric inpatient care and emergency rooms. The Children Community Residence program provides for 24 youngsters residing at three locations, each with various services such as daily living, social skills, behavioral management, crisis management, family support and therapeutic recreation.

Prevention - The Prevention Programs are funded by the City of New York. Three of the programs are funded through ACS with contracted services provided to 352 families. The other program is funded through the Department of Youth and Community Development (DYCD) with contracted services provided to 105 families. These programs are community-based family service centers that help families find healthy ways to resolve problems and avoid conflicts and crisis. The goal is to help these families stay together and keep the children out of foster care. ACS and DYCD reimburse the agency for qualifying expenses.

Education - The Education Programs are for children who are diagnosed as learning-disabled. Disabilities can range from mild to severe. Clinical services are required for the programs. The program is funded by New York State Education Department through New York City Department of Education. The two Beacon Programs, the Out of School Time Program, the New York City Housing Authority (NYCHA) Community Program and the two Cornerstone Programs are funded by the City of New York through DYCD. These programs provide recreational and educational activities for community residents of all ages. DYCD reimburses the agency for qualifying expenses.

Respite – This program provides an array of services that support families in maintaining their family members with disabilities at home or at-site.

Energy Programs - Grants are funded through contributions by Con Edison, Entergy, National Grid, New York State Electric and Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RGE), foundations, corporations, and generous individuals. HeartShare administers the program that helps over 5,000 families stay warm in the winter and cool in the summer.

Day Programs - The Day Programs provide individuals with training in self-care and independent living skills. The programs also offer occupational, physical and speech therapy services. The staff also assists families with residential living plans for their relatives with developmental disabilities. Each facility offers services for individuals based on levels of disability.

Clinical Services - This program includes Article 16 clinic services that provide evaluations and long-term therapies to individuals with IDD, as well as a targeted case management program (Health Home) for those with chronic health/mental health conditions who also receive Medicaid.

American Dream Program - This program is funded by contributions used to provide and assist with the finest educational opportunities for clients who are still in care or those who have aged out of care.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the 2020 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statements of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

4. Revenue from Contracts with Customers

Service Revenue

HeartShare and Affiliates receive funding from Medicaid, New York City, and New York State agencies through fees and government grants. Revenue is reported at the amount that reflects the consideration to which HeartShare and Affiliates expect to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, HeartShare and Affiliates bill the third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by HeartShare and Affiliates. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. HeartShare and Affiliates believe 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. HeartShare and Affiliates measure the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, HeartShare and Affiliates have elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, are 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

HeartShare and Affiliates determine the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction prices is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. HeartShare and Affiliates have determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and services provided. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-Party Payors

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 are as follows:

Medicaid - Reimbursements for Medicaid services are generally paid for each type of service provided.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per established charges and prospectively determined daily rates. Certain of these rates are subject to final settlement and determined after submission of annual cost reports by HeartShare and Affiliates.

Private Pay – Agreements with customers typically provide for payments at established charges.

Significant Judgements

Laws and regulations concerning government programs, including Medicaid, are complex and subject to varying interpretation. 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 HeartShare and Affiliates' compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon HeartShare and Affiliates. Revenues and receivables arising from the programs are dependent upon final audit and negotiations between HeartShare and Affiliates and various third parties. As of June 30, 2020 and 2019, an allowance for potential rate adjustments of $5,296,697 and $3,698,375, respectively, has been included in these consolidated financial statements.

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 HeartShare and Affiliates' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

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Revenue Composition and Reimbursement Method

The composition of revenue by payor is as follows:

June 30, 2020

	Boarding Home	Medical and AIDS Services	Residence Program	Prevention	Education	Respite	Day Programs	Clinical Services	Total
Medicaid	$ -	$ 3,380,312	$ 41,796,816	$ -	$ -	$ 603,478	$ 25,286,841	$ 1,419,011	$ 72,486,458
Medicare	-	68,091	-	-	-	-	-	-	68,091
OPWDD	-	-	3,839,108	-	-	162,718	-	-	4,001,826
New York City governmental agencies	14,847,332	-	11,798,569	8,472,565	20,185,760	-	-	-	55,304,226
New York State Department of Health	-	-	-	-	204,432	-	-	-	204,432
OMH	-	(60,246)	6,456,787	-	-	-	-	-	6,396,541
Managed Care	-	1,491,928	-	-	-	-	-	-	1,491,928
SNAP	-	-	787,670	-	-	-	-	-	787,670
Other	179,266	134,170	-	88,160	-	-	-	-	401,596
Total	$ 15,026,598	$ 5,014,255	$ 64,678,950	$ 8,560,725	$ 20,390,192	$ 766,196	$ 25,286,841	$ 1,419,011	$ 141,142,768

Per diem	$ 132,582,043
Per contract	8,560,725
	$ 141,142,768

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HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

	Boarding Home	Medical and AIDS Services	Residence Program	Prevention	Education	Respite	Day Programs	Clinical Services	Children Community Residence	Other Programs	Total
Medicaid	$ -	$ 2,925,010	$ 39,861,907	$ -	$ -	$ 820,105	$ 26,167,291	$ 3,328,319	$ -	$ -	$ 73,102,632
Medicare	-	41,303	-	-	-	-	-	-	-	-	41,303
OPWDD	-	-	3,654,924	-	-	195,082	-	-	-	-	3,850,006
New York City governmental agencies	15,800,632	-	9,263,292	7,437,290	18,782,875	-	-	-	-	-	51,284,089
New York State Department of Health	-	-	-	-	30,019	-	-	-	-	-	30,019
OMH	-	159,549	979,793	-	-	-	-	-	2,841,515	-	3,980,857
Managed Care	-	1,469,806	3,077,164	-	-	23,659	670,255	-	-	-	5,240,884
SNAP	-	-	717,060	-	-	-	-	-	-	-	717,060
SSI	-	-	3,593,672	-	-	-	-	-	-	-	3,593,672
Private	-	92,034	134,505	-	-	-	94,778	-	100,543	-	421,860
Other	70,563	6,683	10,642	167,073	-	5,468	-	-	-	292,564	552,993
	$ 15,871,195	$ 4,694,385	$ 61,292,959	$ 7,604,363	$ 18,812,894	$ 1,044,314	$ 26,932,324	$ 3,328,319	$ 2,942,058	$ 292,564	$ 142,815,375

Per diem	$ 131,871,607
Per contract	3,339,405
	$ 135,211,012

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Financing Component

HeartShare and Affiliates have elected the practical expedient allowed under FASB ASC 606-10-32-18 and do not adjust the promised amount of consideration from customers for the effects of a significant financing component due to HeartShare and Affiliates' expectation that the period between the time the service is provided to a customer and the time a third-party payor pays for that service will be one year or less.

Contract Costs

HeartShare and Affiliates have 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 HeartShare and Affiliates otherwise would have recognized is one year or less in duration.

5. Distribution Receivable

Distribution receivable are discounted using a 3% discount rate and are due as follows:

June 30,	**2020**	2019
Current	$ **720,000**	$ 720,000
Two to five years	**2,340,000**	3,060,000
	3,060,000	3,780,000
Discount on pledges	**(190,407)**	(286,676)
	$ **2,869,593**	$ 3,493,324

As of June 30, 2020 and 2019, the distribution receivable in the amount of $3,060,000 and $3,780,000, respectively, was from the Foundation. This will be funded through part of the proceeds of a 99-year land lease held by the Foundation.

6. Beneficial Interest in Perpetual Trust

HSVS has been named as an irrevocable beneficiary of a perpetual trust held and administered by independent trustees. Perpetual trust provides for the distribution of the net income of the trust to HSVS; however, HSVS will never receive the assets of the trust.

At the date HSVS receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of activities. A beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

The estimated value of the expected future cash flows is $38,550 and $44,765, which represents the fair value of the trust assets at June 30, 2020 and 2019, respectively. The loss from this trust for 2020 and 2019 was $6,215 and $4,291, respectively.

7. Interest in Net Assets of The William M. Casey Foundation, Inc.

HSVS and the Foundation are financially interrelated organizations. As described in Note 12, the Foundation is a real estate holding company exempt under the Internal Revenue Code section 501(c)(2).

HSVS's interest in the net assets of the Foundation is accounted for in a manner similar to the equity method. Changes in the interest are included in change in net assets. Transfers of assets between the Foundation and HSVS are recognized as increases or decreases in the interest in the net assets of the Foundation with corresponding decreases or increases in the assets transferred and have no effect on change in net assets.

HSVS's interest in the net assets of the Foundation was $9,996,144 and $8,249,665 at June 30, 2020 and 2019, respectively. This interest includes all the net assets that donors have stipulated should be used for HSVS.

8. Due from Metro Community Health Centers, Inc.

During 2016, Wellness transferred its medical clinic license, pursuant to Article 28 of the Public Health Law, to Metro Community Health Centers, Inc., an unrelated not-for-profit organization. Additionally, pursuant to an asset sale agreement, on August 29, 2016, Wellness (seller) sold certain assets with a net book value of $1,234,050 to Metro Community Health Centers, Inc. In connection with this sale, Wellness recorded a gain of $220,252. As part of the agreement, Wellness accepted a note evidencing a loan receivable in the amount $1,454,302. The loan bears interest at an annual rate of 5.5% payable monthly over eight years. As of June 30, 2020 and 2019, a total of $888,311 and $1,130,568, respectively, on the loan was outstanding.

Additionally, Wellness agreed to lease certain employees, provide contracted staff, rental space, and other costs to the same unrelated not-for-profit organization. The sublease agreement expires in May 2024. As of June 30, 2020 and 2019, $463,215 and $469,312, respectively, was due under this arrangement.

During 2020 and 2019, Wellness recorded rental income in the amount of $138,626 and $131,703, respectively.

The loans receivable and other amounts are due as follows:

Year ending June 30,	
2021	$ 182,703
2022	193,012
2023	203,897
2024	215,400
2025	93,299
	$ 888,311

Rental income to be received is as follows:

Year ending June 30,		
2021	$	525,462
2022		541,226
2023		557,462
2024		526,338
	$	2,150,488

9. Property and Equipment

Property and equipment consist of:

June 30,		2020		2019
Land	$	**7,039,545**	$	6,489,545
Buildings		**26,632,825**		24,224,950
Transportation equipment		**130,087**		131,824
Furniture and equipment		**10,922,691**		11,230,907
Leasehold improvements		**34,593,859**		30,098,975
Construction in progress		**821,566**		3,442,158
		80,140,573		75,618,359
Less: accumulated depreciation and amortization		**(48,518,126)**		(45,147,697)
	$	**31,622,447**	$	30,470,662

10. Debt Service Reserve

Under the terms of the Dormitory Authority of the State of New York (DASNY) mortgages, HeartShare was required to deposit with the Medical Care Facilities Financing Agency (MCFFA) amounts to be held in reserve, which will be withdrawn to satisfy the remaining installments on the DASNY mortgages. The balance of the reserve fund as of June 30, 2020 and 2019 consists of cash of $54,806. This amount is included in other current assets on the consolidated statements of financial position.

11. Due to Government Agencies

HeartShare and Affiliates receive funding from various government agencies, including the New York State OPWDD, the New York State OMH, the Center for Medicaid Services (CMS), the New York City Department of Mental Health and Hygiene (DMHH), New York City Department of Education, and New York State Education Department. These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG), the New York Office of Alcoholism & Substance Abuse Services (OASAS), the New York City Human Resources Administration and other agencies, have the right to audit fiscal, as well as programmatic, compliance of HeartShare and Affiliates.

Due to New York City and New York State

HeartShare entered into contracts with OPWDD for the operation of two Children Residential ICF Programs, 48 IRAs, 33 supportive IRA apartments, and 12-day habilitation programs. As part of these agreements, OPWDD issued a PPA agreeing to reimburse capital costs within the rate to HeartShare for preoperational start-up costs, equipment, renovations, lease costs, real estate taxes and operations.

As of June 30, 2020 and 2019, HeartShare had accrued a liability in the amount of $5,046,261 and $6,951,882, respectively, for OPWDD advances, day habilitation recoupments, and the effects of new ICF reimbursement methodology.

As of June 30, 2020 and 2019, an estimated liability for HeartShare in the amount of $501,000 has been included in these consolidated financial statements for erroneous collection of food stamps receipts by certain consumers. These monies should not have been collected and are in the process of being refunded to the funding source.

The total amount due to New York State by HeartShare for these advances, liabilities and accrued interest was $5,547,261 and $7,452,882 at June 30, 2020 and 2019, respectively. During 2018, HeartShare entered into an agreement to repay a total of $5,183,974 based on weekly recoupments through April 2021.

As of June 30, 2020 and 2019, HSVS has due to government agencies of $7,615,602 and $10,701,886, respectively, which has been included in these consolidated financial statements, which consist of the following:

- HSVS entered into an agreement with New York City ACS to repay an original amount of $2,586,373 over 30 years (ending in 2046) at a rate of $7,185 per month. As of June 30, 2020 and 2019, the outstanding amount was $2,420,969 and $2,357,188, respectively.
- OMIG has audited the chemical dependency and clinic programs for HSVS. Formal findings have been communicated and a liability of $1,959,185 and $2,921,212 has been recorded in these consolidated financial statements as of June 30, 2020 and 2019, respectively.
- The remaining amounts of $3,235,448 and $5,423,486 as of June 30, 2020 and 2019, respectively, are related to New York City related foster care and group homes programs.

OMIG and the New York State OPWDD audited HeartShare's home and community-based waiver services Medicaid billing. A preliminary report has been issued, which HeartShare has provided comprehensive written responses. At June 30, 2020, HeartShare has recognized a liability of $3,235,448 based on the draft report and are waiting a final determination. No further information was received from OMIG or OPWDD in regard to the responses.

As of the date of this report, audits performed by New York City have been completed through June 30, 2014 and final reimbursement rates have been determined. Recoupments are made by reducing current payments for services provided.

The Office of State Comptroller performed an audit of HeartShare's Consolidated Fiscal Reports (CFR) for the years ended June 30, 2012, 2013 and 2014. The purpose of the audit was to determine if HeartShare's CFRs were properly calculated, adequately documented and allowable under the State Educational Department's Reimbursable Cost Manual. HeartShare received the final audit report on October 24, 2017. The audit results will not have a significant impact on HeartShare's financial position.

Due from/to New York City Department of Education

HEC has agreed to the final reconciliation for tuition years through 2016 with the New York City DOE. These amounts are included in accounts receivable at June 30, 2020 and 2019.

In addition, HEC has received overpayments from the DOE for certain students. These amounts are included in due to government agencies and will be recouped from future tuition payments.

12. Related-Party Transactions

The Foundation is a tax-exempt entity under Section 501(c)(2). The Foundation is a real estate holding corporation for the purpose of supporting HSVS by holding title or leases to property to be leased, rented, subleased or otherwise made available to HSVS in its efforts to fulfill its mission statement, which may be amended from time to time.

The sole member of the Foundation is the Bishop of the Roman Catholic Diocese of Brooklyn, New York, and such membership shall not be terminated due to the death or resignation or expulsion of the person then holding such title but shall thereafter inure to the benefit of his successor.

HSVS rents office space and equipment from the Foundation through operating leases. Rent expense for the years ended June 30, 2020 and 2019 amounted to $1,563,261 and $1,556,143, respectively.

13. Long-Term Debt

	2020	2019
(A) Note payable - HSBC Bank, U.S.A.	**$ 6,479,927**	$ 8,370,734
(B) Working capital line of credit - HSBC Bank, U.S.A.	**9,500,000**	1,000,000
(C) Capital expenditure line of credit - HSBC Bank, U.S.A.	**6,357,699**	3,587,750
(D) Mortgage payable (East 99th Street) - HSBC Bank, U.S.A.	**733,022**	793,020
(E) Mortgage payable (East 102nd Street) - HSBC Bank, U.S.A.	**814,782**	881,472
(F) Mortgage payable (East 66th Street) - HSBC Bank, U.S.A.	**553,995**	599,340
(G) Mortgage payable (168th Street) - HSBC Bank, U.S.A.	**676,458**	692,889
(H) Mortgage payable (Clermont Avenue) - HSBC Bank, U.S.A.	**507,379**	566,123
(I) Mortgage payable (East 29th Street) - HSBC Bank, U.S.A.	**218,574**	281,835
(J) Mortgage payable (153rd Avenue) - HSBC Bank, U.S.A.	**568,489**	579,367
(K) Mortgage payable (Clarke Avenue) - HSBC Bank, U.S.A.	**984,645**	1,004,526
(L) Mortgage payable (Avenue L) - HSBC Bank, U.S.A.	**741,131**	755,641
(M) Mortgage payable (120th Avenue) - HSBC Bank, U.S.A.	**1,199,215**	1,223,509
(N) HSVS note payable - HSBC Bank, U.S.A.	**2,962,006**	3,438,792
(O) HSVS note payable - DASNY	**1,967,101**	2,051,645
	34,264,423	25,826,643
Less:		
Unamortized debt issuance costs	**(635,615)**	(814,336)
Current maturities	**(17,794,115)**	(3,832,697)
	$ 15,834,693	$ 21,179,610

HeartShare Human Services of New York and Affiliates

Notes to Consolidated Financial Statements

(A) In June 2013, HeartShare entered into a loan agreement with HSBC Bank, U.S.A. As part of the loan agreement, HeartShare borrowed the following amounts and agreed to the repayment schedules and collateral terms. The original principal amount of $18,000,000 bears interest at a rate of 4.35% per annum and is payable in monthly installments until July 2023. The properties encumbered are the land and buildings located at various program sites.

(B) In October 2016, HeartShare and HSVS entered into a revolving loan agreement for working capital of up to $12,000,000. The line of credit is renewable annually in March and bears interest at London Inter-Bank Offered Rate (LIBOR) plus 2.7%, as amended in July 2018. The borrowings on the line of credit are expected to be converted into term loans in 2021. The interest rate was 3.25% and 5.27% as of June 30, 2020 and 2019, respectively. In December 2020, HeartShare converted one of the bridge loans under the revolving loan agreement in the amount of $1,000,000 to a permanent loan with HSBC bank, U.S.A. The loan bears interest rate of LIBOR plus 3% and is payable in $8,333 commencing in January 2021 until December 1, 2025. The loan is secured by property located in Howard Beach, New York.

(C) In June 2013, HeartShare entered into a bridge financing facility revolving loan agreement for capital expenditures of up to $7,000,000. The agreement was amended in July 2018 to increase the available line to $9,500,000 and modify the interest rate to prime rate. The line of credit is renewable annually in March. The line of credit is payable on demand. The interest rate was 3.25% and 5.5% as of June 30, 2020 and 2019, respectively.

Interest of $181,680 and $138,230 was capitalized for the years ended June 30, 2020 and 2019, respectively, relating to construction projects. Once the construction project is completed, the expenditures are converted to bridge loans and then to a permanent loan.

(D) In August 2014, HeartShare entered into a $1,040,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $8,127 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(E) In August 2014, HeartShare entered into a $1,156,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $9,034 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(F) In August 2014, HeartShare entered into a $786,000 loan agreement with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.82% per annum and is payable in monthly installments of $6,142 until October 2024. Payments commenced on October 1, 2014. The properties encumbered are the land and buildings located at various program sites.

(G) In June 2017, HeartShare converted a bridge loan in the amount of $722,839 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at a rate of 4.71% per annum and is payable to HSBC Bank, U.S.A. in monthly installments of $4,104 until November 2027. Payments commenced July 1, 2017. The loan is secured by property located in Springfield Gardens, New York.

(H) In July 2017, HeartShare converted a bridge loan in the amount of $672,853 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.66% per annum and is payable in monthly installments of $7,026 until July 2027. The loan is secured by property located in Brooklyn, New York.

(I) In August 2017, HeartShare converted a bridge loan in the amount of $392,365 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.26% per annum and is payable in monthly installments of $6,186 until August 2023. The loan is secured by property located in Brooklyn, New York.

(J) In November 2018, HeartShare converted a bridge loan in the amount of $583,694 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.51% per annum and is payable in monthly installments of $3,587 until June 2023. The loan is secured by property located in Howard Beach, New York.

(K) In December 2018, HeartShare converted a bridge loan in the amount of $1,012,000 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.17% per annum and is payable in monthly installments of $6,016 until January 2024. The loan is secured by property located in Staten Island, New York.

(L) In December 2018, HeartShare converted a bridge loan in the amount of $763,400 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 5.44% per annum and is payable in monthly installments of $4,659 until December 2028. The loan is secured by property located in Brooklyn, New York.

(M) In June 2019, HeartShare converted a bridge loan in the amount of $1,223,509 to a permanent loan with HSBC Bank, U.S.A. The loan bears interest at the rate of 4.27% per annum and is payable in monthly installments of $6,641 until June 2024. The loan is secured by property located in Jamaica, New York.

(N) In October 2015, HSVS entered into a $5,000,000 term loan agreement with HSBC Bank, U.S.A for working capital purposes. Payments commenced December 1, 2015. Interest is charged at a fixed rate of 3.92% per year. The loan is based on a ten-year amortization but will be due in 59 monthly installments.

The balance of any principal outstanding on the $5,000,000 term loan has a maturity date of November 1, 2020. In December 2020, the $5,000,000 term loan was amended to revise monthly principal installments of $46,647 and interest at 1.00% above the prime rate or 3.00% above the LIBOR rate commencing on December 1, 2020.

(O) In December 2016, HSVS entered into a loan agreement with DASNY in the amount of $2,250,580 for the purpose of acquiring a building. Principal and interest are payable semiannually in the amount of $96,465. The loan matures on June 1, 2035. Interest is fixed at a rate of 5.3357% per year. The loan is secured by HSVS's revenue and furniture and equipment.

Aggregate annual maturities of long-term debt at June 30, 2020 are:

Year ending June 30,	
2021	$ 17,794,115
2022	3,196,600
2023	3,336,157
2024	1,440,418
2025	1,198,404
Thereafter	7,298,729
	$ 34,264,423

Interest expense on long-term debt was $1,473,052 and $1,165,517 for the years ended June 30, 2020 and 2019, respectively.

14. Operating Leases

HeartShare leases space under noncancelable operating leases at various locations. The annual rentals are subject to escalation agreements and periodic rate increases, which expire at various

dates through December 2029. Rental payments for the preschool program also include payments of principal and interest on the mortgage obtained by the landlord for site renovations. In addition, HeartShare currently leases space for its administrative offices. The lease terminates in May 2021.

Wellness leases space at various locations under lease agreements expiring between 2018 and 2028. HeartShare has guaranteed these leases.

HeartShare leases a facility, which it subleases to HEC for its program services. HEC is charged directly for the rent expense for their portion of the space so no elimination is necessary. The lease expired on June 30, 2018. In January 2018, HeartShare renewed its lease for an additional ten years commencing on July 1, 2018 with the expiration date of June 30, 2028.

HSVS leases space under noncancelable operating leases at various locations. The annual rentals are subject to escalation agreements and periodic rate increases, which expire on various dates through August 2026.

The HeartShare and HSVS operating leases are contingent upon the continuation of government funding.

The total rent expense for years ended June 30, 2020 and 2019 is $11,439,722 and $11,359,843, respectively.

Future minimum lease payments at June 30, 2020 were:

Year ending June 30,	
2021	$ 7,839,257
2022	5,543,947
2023	5,407,177
2024	4,559,039
2025	3,558,841
Thereafter	10,760,544
	$ 37,668,805

See Note 8 for details of the sublease to Metro Community Health Centers, Inc.

15. Pension and Other Postretirement Benefit Plans

Multiemployer Pension Plan

HeartShare and Affiliates contribute to a multiemployer defined benefit pension plan. The plan is administered by Catholic Federation of Social Service Agencies of Brooklyn and Queens (a separate unrelated organization.) The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

- If HeartShare and Affiliates choose to stop participating in some of its multiemployer plans, HeartShare and Affiliates may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

HeartShare and Affiliates' participation in this plan for the annual periods ended June 30, 2020 and 2019 is outlined below.

- Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan's year-end at June 30, 2019 and June 30, 2018, respectively.
- The zone status is based on information HeartShare and Affiliates received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone generally are less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded.
- The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) either is pending or has been implemented.

There have been no significant changes that affect the comparability of 2020 and 2019 contributions.

Pension Fund	EIN Number	Pension Protection Act Zone Status 2020	Pension Protection Act Zone Status 2019	FIP/RP Status Pending/ Implemented	Contributions of HeartShare 2020	Contributions of HeartShare 2019
Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Benefit Plan	26-4439481	**Yellow as of 6/30/2019**	Yellow as of 6/30/2018	None	**$ 2,679,410**	$ 2,547,504

As of June 30, 2020 and 2019, $0 and $1,369,444, respectively, was accrued and was recorded as part of accounts payable and accrued expenses on the consolidated statements of financial position.

Defined Contribution Plan

Effective July 1, 2014, HeartShare and Affiliates entered into the Catholic Federation of Social Service Agencies of Brooklyn and Queens Defined Contribution Pension Plan. The plan is a multiple-employer church plan. Contributions for eligible employees of HeartShare, Wellness, and HEC were made at the rate of 1% of participants' salaries for the years ended June 30, 2020 and 2019. Contributions for eligible employees of HSVS were made at the rate of 1% of participants' salaries for the years ended June 30, 2020 and 2019, respectively. Contribution expense for the years ended June 30, 2020 and 2019 was $550,607 and $585,148, respectively. As of June 30, 2020 and 2019, $30,700 and $106,533, respectively, was accrued and was recorded as part of accounts payable and accrued expenses on the consolidated statements of financial position.

Defined Benefit Pension Plan

HSVS had a defined benefit pension plan covering certain eligible employees. Plan benefits were generally based on the greater of an employee's accumulated cash balance plus interest or years of service and the employee's compensation during the last several years of employment. HSVS's funding policy was based on an actuarially determined cost method allowable under applicable regulations. The funds were invested in individual annuities. HSVS terminated the plan effective June 30, 2019 and all funds and liabilities have been paid out.

Defined Benefit Postretirement Health Care Plan

HeartShare has a noncontributory defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. HeartShare has not funded the plan to date. HeartShare does not expect to contribute to the plan in 2020.

Estimated Future Benefit Payments

Shown below are expected benefit payments, which reflect expected future service for fiscal year:

June 30,	
2021	$ 7,586
2022	7,729
2023	21,999
2024	28,884
2025	30,176
2026-2030	611,818

16. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose:

June 30,	**2020**	2019
Subject to expenditure for specified purpose:		
Developmental disabilities programs	**$ 11,729**	$ 22,229
Preschool	**525,837**	502,249
Family and children's services	**-**	10,000
Scholarships	**-**	3,481
Memorial Fund	**9,629**	-
Mother Cabrini Grant	**187,500**	-
ArtShare Grant	**122,072**	-
American Dream Program	**17,329**	114,212
Family aid services	**56,371**	56,371
Smart Girls	**54,886**	54,886
Vocational training room	**10,000**	10,000
Other	**43,277**	43,277
	1,038,630	816,705
Subject to passage of time:		
Promises to give that are not restricted by donors but that are unavailable for expenditure until due:		
The William M. Casey Foundation Grant	**4,141,634**	4,765,365
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for education programs	**115,661**	115,661
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trust	**38,550**	44,765
	$ 5,334,475	$ 5,742,496

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

June 30,		2020		2019
Expiration of time restrictions	$	**720,000**	$	720,000
Satisfaction of purpose restrictions:				
Developmental disabilities programs		**10,500**		-
American Dream Program		**210,148**		155,954
Family and children's services		**10,000**		-
Scholarships		**3,481**		-
Teacher Turnover Prevention Program		**17,120**		16,610
	$	**971,249**	$	892,564

HSVS holds $154,211 and $160,426 of endowment funds as of June 30, 2020 and 2019, respectively. This consists of a beneficial interest in perpetual trust of $38,550 and $44,765 as of June 30, 2020 and 2019, respectively, and other endowment funds of $115,661 as of June 30, 2020 and 2019, respectively. HSVS's endowment consists of donor-restricted endowment funds to support educational programs to clients of the agency who are currently in care or clients who have aged out of care.

17. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 – This level consists of quoted prices in active markets for identical assets.

Level 2 – This level consists of observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – This level consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

		Level 3		
		2020		2019
Beneficial interest in perpetual trust	$	**38,550**	$	44,765

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2020. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

June 30,		2020		2019
Balance, beginning of year	$	**44,765**	$	49,056
Change in carrying value of trust		**(6,215)**		(4,291)
Balance, end of year	$	**38,550**	$	44,765

18. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

HeartShare and Affiliates are subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of HeartShare and Affiliates. Events could occur that would change this estimate materially in the near term.

Revenue and Receivable Concentrations

As of June 30, 2020 and 2019, substantially all of the outstanding accounts receivable are due from Medicaid through the New York State and New York City reimbursement systems.

As of June 30, 2020 and 2019, approximately 89% and 93%, respectively, of revenues is paid by Medicaid, New York State and New York City.

Cash

HeartShare and Affiliates have cash accounts in financial institutions that, from time to time, exceed the Federal Deposit Insurance Corporation limit. HeartShare and Affiliates have not experienced any losses in such accounts and management does not believe HeartShare and Affiliates are exposed to any significant credit risk.

19. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 comprise the following:

Financial assets:		
Cash	$	5,549,052
Accounts receivable, net		41,973,777
Distribution receivable		720,000
Financial Assets Available to Meet General Expenditures Within One Year	$	48,242,829

HeartShare and Affiliates receive contributions restricted by donors and consider contributions restricted for programs that are ongoing, major and central to their annual operations to be available to meet cash needs for general expenditures.

HeartShare and Affiliates manage their liquidity and reserve the following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. HeartShare and Affiliates forecast their future cash flows and monitor their liquidity.

20. Subsequent Events

HeartShare and Affiliates have evaluated all events or transactions that occurred after June 30, 2020 through December 23, 2020, the date the consolidated financial statements were available to be issued. During this period, there were no material subsequent events that required disclosure, other than the following:

HSVS and the Foundation have entered into an Amendment to the Restated and Amended Agreement of Affiliation, effective October 15, 2020. The agreement outlines the conveyance of all real property, with the exception of 66 Boerum Place, to HSVS Property Foundation, Ltd., an affiliate of HSVS. The Foundation’s by-laws have been amended to reflect the appointment of directors to the Foundation’s board to include: (1) one director elected by the members, and (2) four directors elected by HSVS. In addition, the amended by-laws include certain actions that require consent of the members.

Supplementary Information

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2020

	HSHS	HSSV	Education	Wellness	Eliminations	Total
Assets						
Current Assets						
Cash	$ 3,712,656	$ 813,795	$ 231,611	$ 790,990	$ -	$ 5,549,052
Accounts receivable	22,280,091	17,845,418	1,549,655	298,613	-	41,973,777
Distribution receivable	-	720,000	-	-	-	720,000
Due from Metro Community Health Centers, Inc.	-	-	-	645,918	-	645,918
Due from Related Party	-	-	-	500,000	(500,000)	-
Prepaid expenses and other receivables	666,359	605,374	-	-	-	1,271,733
Security deposits	310,181	307,755	-	-	-	617,936
Other current assets	150,000	-	5,777	19,169	-	174,946
Total Current Assets	27,119,287	20,292,342	1,787,043	2,254,690	(500,000)	50,953,362
Due from The William M. Casey Foundation, Inc.	-	1,272,041	-	-	-	1,272,041
Distribution Receivable	-	2,149,593	-	-	-	2,149,593
Due from Metro Community Health Centers, Inc.	-	-	-	705,608	-	705,608
Due from Related Party	11,856,185	-	-	2,944,705	(14,800,890)	-
Beneficial Interest in Perpetual Trust	-	38,550	-	-	-	38,550
Interest in Net Assets of The William M. Casey Foundation, Inc.	-	9,996,144	-	-	-	9,996,144
Property and Equipment, Net	26,540,828	4,933,375	127,304	20,940	-	31,622,447
Other Noncurrent Assets	237,294	-	-	-	-	237,294
Total Assets	$ 65,753,594	$ 38,682,045	$ 1,914,347	$ 5,925,943	$ (15,300,890)	$ 96,975,039

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Financial Position

June 30, 2020

	HSHS	HSSV	Education	Wellness	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	$ 5,757,994	$ 2,403,585	$ 13,338	$ 283,704	$ -	$ 8,458,621
Accrued salaries and vacations payable	5,821,852	2,028,385	156,926	84,821	-	8,091,984
Due to government agencies	2,689,662	2,653,633	219,878	-	-	5,563,173
Due to Related Party	-	500,000	-	-	(500,000)	-
Current portion of long-term debt	16,746,430	1,047,685	-	-	-	17,794,115
Other current liabilities	1,664,251	-	-	-	-	1,664,251
Total Current Liabilities	32,680,189	8,633,288	390,142	368,525	(500,000)	41,572,144
Long-Term Liabilities						
Deferred payroll taxes	509,710	205,169	24,516	3,719	-	743,114
Due to government agencies	2,879,888	4,961,969	588,149	-	-	8,430,006
Due to Related Party	-	13,213,961	1,586,929	-	(14,800,890)	-
Long-term debt	11,453,271	4,381,422	-	-	-	15,834,693
Post-retirement benefit obligation	518,610	-	-	-	-	518,610
Deferred rent liability	1,174,782	-	-	-	-	1,174,782
Allowance for potential rate adjustments	5,296,697	-	-	-	-	5,296,697
Total Long-Term Liabilities	21,832,958	22,762,521	2,199,594	3,719	(14,800,890)	31,997,902
Total Liabilities	54,513,147	31,395,809	2,589,736	372,244	(15,300,890)	73,570,046
Net Assets						
Without donor restrictions	10,383,680	2,818,528	(685,389)	5,553,699	-	18,070,518
With donor restrictions	856,767	4,467,708	10,000	-	-	5,334,475
Total Net Assets	11,240,447	7,286,236	(675,389)	5,553,699	-	23,404,993
Total Liabilities and Net Assets	$ 65,753,594	$ 38,682,045	$ 1,914,347	$ 5,925,943	$ (15,300,890)	$ 96,975,039

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2020

	HSHS	HSSV	Education	Wellness	Eliminations	Total
Changes in Net Assets Without Donor Restrictions						
Operating Revenues, Gains and Other Support						
Contributions and bequests	$ 482,331	$ 3,499,451	$ 5,205	$ -	$ -	$ 3,986,987
Special events revenues	720,952	452,692	-	-	-	1,173,644
Direct costs of special events	(182,470)	(208,750)	-	-	-	(391,220)
Patient service revenues	-	-	-	1,312,389	-	1,312,389
Fees and grants from government agencies	88,753,606	46,845,258	4,124,893	106,622	-	139,830,379
Client fees	4,427,411	-	-	-	-	4,427,411
Other grants	-	-	-	-	-	-
Interest income	221,661	108,385	-	-	-	330,046
Other revenues	6,564,676	297,417	-	58,750	(5,517,710)	1,403,133
Rental income	-	-	-	138,626	-	138,626
Net assets released from restrictions	23,981	930,148	17,120	-	-	971,249
Total Revenues, Gains and Other Support	101,012,148	51,924,601	4,147,218	1,616,387	(5,517,710)	153,182,644
Expenses						
Program services:						
Boarding home	-	14,029,515	-	-	-	14,029,515
Medical services	-	6,327,189	-	-	-	6,327,189
Residence programs for the Developmentally Disabled	53,247,724	17,304,695	-	-	-	70,552,419
Prevention	-	7,951,304	-	-	-	7,951,304
Education	14,710,963	-	3,881,574	-	-	18,592,537
Respite	876,252	-	-	-	-	876,252
Energy programs	196,091	-	-	-	-	196,091
Day programs	21,219,300	-	-	-	-	21,219,300
Clinical services	-	-	-	1,074,578	-	1,074,578
American Dream program	-	604,470	-	-	-	604,470
Total Program Services	90,250,330	46,217,173	3,881,574	1,074,578	-	141,423,655

HeartShare Human Services of New York and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2020

	HSHS	HSSV	Education	Wellness	Eliminations	Total
Supporting services:						
Management and general	$ 10,527,623	$ 6,365,450	$ 453,010	$ 234,595	$ (5,517,710)	$ 12,062,968
Fundraising	387,363	300,697	-	-	-	688,060
Total Supporting Services	10,914,986	6,666,147	453,010	234,595	(5,517,710)	12,751,028
Total Expenses	101,165,316	52,883,320	4,334,584	1,309,173	(5,517,710)	154,174,683
Change in Net Assets, before other changes	(153,168)	(958,719)	(187,366)	307,214	-	(992,039)
Non-Operating Income (Expense)						
Loss on beneficial interest in perpetual trust	-	-	-	-	-	-
Change in unfunded post-retirement benefits	-	-	-	-	-	-
Change in interest in net assets of The William M. Casey Foundation, Inc.	-	1,746,479	-	-	-	1,746,479
Changes in Net Assets Without Donor Restriction	(153,168)	787,760	(187,366)	307,214	-	754,440
Changes in Net Assets with Donor Restrictions	-	-	-	-	-	-
Contributions and Bequests	342,789	209,534	-	-	-	552,323
Fees and Grants from Government Agencies	-	-	17,120	-	-	17,120
Loss on Beneficial Interest in Perpetual Trust	-	(6,215)	-	-	-	(6,215)
Net Assets Released	(23,981)	(930,148)	(17,120)	-	-	(971,249)
Changes in Net Assets with Donor Restrictions	318,808	(726,829)	-	-	-	(408,021)
Net Assets, beginning of year	11,074,807	7,225,305	(488,023)	5,246,485	-	23,058,574
Net Assets, end of year	$ 11,240,447	$ 7,286,236	$ (675,389)	$ 5,553,699	$ -	$ 23,404,993

APPENDIX B-VI
OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED JUNE 30, 2022, JUNE 30, 2021 AND JUNE 30, 2020)

Ohel Children's Home and Family Services, Inc. and Affiliate

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2022 and 2021

Ohel Children's Home and Family Services, Inc. and Affiliate
June 30, 2022 and 2021

Contents

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Independent Auditor's Report

Board of Directors
Ohel Children's Home and Family Services, Inc. and Affiliate
Brooklyn, New York

Opinion

We have audited the consolidated financial statements of Ohel Children's Home and Family Services, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021 and the related consolidated statements of activities, functional expenses, 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 Ohel Children's Home and Family Services, Inc. and Affiliate 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). 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 Ohel Children's Home and Family Services, Inc. and Affiliate 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 Ohel Children's Home and Family Services, Inc. and Affiliate's ability to continue as a going concern within one year after the date that these consolidated financial statements are 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 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, 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 controls 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 Ohel Children's Home and Family Services, Inc. and Affiliate's internal controls. 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 Ohel Children's Home and Family Services, Inc. and Affiliate'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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS, LLP

New York, New York
November 30, 2022

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 9,138,606	$ 10,843,802
Investments	1,180,878	1,333,744
Program receivables, net	6,450,144	7,247,742
Pledges receivable, net	3,010,263	2,926,829
Grants receivable	1,899,062	1,715,513
Other receivables	52,595	81,595
Mortgage receivable - due on demand	392,000	-
Prepaid expenses and other assets	1,036,259	1,231,301
Client custodial funds	925,708	1,292,716
Debt reserve funds	870,022	870,022
Right-of-use assets - operating	3,290,906	4,229,816
Property and equipment, net of accumulated depreciation	60,295,281	61,902,554
Total assets	$ 88,541,724	$ 93,675,634

See Notes to Consolidated Financial Statements

Ohel Children's Home and Family Services, Inc. and Affiliate
Consolidated Statements of Financial Position (Continued)
June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 3,302,004	$ 4,306,256
Accrued salaries, taxes, and fringes	7,501,459	3,304,620
Compensated absences payable	1,467,418	1,521,452
Deferred revenue	3,583,360	3,741,576
Refundable advance	-	4,000,000
Bank lines of credit payable	2,750,000	8,750,000
Mortgages and bonds payable	20,334,052	21,599,439
Notes payable	3,588,268	4,536,530
Lease liabilities - operating	3,290,906	4,229,816
Lease liabilities - financing	150,064	207,229
Due to governmental agencies	2,424,340	2,673,668
Client custodial funds	925,708	1,292,716
Unfunded pension obligation	1,573,608	325,747
Other liabilities	371,998	290,785
Due to affiliate	807,438	2,414,369
Total liabilities	52,070,623	63,194,203
Net Assets		
Without donor restrictions		
Undesignated	24,376,991	18,742,348
Board-designated - investment for property	7,699,724	8,200,035
Total net assets without donor restrictions	32,076,715	26,942,383
With donor restrictions	4,394,386	3,539,048
Total net assets	36,471,101	30,481,431
Total liabilities and net assets	$ 88,541,724	$ 93,675,634

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Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Activities

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Program service fees	$ 61,030,793	$ -	$ 61,030,793	$ 55,460,106	$ -	$ 55,460,106
Contributions and operating grants	24,446,823	2,476,410	26,923,233	10,231,699	1,653,309	11,885,008
Contributions of nonfinancial assets	352,285	-	352,285	-	-	-
Special events (less direct cost of $604,079 and $409,310 for 2022 and 2021, respectively)	1,985,617	-	1,985,617	1,618,455	-	1,618,455
Rental and other income, net	1,898,634	(121,170)	1,777,464	1,465,100	-	1,465,100
Net assets released from restrictions	1,499,902	(1,499,902)	-	1,447,650	(1,447,650)	-
Total revenues	91,214,054	855,338	92,069,392	70,223,010	205,659	70,428,669
Expenses						
Program services	72,881,270	-	72,881,270	58,994,111	-	58,994,111
Supporting services						
Management and general	10,305,982	-	10,305,982	9,923,479	-	9,923,479
Fundraising	880,267	-	880,267	1,119,039	-	1,119,039
Total supporting services	11,186,249	-	11,186,249	11,042,518	-	11,042,518
Total expenses	84,067,519	-	84,067,519	70,036,629	-	70,036,629
Change in Net Assets Before Other Changes	7,146,535	855,338	8,001,873	186,381	205,659	392,040
Other changes in net assets						
Adjustment to minimum pension benefit liability	(1,816,859)	-	(1,816,859)	1,526,541	-	1,526,541
Net periodic pension cost other than service costs	(195,344)	-	(195,344)	(33,685)	-	(33,685)
Total other changes in net assets	(2,012,203)	-	(2,012,203)	1,492,856	-	1,492,856
Change in Net Assets	5,134,332	855,338	5,989,670	1,679,237	-	1,884,896
Net Assets, Beginning of Year	26,942,383	3,539,048	30,481,431	25,263,146	3,333,389	28,596,535
Net Assets, End of Year	$ 32,076,715	$ 4,394,386	$ 36,471,101	$ 26,942,383	$ 3,539,048	$ 30,481,431

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Functional Expenses

Years Ended June 30, 2022 and 2021

	2022				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total
Personnel services	$ 45,733,685	$ 4,957,600	$ 391,214	$ 5,348,814	$ 51,082,499
Payroll taxes and benefits	6,877,193	891,373	65,577	956,950	7,834,143
Rent	3,484,471	455,949	39,936	495,885	3,980,356
Depreciation	3,353,937	40,275	-	40,275	3,394,212
Food	2,105,267	15,702	5,481	21,183	2,126,450
Client expense	1,751,187	969	594	1,563	1,752,750
Supplies	1,090,011	107,868	8,252	116,120	1,206,131
Repairs and maintenance	1,264,466	146,494	-	146,494	1,410,960
Insurance	857,233	684,611	-	684,611	1,541,844
Technology	606,283	579,201	18,148	597,349	1,203,632
Utilities	846,301	530,221	-	530,221	1,376,522
Office expense	953,787	49,582	135,379	184,961	1,138,748
Professional fees	1,738,142	672,187	31,697	703,884	2,442,026
Foster boarding fees	304,917	-	-	-	304,917
Equipment leasing	301,827	40,682	5,003	45,685	347,512
Communication	417,076	214,984	1,546	216,530	633,606
Interest	239,340	913,105	-	913,105	1,152,445
Advertising	302,589	182,036	118,951	300,987	603,576
Transportation	499,458	13,364	1,128	14,492	513,950
Other	154,100	5,123	4,698	9,821	163,921
Bad debt expense	-	-	52,663	52,663	52,663
Special events costs	-	-	604,079	604,079	604,079
Total expenses	72,881,270	10,501,326	1,484,346	11,985,672	84,866,942
Less expenses deducted directly from revenues on the consolidated statements of activities					
Direct cost of special events	-	-	(604,079)	(604,079)	(604,079)
Net periodic pension costs other than service costs	-	(195,344)	-	(195,344)	(195,344)
Total expenses reported by function on the consolidated statements of activities	$ 72,881,270	$ 10,305,982	$ 880,267	$ 11,186,249	$ 84,067,519

Ohel Children's Home and Family Services, Inc. and Affiliate
Consolidated Statements of Functional Expenses (Continued)
Years Ended June 30, 2022 and 2021

	2021				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total
Personnel services	$ 34,930,941	$ 4,227,117	$ 528,470	$ 4,755,587	$ 39,686,528
Payroll taxes and benefits	5,963,251	1,171,397	88,522	1,259,919	7,223,170
Rent	3,690,760	219,282	-	219,282	3,910,042
Depreciation	2,939,759	143,957	39,930	183,887	3,123,646
Food	1,755,030	8,567	4,424	12,991	1,768,021
Client expense	1,037,191	911	2,690	3,601	1,040,792
Supplies	913,803	213,098	3,030	216,128	1,129,931
Repairs and maintenance	1,168,604	111,074	-	111,074	1,279,678
Insurance	758,442	543,359	-	543,359	1,301,801
Technology	647,366	390,523	26,099	416,622	1,063,988
Utilities	618,828	198,662	-	198,662	817,490
Office expense	389,924	123,276	165,653	288,929	678,853
Facility assessment	440,145	-	-	-	440,145
Professional fees	1,629,740	470,500	17,939	488,439	2,118,179
Foster boarding fees	339,421	-	-	-	339,421
Equipment leasing	278,066	82,461	2,970	85,431	363,497
Communication	340,388	161,320	2,741	164,061	504,449
Interest	380,906	1,014,783	-	1,014,783	1,395,689
Advertising	163,003	166,926	208,277	375,203	538,206
Transportation	140,823	5,265	23	5,288	146,111
School expenses	196,886	-	-	-	196,886
Medical expenses	129,872	50,000	-	50,000	179,872
Other	140,962	144,667	28,271	172,938	313,900
Bad debt expense	-	510,019	-	510,019	510,019
Special events costs	-	-	409,310	409,310	409,310
Total expenses	58,994,111	9,957,164	1,528,349	11,485,513	70,479,624
Less expenses deducted directly from revenues on the consolidated statements of activities					
Direct cost of special events	-	-	(409,310)	(409,310)	(409,310)
Net periodic pension costs other than service costs	-	(33,685)	-	(33,685)	(33,685)
Total expenses reported by function on the consolidated statements of activities	$ 58,994,111	$ 9,923,479	$ 1,119,039	$ 11,042,518	$ 70,036,629

See Notes to Consolidated Financial Statements

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Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	$ 5,989,670	$ 1,884,896
Items not requiring (providing) operating cash flows		
Depreciation	3,394,212	3,123,646
Amortization of deferred financing cost	61,117	61,117
Loss on abandonment of property and equipment	-	255,542
Gains on sale of property, plant, and equipment	(556,736)	-
Pension related charges other than net periodic costs	1,816,859	(1,526,541)
Unrealized loss (gain) on investments	288,484	(174,731)
Bad debt expense	52,663	510,019
Contributions received restricted for acquisition of long-lived assets	(163,866)	(730,000)
Noncash property and equipment acquisition	(348,500)	-
Changes in		
Program receivable	744,935	(386,933)
Pledges receivable	(83,434)	512,190
Grants receivable	(183,549)	2,496,473
Other receivables	29,000	(37,274)
Prepaid expenses and other assets	195,042	(70,812)
Accounts payable and accrued expenses	(978,932)	(3,699,044)
Accrued salaries and fringes	4,196,839	492,747
Client custodial funds	(367,008)	699,685
Deferred revenue	(158,216)	1,145,016
Refundable advance	(4,000,000)	4,000,000
Compensated absences payable	(54,034)	263,695
Due to governmental agencies	(249,328)	1,030,436
Unfunded pension obligation	(568,998)	(223,553)
Other liabilities	81,213	84,507
Due to affiliate	(1,606,931)	2,414,369
Net cash provided by operating activities	7,530,502	12,125,450
Investing Activities		
Property and equipment acquisitions	(1,699,023)	(1,621,828)
Proceeds from disposition of property and equipment	400,000	-
Purchases of investments	(196,842)	(311,124)
Sale of investments	61,224	32,922
Net cash used in investing activities	(1,434,641)	(1,900,030)

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2022 and 2021

	2022	2021
Financing Activities		
Proceeds from contributions received restricted for acquisition of long-lived assets	$ 163,866	$ 730,000
Closing costs	-	(139,823)
Proceeds from bank line of credit	12,000,000	12,000,000
Payments on line of credit	(18,000,000)	(13,000,000)
Proceeds from mortgage	259,386	3,135,500
Repayment of mortgages payable	(1,585,890)	(1,411,501)
Proceeds from notes payable	91,738	1,033,177
Repayment of notes payable	(1,040,000)	(7,232,575)
Repayment of finance lease obligation	(57,165)	(71,152)
Net cash used in financing activities	(8,168,065)	(4,956,374)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(2,072,204)	5,269,046
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	12,136,518	6,867,472
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 10,064,314	$ 12,136,518
Cash, Cash Equivalents, and Restricted Cash Consist of:		
Cash and cash equivalents	$ 9,138,606	$ 10,843,802
Client custodial funds	925,708	1,292,716
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 10,064,314	$ 12,136,518
Supplemental Cash Flows Information		
Cash paid during the year for interest	$ 1,091,329	$ 1,333,527
Acquisition of mortgage receivable	392,000	-
Finance lease obligation incurred for equipment	-	79,317
Right-of-use asset operating leases entered into during year	1,157,950	821,309
Fixed assets included in accounts payable	25,320	-

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The accompanying consolidated financial statements include the accounts of Ohel Children's Home and Family Services, Inc. (Ohel) and its member company, Camp Ohel, Inc. dba Camp Kaylie (Camp Kaylie), collectively, "the Agency."

Ohel is organized under the not-for-profit corporation law of the State of New York. Ohel was established to provide services for the care of destitute, abandoned, dependent, neglected, and emotionally disturbed children and adults, and has been granted an exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

In the ensuing years, Ohel has significantly expanded and operated residential facilities to provide care and treatment for developmentally and physically disabled children and adults in the metropolitan New York area. In addition, Ohel operates other non-residential programs such as outpatient clinics, day programs, family support camp, specialized treatment services, and crisis intervention. Ohel receives its support predominantly from Medicaid, New York State and City governmental sources as well as from private contributions.

In March 2010, Ohel expanded its services and purchased a camp site in the Sullivan County area of New York. The campgrounds and respective buildings are currently owned by Ohel and rented by Camp Kaylie.

Camp Kaylie was incorporated July 16, 2008 as a New York not-for-profit corporation for the primary objective of developing and operating a fully integrated summer camp for children with and without developmental disabilities and has been granted an exemption from federal income tax pursuant Section 501(c)(3) of the Internal Revenue Code. Camp Kaylie began operations in July 2011. Ohel is the sole member of Camp Kaylie. Camp Kaylie also is utilized to provide respite opportunities to parents and family members with children who have disabilities. It is also available for rental to community groups.

Camp Ohel Realty Corporation (Realty) was incorporated July 24, 2008 as a New York not-for-profit corporation for the sole purpose of holding title to real property to be used exclusively to support the charitable and education purposes of its sole member, Camp Kaylie, and has been granted an exemption from federal income tax pursuant to Section 501(c)(2) of the Internal Revenue Code. Realty had no operations, assets, or net assets prior to 2022. As described in *Note 14*, Realty received donated property in 2022 which is recorded in the contributions of nonfinancial assets line in the consolidated statement of activities.

Ohel provides:

Outpatient and residential services for children, adolescents, and adults with developmental and psychiatric disabilities

Day habilitation services as well as comprehensive outpatient programs including respite, in home services, and family support

Outpatient psychological and psychiatric evaluations and treatment for children, adults, and families (treatment is also available for homebound individuals)

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Psychiatric day programs in a beautiful environment for adults with mental illness to socialize, work, study, or have lunch with friends

In-home crisis assessment and referrals to individuals and families experiencing psychiatric, psychological, or behavioral crisis

Foster care programs and caring for children and young adults with psychiatric and developmental disabilities

Day camps and overnight camps for children and young adults with psychiatric and developmental disabilities

The Mel & Phyliss Zachter OHEL Institute for Training provides dynamic trainings for the professional and lay communities featuring world-renowned experts. It offers cutting edge, problem-solving approaches to address a broad range of current mental health, education, and social service concerns

Domestic Violence Program providing individualized counseling and support groups for women and children as well as temporary safe housing for victims of domestic violence and education to the community about this issue and the importance of providing options for women who are in abusive relationships

A program offering job preparations and placement for people with psychiatric and developmental disabilities

Confidential treatment by specially trained professionals for drug, alcohol, gambling, and other addictions

Comprehensive preventative care services for families in need of crisis intervention and counseling

Camp Kaylie's programs are specifically designed to address the unique and special needs and barriers that children with disabilities routinely encounter in a mainstream environment. Camp Kaylie's programs and specially trained staff focus on addressing the physical, emotional and social skills, limitation and special needs of these children. The goals for Camp Kaylie are aimed at fostering skills development, self-confidence, socialization, independence, leadership, and community responsibilities among children with disabilities.

A relatively unique but important aspect of Camp Kaylie's programs is the camper populate designed to include typically developing children (*i.e.*, children without disabilities). The objective for integrating typically developing children with children with disabilities is aimed at enhancing the ability of children with disabilities to learn and develop skills and confidence in the least restrictive setting. Camp Kaylie's inclusion and integration concept will permit disabled and non-disabled siblings to attend camp together.

As a result of the spread of the COVID-19 pandemic, on June 12, 2020, the New York State Health Commissioner decided to prohibit overnight camps from operating. Therefore, Camp Kaylie suspended regular overnight camp in the months of July and August 2020. Camp Kaylie was able to run certain day programs for children with disabilities and their parents as well as other events to raise funds to help mitigate the loss of revenue created by the closure during fiscal year 2021. Camp Kaylie resumed regular overnight camp in the months of July and August 2021.

Principles of Consolidation

The consolidated financial statements are prepared on the accrual basis. All material intercompany transactions and balances have been eliminated in the consolidation. The consolidated entity is referred to in these notes as "the Agency."

Intercompany Balances

The accounts of Camp Kaylie are included in the June 30, 2022 and 2021 consolidated financial statements of the Agency as of its fiscal year-end of March 31, 2022 and 2021, respectively. Between March 31, 2022 and June 30, 2022 and March 31, 2021 and June 30, 2021, Camp Kaylie repaid amounts due to Ohel of approximately $800,000 and $2.4 million, respectively, currently shown as amounts due from affiliates. Additionally, in 2021 Camp Kaylie received a loan in the amount of $406,620 pursuant to the Paycheck Protection Program (PPP). No other events occurred between March 31 and June 30, 2022 and 2021, respectively, that materially affected the Agency's consolidated statements of financial position, consolidated statements of activities, or consolidated statements of cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts for endowment accounts are considered to be investments, and for non-endowment accounts are considered to be cash and cash equivalents. Uninvested cash and cash equivalents included in debt reserve funds are not considered to be cash. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

At June 30, 2022, the Agency's cash accounts exceeded federally insured limits by approximately $9,565,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Agency has an unconditional right to receive. Interest is not accrued or recorded on outstanding receivables.

Allowance for Doubtful Accounts

The Agency determines whether an allowance for uncollectible accounts should be provided for accounts receivable. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections, and historical information. Interest income is not accrued or recorded on receivables. As of June 30, 2022 and 2021, the Agency had an allowance for doubtful accounts of $314,132 and $554,537, respectively.

Contract Assets

Contract assets are recorded when the Agency has a right to consideration in exchange for goods or services that the organization has transferred to the customer. The Agency records a contract asset for the prorated amount of fees for services provided to the customer, but payment is not yet due from the customer.

Investments

The Agency measures securities at fair value. The Agency invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations and that such changes could materially affect the amounts reported in the financial statements.

Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Agency maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	25-30 years
Leasehold improvements	20 years
Furniture and fixtures	3-10 years

Long-Lived Asset Impairment

The Agency evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Client Custodial Funds

The Agency has signature authority over client custodial funds of approximately $926,000 and $1,300,000 at June 30, 2022 and 2021. These monies are available and used for authorized purchases of client personal needs.

Debt Reserve Funds

Debt reserve funds represent amounts held by a financial institution in the name of the Agency to pay the final payments on various bond obligations. Monies were deposited at the bond closing.

Compensated Absences Payable

Compensated absences payable represents amounts accrued for vacation pay. Vacation time that has not been used by an employee is paid out upon termination of employment.

Deferred Revenue

Revenue from fees for program services is deferred and recognized over the periods to which the fees relate.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The Agency records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Leases

The Agency determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the 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, measured on a discounted basis. The Agency determines lease classification as operating or finance at the lease commencement date.

The Agency combines lease and nonlease components, such as taxes and other maintenance costs, in calculating the ROU assets and lease liabilities for its residential rentals.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Agency has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Contract Liabilities

Camp Ohel receives deposits and prepayments from campers in advance of the upcoming summer. These deposits are recorded as a liability and are applied against the campers' summer camp tuition in the period by which it is earned. All deposits are expected to be earned in the next fiscal year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Program Service Fees Revenue

Program service fees revenue is recognized over the term of the contract as the Agency provides services to customers. Revenue is reported at the amount of consideration to which the Agency expects to be entitled in exchange for providing program services. The Agency determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided to customers.

Contributions

Contributions are provided to the Agency either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Agency overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Agency meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Agency is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Agency is subject to federal income tax on any unrelated business taxable income.

The Agency files tax returns in the U.S. federal jurisdiction.

Advertising Costs

Advertising costs are expensed when incurred.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on space utilization, time and effort, and other methods.

Note 2: Change in Accounting Principle

In 2022, the Agency adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the consolidated statements of activities and disclosures within the notes to the consolidated financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Note 3: Leases

Nature of Leases

The Agency entered into the following lease arrangements:

Finance Leases

These leases mainly consist of equipment and phone systems. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Agency leases various buildings and apartments under noncancelable operating leases. The leases terminate on various dates through 2029. The majority of the leases do not contain renewal options. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2022 and 2021 are:

	2022	2021
Lease cost		
Finance lease cost		
Amortization of right-of-use asset - depreciation on finance leased assets	$ 145,186	$ 328,484
Interest on lease liabilities	5,014	1,026
Operating lease cost	2,012,006	2,264,531
Short-term lease cost	1,818,150	1,161,872
Total lease cost	$ 3,980,356	$ 3,755,913
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 2,006,988	$ 2,247,856
Operating cash flows from finance leases	87,779	95,631
Financing cash flows from finance leases	57,165	1,026
Right-of-use assets obtained in exchange for new operating lease liabilities	1,157,950	821,309
Right-of-use assets obtained in exchange for new finance lease liabilities	-	79,317
Weighted-average remaining lease term		
Operating leases	51.5 months	54.5 months
Finance leases	19.5 months	26 months
Weighted-average discount rate		
Operating leases	1.54%	0.41%
Finance leases	4.11%	3.24%

Operating Leases

Future minimum lease payments and reconciliation to the consolidated statement of financial position at June 30, 2022 are as follows:

	Operating	Finance
2023	$ 1,325,441	$ 55,023
2024	653,022	48,718
2025	388,499	-
2026	386,568	-
2027	340,888	-
Thereafter	318,568	-
Total future undiscounted lease payments	3,412,986	103,741
Less interest	(122,080)	(4,352)
Lease liabilities	$ 3,290,906	$ 99,389

Note 4: Revenue from Contracts with Government Agencies and Campers

Program Fees Revenue

The Agency receives funding from various government agencies, including the New York State Office for People With Developmental Disabilities (OPWDD) and the Office of Mental Health (OMH), to provide services to disabled individuals. The Agency operates residential, sheltered workshop, day habilitation, service coordination, family support, transportation, and respite programs. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs), individuals, and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

Generally, the Agency bills third-party payors after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Revenue from contracts with campers for summer camp fees is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing summer camp. These amounts are due from campers and others and includes variable consideration for financial aid and other discounts.

Revenue is recognized as performance obligations are satisfied, which is ratably over the summer. Generally, the Agency bills campers prior to the beginning of the summer.

Payment is due based upon a selected payment plan. Families must withdraw prior to May to receive any refund of summer camp payments but forfeit the enrollment deposit.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized based on actual charges as the services are provided. The Agency believes 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. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because 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 FASB ASC 606-10-50-14(a) 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

Significant Judgements

The Agency determines the transaction price based on standard charges for goods and services provided, discounts provided in accordance with the Agency's policy, and implicit price concessions provided to customers. The Agency determines its estimates of explicit price concessions based on contractual agreements and its discount policies. The Agency determines its estimate of implicit price concessions based on its historical collection experience with each class of customers.

From time to time, the Agency will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2022 and 2021, the Agency does not have any liability for refunds to third-party payors and customers recorded. As of June 30, 2022 and 2021, the Agency has a liability for amounts due to OPWDD and OMH of $2,424,340 and $2,673,668, respectively.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended June 30, 2022 and 2021, additional revenue of $630,285 and $187,770, respectively, was 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 customer's ability to pay are recorded as bad debt expense.

The Agency has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

Payors (for example, customer, governmental programs, and others) that have different reimbursement and payment methodologies

Geography of the service location

The Agency's line of business that provided the service

For the years ended June 30, 2022 and 2021, the Agency recognized revenue of $61,505,714 and $55,604,259, respectively, from goods and services that transfer to the customer over time and $171,510 and $64,450, respectively, from goods and services that transfer to the customer at a point in time.

Third-Party Payors

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

Medicaid: Reimbursements for Medicaid services are generally paid for each type of service provided.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per established charges and prospectively determined daily rates. Certain of these rates are subject to final settlement as determined after submission of annual cost reports by the Agency.

Disaggregation of Revenue

The composition of revenue by program for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Residential services	$ 40,649,678	$ 39,943,212
Treatment centers	7,058,316	5,957,143
Day and employment programs	6,946,332	6,108,030
Other revenue	7,022,898	3,660,324
	$ 61,677,224	$ 55,668,709

Contract Balances

Contract assets primarily relate to the Agency's rights to consideration for services provided but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities represent the Agency's obligation to transfer goods or services to a customer when consideration has already been received from the customer and are presented as deferred revenue on the consolidated statements of financial position. There were no contract assets as of June 30, 2022 and 2021, or July 1, 2020.

Significant changes in contract liabilities during the period are as follows:

	2022	2021
Balance, beginning of year	$ 1,941,196	$ 1,758,335
Effects of		
Revenue recognized that was included in the contract liability balance at the beginning of the period	(1,941,196)	(65,274)
Increases due to cash received, excluding amounts recognized as revenue during the period	2,113,818	248,135
Balance, end of year	$ 2,113,818	$ 1,941,196

The following table provides information about the Agency's receivables from contracts with customers:

	2022	2021
Accounts receivable, beginning of year	$ 7,329,337	$ 7,415,149
Accounts receivable, end of year	6,502,739	7,329,337

Financing Component

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

Contract Costs

The Agency 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 Agency otherwise would have recognized is one year or less in duration.

Note 5: Grant Reimbursements Receivable and Future Commitments

The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Agency are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022 and 2021 have been recorded as receivables. The following are the grant commitments that extend beyond June 30, 2022:

	Grant	Term	Grant Amount	Earned or Forfeited Through 2022	Funding Available
Federal government	Various	09/2020 - 8/2023	$ 5,843,648	$ 2,960,816	$ 2,882,832
New York State	Various	07/2017 - 06/2025	24,908,608	16,883,888	8,024,720
New York City	Various	04/2020 - 06/2024	3,437,027	2,503,532	933,495
Private Foundations	UJA	07/2021 - 06/2023	931,713	813,090	118,623
			$ 35,120,996	$ 23,161,326	$ 11,959,670

During the years ended June 30, 2022 and 2021, the Agency recognized revenue related to these grants of $6,852,677 and $7,340,468, respectively. These grants are conditional upon incurring allowable expenditures under the agreement.

PPP Loan

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law. On April 1, 2021, Camp Kaylie received a loan in the amount of $406,620 pursuant to the PPP and on April 10, 2021, Ohel received a loan in the amount of $4,000,000 pursuant to the PPP and has elected to account for the fundings as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue. Camp Kaylie's PPP loan was forgiven in full on February 1, 2022 and Ohel's PPP loan was forgiven in full on June 21, 2022.

Workforce Stabilization Initiatives

During the year ended June 30, 2022, the Agency received $7,708,716 of funds as part of Workforce Stabilization Initiatives revenue for COVID Service Payments. The Agency must use the funds for supplemental payments to Direct Support Professionals and/or Direct Care Staff, who worked during the Pandemic. In 2022, the Agency recognized $7,708,716 as revenue, which has been recorded as part of the contributions and operating grants without donor restrictions line on the consolidated statements of activities. These funds were restricted and released during the year upon disbursement to employees and are recorded as without donor restrictions pursuant to the Agency's policy. As of June 30, 2022, the Agency recorded approximately $3,510,000 as a liability as part of accrued salaries, taxes, and fringes on the consolidated statements of financial position pending the rest of the payment to employees during fiscal year 2023.

Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021.

	2022			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities				
Emerging market	$ 25,960	$ 25,960	$ -	$ -
International equity	76,228	76,228	-	-
Growth equities	144,511	144,511	-	-
Value equities	149,406	149,406	-	-
Equities	37,138	37,138	-	-
Total mutual funds - equities	433,243	433,243	-	-
Fixed income				
U.S. Treasury	870,022	-	870,022	-
Intermediate duration	346,096	346,096	-	-
Bond inflation strategy	45,018	45,018	-	-
Total fixed income	1,261,136	391,114	870,022	-
Dynamic asset allocation overlays				
Overlay A - equity-oriented asset allocation	175,026	-	175,026	-
Overlay B - fixed income-oriented asset allocation	181,495	-	181,495	-
Total dynamic asset allocation overlays	356,521	-	356,521	-
Total investments	$ 2,050,900	$ 824,357	$ 1,226,543	$ -

	2021			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities				
Emerging market	$ 26,577	$ 26,577	$ -	$ -
International equity	78,374	78,374	-	-
Growth equities	172,402	172,402	-	-
Value equities	182,396	182,396	-	-
Equities	43,578	43,578	-	-
Unmanaged equities	5,527	5,527	-	-
Total mutual funds - equities	508,854	508,854	-	-
Fixed income				
U.S. Treasury	870,022	-	870,022	-
Intermediate duration	377,340	377,340	-	-
Bond inflation strategy	50,017	50,017	-	-
Total fixed income	1,297,379	427,357	870,022	-
Dynamic asset allocation overlays				
Overlay A - equity-oriented asset allocation	165,743	-	165,743	-
Overlay B - fixed income-oriented asset allocation	231,790	-	231,790	-
Total dynamic asset allocation overlays	397,533	-	397,533	-
Total investments	$ 2,203,766	$ 936,211	$ 1,267,555	$ -

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Agency does not carry investment within Level 3 of the hierarchy.

Debt reserve funds of $870,022 are included in the above tables for 2022 and 2021 but are recorded separately on the consolidated statements of financial position.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
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Note 7: Pledges Receivable

Pledges receivable consisted of the following as of June 30, 2022 and 2021:

	2022		
	With Donor Restrictions	Without Donor Restrictions	Total
Due in one year	$ 150,270	$ 2,149,888	$ 2,300,158
Due in two to five years	901,711	-	901,711
	1,051,981	2,149,888	3,201,869
Less allowance on pledges receivable	(156,317)	-	(156,317)
Less discount to present value	(35,289)	-	(35,289)
Total	$ 860,375	$ 2,149,888	$ 3,010,263

	2021		
	With Donor Restrictions	Without Donor Restrictions	Total
Due in one year	$ 43,970	$ 1,916,342	$ 1,960,312
Due in two to five years	1,192,072	-	1,192,072
	1,236,042	1,916,342	3,152,384
Less allowance on pledges receivable	(167,603)	-	(167,603)
Less discount to present value	(57,952)	-	(57,952)
Total	$ 1,010,487	$ 1,916,342	$ 2,926,829

The discount rate was 3% in 2022 and 2021.

Note 8: Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of:

	2022	2021
Land	$ 6,654,404	$ 6,602,904
Buildings and improvements	72,714,232	74,039,567
Leasehold improvements	7,057,219	5,481,680
Furniture and fixtures	8,955,635	8,918,025
Construction-in-progress	985,563	262,967
	96,367,053	95,305,143
Less: accumulated depreciation	(36,071,772)	(33,402,589)
	$ 60,295,281	$ 61,902,554

The Agency has a construction commitment of approximately $925,400 to renovate one of the Agency's properties. Approximately $530,000 has been expended during fiscal year 2022. The Agency expects the construction to conclude in fiscal year 2023.

Note 9: Estimated Liabilities Due to Governmental Agencies

Due to governmental agencies in the amount of approximately $2,425,000 and $2,675,000 at June 30, 2022 and 2021, respectively, consists of the following:

Amounts due to OMH from excess Medicaid and contract revenue, and other items at June 30, 2022 and 2021 were approximately $745,000 and $1,025,000, respectively. OMH is being repaid via monthly withholds through the normal course of contract reconciliations for excess amounts paid to providers in current and prior years. The balance of approximately $745,000 and $655,000 at June 30, 2022 and 2021, respectively, represents advances and payments that will be repaid through the normal course of contract reconciliations.

At June 30, 2022 and 2021, amounts due to OPWDD of approximately $1,680,000 and $1,650,000, respectively, consist of advances to fund program services, renovation, construction, and periodic maintenance. These amounts are repaid in the normal course of business through rate recoupment.

Note 10: Line of Credit

The Agency had a $6,000,000 revolving line of credit expiring in July 2021, which was subsequently extended until June 30, 2022 and later to June 30, 2023. At June 30, 2022 and 2021, there was $0 and $6,000,000 borrowed against this line, respectively. The line is collateralized by substantially all of the Agency's assets. Interest was 5.25% and 5% at June 30, 2022 and 2021, respectively, and is payable monthly.

The Agency had a second revolving line of credit of $3,750,000 expiring in July 2021. On June 30, 2021, the line was subsequently extended until July 15, 2022, and later to July 15, 2023. The maximum line was reduced to $2,750,000 as of June 30, 2021. At each of June 30, 2022 and 2021, there was $2,750,000 borrowed against this line. The line is collateralized by substantially all of the Agency's assets. Interest was 5.25% and 4.25% at June 30, 2022 and 2021, respectively, and is payable monthly.

Note 11: Mortgage and Bonds Payable

Unless otherwise specified, mortgage and bonds payable are secured by property and security interests in all fixtures, furnishing, and equipment. Mortgages and bonds payable consist of the following as of June 30:

	2022	2021
Mortgage payable - Dormitory Authority of the State of New York (DASNY) consists of annual installments of principal and semi-annual installments of interest at 1.5% to 4% through July 2037	$ 13,025,000	$ 13,670,000
Mortgage payable - DASNY consists of annual installments of principal and semi-annual installments of interest at 2% to 5% through July 2026	1,840,000	2,380,000
Mortgage payable - DASNY consists of semi-annual installments with fixed interest rate at 4.71% through August 2036	259,386	-
Mortgage payable - DASNY consists of semi-annual installments of $74,032 including interest at 5.23% through December 2022	72,142	196,068
Bank mortgages payable - consists of monthly installments of principal and interest at 4.75% through October 2027	1,612,912	1,719,412
Bank mortgages payable - consists of monthly installments with fixed interest rate ranging from 4.875% to 8.5% through September 2024	935,000	1,020,225
Bank mortgages payable - consists of monthly installments with fixed interest rate 3.75% through July 2046	2,090,959	2,138,000
Mortgages payable to unrelated parties - 3.75% interest, unsecured, due on January 2023	997,500	997,500
Subtotal	20,832,899	22,121,205

	2022	2021
Less unamortized debt insurance costs	$ (374,429)	$ (381,943)
Less closing costs	(124,418)	(139,823)
Total mortgages and bonds payable	$ 20,334,052	$ 21,599,439

Management believes the Agency is in compliance with certain financial covenants imposed by the mortgage agreements.

The annual maturities of mortgages and bonds payable for each of the next five years and thereafter are as follows as of June 30, 2022:

Year Ending June 30, 2022	
2023	$ 3,328,597
2024	1,367,824
2025	1,402,541
2026	981,992
2027	2,694,291
Thereafter	11,057,654
Total before unamortized debt issuance costs and closing costs	20,832,899
Less: Unamortized debt issuance costs	(374,429)
Less: Closing costs	(124,418)
	$ 20,334,052

The mortgages with FDC and DASNY effectively assign collateralize the revenue of the underlying property as well as the property and all equipment or improvement made and restrict the use of property.

Note 12: Notes and Loans Payable

Notes payable represent general operational loans and consist of the following as of June 30:

	2022	2021
Note payable - unrelated third party, unsecured, interest only payable semiannually at 6.5% with principal due June 2023	$ 650,000	$ 650,000
Notes payable - unrelated third party, unsecured, interest only payable semiannually at 4.35% with principal due June 2024	500,000	500,000
Loan payable to an unrelated third party, at prime (5.4% and 4.0% at June 30, 2022 and 2021, respectively), unsecured, payable by December 2023	2,275,268	2,183,530
Loans payable to Lifetime Care Foundation Master Trust interest at prime (4.0% at June 2021) unsecured, due at Ohel's discretion	-	640,000
Margin loan secured by investment, interest at 3.75% at June 2021, due on demand	-	400,000
Loans payable to unrelated parties, 0% interest, unsecured, due on demand	163,000	163,000
Total notes payable	$ 3,588,268	$ 4,536,530

Management believes the Agency is in compliance with certain financial covenants imposed by the notes payable agreements.

The annual maturities of notes payable are as follows:

Year Ending June 30, 2022	
2023	$ 650,000
2024	2,938,268
Total	$ 3,588,268

Note 13: Pension and Other Postretirement Benefit Plans

Defined Benefit Plan

The Agency has a frozen noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Agency's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Agency may determine to be appropriate from time to time. The Agency expects to contribute $400,000 to the plan in 2023.

Prior to the June 30, 2007 fiscal year-end, the Board of Directors adopted a resolution to curtail benefit accruals as of December 31, 2007.

The Agency uses a June 30 measurement date for the plan. Information about the plan's funded status follows:

	2022	2021
Benefit obligation	$ (12,118,631)	$ (12,696,468)
Fair value of plan assets	10,545,023	12,370,721
Funded status	$ (1,573,608)	$ (325,747)

Amounts recognized in the change in net assets not yet recognized as components of net periodic benefits costs:

	2022	2021
Net gain (loss)	$ (1,816,859)	$ 1,526,541
Prior service cost	-	-
Transition obligation (asset)	-	-
	$ (1,816,859)	$ 1,526,541

Other significant balances and costs are:

	2022	2021
Employer contributions	$ 530,000	$ 450,000
Participant contributions	-	-
Benefits paid	701,593	1,183,331
Net periodic benefit costs	(39,018)	226,447

Significant assumptions include:

Weighted-average assumptions used to determine benefit obligations:

	2022	2021
Discount rate	3.25%	3.00%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine benefit costs:

	2022	2021
Discount rate	3.25%	3.00%
Expected return on plan	6.50%	6.50%
Rate of compensation increase	N/A	N/A

The components of net periodic benefit cost other than the service cost component were $39,018 and $-33,685 for the years ended June 30, 2022 and 2021, respectively, and are included in net periodic benefit cost in the consolidated statements of activities.

The Agency has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The long-term rate of return decreased one half of 1% to reflect a more conservative estimate of future investment results.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year Ending June 30, 2022	
2023	$ 3,345,000
2024	1,358,000
2025	707,000
2026	923,000
2027	687,000
2028-2032	3,323,000

Other changes in plan assets and benefit obligations recognized in change in net assets:

	2022	2021
Amounts arising during the period		
Settlement net loss	$ -	$ (155,156)

	2022	2021
Amounts reclassified as components of net periodic benefit cost during the period		
Net loss	$ (41,819)	$ (268,043)
Net prior service cost	-	-
Net transition (asset) obligation	-	-

No plan assets are expected to be returned to the Agency during fiscal year 2023. The estimated net gain for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year is $301,917.

Pension Plan Assets

The following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There are no Level 3 plan assets. Significant inputs and valuation techniques used in measuring Level 2 and Level 3 fair values include observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The fair values of the Agency's pension plan assets at June 30, 2022 and 2021 by asset class are as follows:

2022	Level 2
General interest accumulated account	$ 1,619,801
Pooled separate accounts	8,925,222
Total assets at fair value	$ 10,545,023

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2021	Level 2
General interest accumulated account	$ 1,724,026
Pooled separate accounts	10,646,695
Total assets at fair value	$ 12,370,721

403(b) Plan

The Agency has established a voluntary tax deferred retirement savings plan available for their employees under Section 403(b) of the Internal Revenue Code. All employees of the Agency are eligible to participate and contribute a portion of their gross salaries up to federal limits, annually. Contributions are determined at the discretion of the Board of Directors and the Agency is not required to make an annual contribution. The Agency did not make any employer contributions in 2022 and 2021.

457(b) Plan

The Agency has a 457(b) plan for certain employees. There were no contributions from the Agency to the plan for the years ended June 30, 2022 and 2021. The assets of $247,078 in 2022 and $295,808 in 2021 has been recorded in prepaid expenses and other assets line on the consolidated statements of financial position and the liabilities of $247,078 in 2022 and $295,808 in 2021 has been recorded in other liabilities line on the consolidated statements of financial position.

The following table sets forth by level, within the fair value hierarchy, the retirement assets at fair value as of June 30, 2022 and 2021:

	2022 Quoted Prices in Active Markets for Identical Assets (Level 1)	2021 Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds - equities		
Mutual of America VIP equity index portfolio	$ 10,660	$ 4,031
Mutual of America VIP all America portfolio	3,489	-
Mutual of America VIP modification allocation portfolio	66,784	87,405
Mutual of America VIP mid-cap equity index portfolio	4,442	-
Mutual of America VIP small cap growth portfolio	30,054	43,243
Mutual of America VIP small cap value portfolio	26,737	29,823
DWS capital growth VIP portfolio	-	5,255
Invesco Oppenheimer V.I. main street portfolio	7,528	8,844
Vanguard VIF international portfolio	27,484	43,303
Fidelity VIP equity-income portfolio	56,484	57,380
Fidelity VIP contrafund portfolio	13,416	16,524
	$ 247,078	$ 295,808

Note 14: Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the consolidated statement of activities consisted of contributed property for $348,500. The contributed property will be used for program activities. In valuing the contributed property, which is located in Wurtsboro, New York, Camp Kaylie estimated the fair value on the basis of an appraisal completed by an independent third party. The appraised value of the donated property was $348,500, which was recognized as a contributed nonfinancial asset by Camp Kaylie. There were no contributed nonfinancial assets for the year ended June 30, 2021.

This contributed nonfinancial asset did not have donor-imposed restrictions.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 15: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Equipment, construction, and renovations	$ 373,341	$ 558,064
Scholarships and recreation	27,608	41,563
Geriatric programs	-	137,548
Domestic Violence	-	3,280
Community awareness, education, and support	2,044,813	145,669
Foster care	134,761	429,214
Residential	511,672	816,152
	3,092,195	2,131,490
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	484,803	469,000
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Robert and Roselin Vegh Preventive Care Program	20,974	34,535
Harry S. Gindea Memorial Fund	17,071	28,106
Mel and Phyliss Zachter Ohel Endowment Fund	297,454	394,028
	335,499	456,669
Subject to NFP endowment spending policy and appropriation		
Robert and Roselin Vegh Preventive Care Program	70,340	70,340
Harry S. Gindea Memorial Fund	57,251	57,251
Mel and Phyliss Zachter Ohel Endowment Fund	354,298	354,298
	481,889	481,889
	$ 4,394,386	$ 3,539,048

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2022	2021
Expiration of time restrictions	$ 249,500	$ 169,200
Satisfaction of purpose restrictions		
Equipment, construction, and renovations	208,927	285,000
Scholarships and recreation	41,563	267,690
COVID-related expenditures	-	230,000
Geriatric programs	137,548	280,716
Domestic Violence	3,280	100,700
Community awareness, education, and support	24,545	-
Foster care	314,453	74,588
Residential	520,086	39,756
	$ 1,499,902	$ 1,447,650

Note 16: Endowment

The Agency's governing body is subject to the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, the Agency classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Agency and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Agency
7. Investment policies of the Agency

The Agency's endowment consists of three individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2022 and 2021, was:

	With Donor Restrictions	
	2022	2021
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 481,889	$ 481,889
Accumulated investment gains	335,499	456,669
Total endowment funds	$ 817,388	$ 938,558

Change in endowment net assets for the years ended June 30, 2022 and 2021 were:

	2022	2021
Endowment net assets, beginning of year	$ 938,558	$ 775,247
Contributions	-	198
Investment return, net	(117,464)	164,894
Appropriation of endowment assets for expenditure	(3,706)	(1,781)
Endowment net assets, end of year	$ 817,388	$ 938,558

Investment and Spending Policies

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Agency must hold in perpetuity.

The Agency has a spending policy of appropriating for expenditure each year up to 3% of its total endowment net assets over the course of the year. During fiscal years 2022 and 2021, the Agency appropriated $3,706 and $1,781, respectively, for operations.

Underwater Endowments

The governing body of the Agency has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Agency considers a fund to be underwater if the fair value of the fund is less than the sum of

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Agency has interpreted NYPMIFA to not permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2022 and 2021, the Agency has no underwater funds.

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 9,138,606	$ 10,843,802
Investments	1,180,878	1,333,744
Program receivables, net	6,450,144	7,247,742
Pledges receivable, net	3,010,263	2,926,829
Grants receivable	1,899,062	1,715,513
Other receivables	52,595	81,595
Mortgage receivable - due on demand	392,000	-
Financial assets available at year-end	22,123,548	24,149,225
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donor-time and/or purpose	(4,394,386)	(3,539,048)
Amount unavailable to management without Board's approval		
Board designated for capital acquisitions	(7,699,724)	(8,200,035)
Total financial assets available to management for general expenditures within one year	$ 10,029,438	$ 12,410,142

The Agency's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Agency has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. To achieve these targets, the Agency forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 18: Related-Party Transactions

The Agency and the Lifetime Care Foundation for Jewish Disabled, Inc. (Lifetime) are related parties that are related due to overlapping board members and management but are not financially interrelated organizations. Lifetime prepaid expenses for services rendered by the Agency to Lifetime in the ordinary course of business, of approximately $330,000 and $745,000 at June 30, 2022 and 2021, respectively, are included in accounts payable and accrued expenses.

Note 19: Significant Estimates and Concentrations

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Agency is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets, and cash flows of the Agency. Events could occur that would change this estimate materially in the near term.

Pension and Other Postretirement Benefit Obligations

The Agency has a noncontributory defined benefit pension. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Note 20: Subsequent Events

Subsequent events have been evaluated through November 30, 2022, which is the date the financial statements were issued.

Supplementary Information

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Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidating Statement of Financial Position

June 30, 2022

	Ohel Children's Home and Family Services	Camp Ohel	Intercompany Eliminations	Total
Assets				
Cash and cash equivalents	$ 7,819,446	$ 1,319,160	$ -	$ 9,138,606
Investments	1,180,878	-	-	1,180,878
Program receivables, net	6,450,144	-	-	6,450,144
Pledges receivable, net	2,984,263	26,000	-	3,010,263
Grants receivable	1,899,062	-	-	1,899,062
Other receivables	4,783,441	-	(4,730,846)	52,595
Mortgage receivable - due on demand	392,000	-	-	392,000
Prepaid expenses and other assets	1,026,447	9,812	-	1,036,259
Client custodial funds	925,708	-	-	925,708
Debt reserve funds	870,022	-	-	870,022
Right-of-use assets - operating	3,290,906	-	-	3,290,906
Property and equipment, net of accumulated depreciation	57,985,599	2,309,682	-	60,295,281
Total assets	$ 89,607,916	$ 3,664,654	$ (4,730,846)	$ 88,541,724

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidating Statement of Financial Position (Continued)

June 30, 2022

	Ohel Children's Home and Family Services	Camp Kaylie	Intercompany Eliminations	Total
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$ 3,208,605	$ 93,399	$ -	$ 3,302,004
Accrued salaries, taxes, and fringes	7,458,355	43,104	-	7,501,459
Compensated absences payable	1,467,418	-	-	1,467,418
Deferred revenue	1,469,542	2,113,818	-	3,583,360
Bank lines of credit payable	2,750,000	-	-	2,750,000
Mortgages and bonds payable	20,334,052	-	-	20,334,052
Notes payable	3,425,268	163,000	-	3,588,268
Lease liabilities - operating	3,290,906	-	-	3,290,906
Lease liabilities - financing	150,064	-	-	150,064
Due to governmental agencies	2,424,340	-	-	2,424,340
Client custodial funds	925,708	-	-	925,708
Unfunded pension obligation	1,573,608	-	-	1,573,608
Deferred compensation payable	371,998	-	-	371,998
Due to affiliate	-	807,438	-	807,438
Due to Ohel	-	4,730,846	(4,730,846)	-
Total liabilities	48,849,864	7,951,605	(4,730,846)	52,070,623
Net Assets (Deficit)				
Without donor restrictions				
Undesignated	28,776,571	(4,399,580)	-	24,376,991
Board-designated - investment for property	7,699,724	-	-	7,699,724
Total net assets without donor restrictions	36,476,295	(4,399,580)	-	32,076,715
With donor restrictions	4,281,757	112,629	-	4,394,386
Total net assets (deficit)	40,758,052	(4,286,951)	-	36,471,101
Total liabilities and net assets	$ 89,607,916	$ 3,664,654	$ (4,730,846)	$ 88,541,724

Ohel Children’s Home and Family Services, Inc. and Affiliate

Consolidating Statement of Activities

Year Ended June 30, 2022

	Ohel Children's Home and Family Services		Camp Kaylie			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Intercompany Eliminations Without Donor Restrictions	Total
Revenues						
Program service fees	$ 57,372,406	$ -	$ 3,658,387	$ -	$ -	$ 61,030,793
Grants and contributions	23,154,985	2,383,781	1,291,838	92,629	-	26,923,233
Contributions of nonfinancial assets	-	-	352,285	-	-	352,285
Special events (less direct cost of $604,079)	1,985,617	-	-	-	-	1,985,617
Retreats and other income, net	1,978,587	(121,170)	452,078	-	(532,031)	1,777,464
Net assets released from restrictions	1,448,339	(1,448,339)	51,563	(51,563)	-	-
Total revenues	85,939,934	814,272	5,806,151	41,066	(532,031)	92,069,392
Expenses						
Program services	68,618,429	-	4,512,837	-	(249,996)	72,881,270
Supporting services						
Management and general	10,305,982	-	282,035	-	(282,035)	10,305,982
Fundraising	880,267	-	-	-	-	880,267
Total supporting services	11,186,249	-	282,035	-	(282,035)	11,186,249
Total expenses	79,804,678	-	4,794,872	-	(532,031)	84,067,519
Change in Net Assets Before Other Changes	6,135,256	814,272	1,011,279	41,066	-	8,001,873
Other Changes in Net Assets						
Adjustment to minimum pension benefit liability	(1,816,859)	-	-	-	-	(1,816,859)
Net periodic pension cost other than service costs	(195,344)	-	-	-	-	(195,344)
Change in Net Assets	4,123,053	814,272	1,011,279	41,066	-	5,989,670
Net Assets, Beginning of Year	32,353,242	3,467,485	(5,410,859)	71,563	-	30,481,431
Net Assets, End of Year	$ 36,476,295	$ 4,281,757	$ (4,399,580)	$ 112,629	$ -	$ 36,471,101

Ohel Children’s Home and Family Services, Inc. and Affiliate

Consolidating Statement of Functional Expenses

Year Ended June 30, 2022

	Ohel Program	Camp Kaylie Program	Ohel Fundraising	Ohel Management and General	Camp Kaylie Management and General	Intercompany Eliminations	Total
Personnel services	$ 44,159,303	$ 1,574,382	$ 391,214	$ 4,957,600	$ -	$ -	$ 51,082,499
Payroll taxes and benefits	6,660,382	216,811	65,577	891,373	-	-	7,834,143
Rent	3,529,881	204,586	39,936	455,949	-	(249,996)	3,980,356
Depreciation	3,192,985	160,952	-	40,275	-	-	3,394,212
Food	1,628,463	476,804	5,481	15,702	-	-	2,126,450
Client expense	1,154,076	597,111	594	969	-	-	1,752,750
Supplies	823,096	266,915	8,252	107,868	-	-	1,206,131
Repairs and maintenance	1,089,873	174,593	-	146,494	-	-	1,410,960
Insurance	738,321	118,912	-	684,611	-	-	1,541,844
Technology	579,709	26,574	18,148	579,201	-	-	1,203,632
Utilities	714,090	132,211	-	530,221	-	-	1,376,522
Office expense	824,268	129,519	135,379	49,582	-	-	1,138,748
Professional fees	1,688,986	49,156	31,697	672,187	-	-	2,442,026
Foster boarding fees	304,917	-	-	-	-	-	304,917
Equipment leasing	288,398	13,429	5,003	40,682	-	-	347,512
Communication	408,958	8,118	1,546	214,984	-	-	633,606
Interest	239,340	-	-	913,105	-	-	1,152,445
Advertising	226,559	76,030	118,951	182,036	-	-	603,576
Transportation	286,021	213,437	1,128	13,364	-	-	513,950
Other	80,803	73,297	4,698	5,123	-	-	163,921
Bad debt expense	-	-	52,663	-	-	-	52,663
Special events costs	-	-	604,079	-	-	-	604,079
Management fee	-	-	-	-	282,035	(282,035)	-
Total expenses	68,618,429	4,512,837	1,484,346	10,501,326	282,035	(532,031)	84,866,942
Less expenses deducted directly from revenues on the consolidated statements of activities							
Direct cost of special events	-	-	(604,079)	-	-	-	(604,079)
Net periodic pension costs other than service costs	-	-	-	(195,344)	-	-	(195,344)
Total expenses reported by function on the consolidated statements of activities	$ 68,618,429	$ 4,512,837	$ 880,267	$ 10,305,982	$ 282,035	$ (532,031)	$ 84,067,519

Ohel Children's Home and Family Services, Inc. and Affiliate

Independent Auditor's Report and Financial Statements

June 30, 2021 and 2020

BKD
CPAs & Advisors

Ohel Children's Home and Family Services, Inc. and Affiliate
June 30, 2021 and 2020

Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Ohel Children's Home and Family Services, Inc. and Affiliate
Brooklyn, New York

We have audited the accompanying consolidated financial statements of Ohel Children's Home and Family Services, Inc. and Affiliate (the Agency), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohel Children's Home and Family Services, Inc. and Affiliate as of June 30, 2021, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 2* to the financial statements, during the year ended June 30, 2021, Ohel Children's Home and Family Services, Inc. and Affiliate adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Prior Year Audited by Other Auditors

The 2020 financial statements, before they were revised for the matters discussed in *Note 1*, were audited by the other auditors and their report thereon, dated January 15, 2021, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

New York, New York
December 1, 2021

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 10,843,802	$ 6,274,441
Program receivables, net	7,247,742	7,370,828
Pledges receivable, net	2,926,829	3,439,019
Grants receivable	1,715,513	4,211,986
Other receivables	81,595	44,321
Investments	1,333,744	880,810
Prepaid expenses and other assets	1,231,301	1,160,489
Client custodial funds	1,292,716	593,031
Debt reserve funds	870,022	870,022
Right-of-use assets - operating	4,229,816	-
Property and equipment, net of accumulated depreciation	61,902,554	63,577,788
Total assets	$ 93,675,634	$ 88,422,735

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 4,306,256	$ 8,005,300
Accrued salaries, taxes and fringes	3,304,620	2,811,873
Compensated absences payable	1,521,452	1,257,757
Deferred revenue	3,741,576	2,596,560
Refundable advance	4,000,000	-
Bank lines of credit payable	8,750,000	9,750,000
Mortgages and bonds payable	21,599,439	19,954,146
Notes payable	4,536,530	10,735,928
Capital lease obligation payable	-	196,255
Lease liabilities - operating	4,229,816	-
Lease liabilities - financing	207,229	-
Due to governmental agencies	2,673,668	1,643,232
Client custodial funds	1,292,716	593,031
Unfunded pension obligation	325,747	2,075,841
Other liabilities	290,785	206,278
Due to affiliate	2,414,369	-
Total liabilities	63,194,203	59,826,201
Net Assets		
Without donor restrictions		
Undesignated	18,742,348	17,063,110
Board designated - investment for property	8,200,035	8,200,035
Total net assets without donor restrictions	26,942,383	25,263,145
With donor restrictions	3,539,048	3,333,389
Total net assets	30,481,431	28,596,534
Total liabilities and net assets	$ 93,675,634	$ 88,422,735

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Activities

Years Ended June 30, 2021 and 2020

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Revenues						
Program service fees	$ 55,460,106	$ -	$ 55,460,106	$ 56,650,871	$ -	$ 56,650,871
Contributions and operating grants	10,231,699	1,653,309	11,885,008	11,552,555	1,487,599	13,040,154
Special events (less direct cost of $409,310 and $329,341 for 2021 and 2020, respectively)	1,618,455	-	1,618,455	2,005,405	-	2,005,405
Rental and other income, net	1,465,100	-	1,465,100	934,322	-	934,322
Net assets released from restrictions	1,447,650	(1,447,650)	-	1,795,829	(1,795,829)	-
Total revenues	70,223,010	205,659	70,428,669	72,938,982	(308,230)	72,630,752
Expenses						
Program services						
Programs for the disabled	58,994,111	-	58,994,111	60,759,591	-	60,759,591
Supporting services						
Management and general	9,923,479	-	9,923,479	9,417,629	-	9,417,629
Fundraising	1,119,039	-	1,119,039	1,638,778	-	1,638,778
Total supporting services	11,042,518	-	11,042,518	11,056,407	-	11,056,407
Total expenses	70,036,629	-	70,036,629	71,815,998	-	71,815,998
Change in Net Assets Before Other Changes	186,381	205,659	392,040	1,122,984	(308,230)	814,754
Other changes in net assets						
Adjustment to minimum pension benefit liability	1,526,541	-	1,526,541	(373,418)	-	(373,418)
Net periodic pension cost other than service costs	(33,685)	-	(33,685)	25,395	-	25,395
Loss on disposition of Etta	-	-	-	(528,166)	-	(528,166)
Total other changes in net assets	1,492,856	-	1,492,856	(876,189)	-	(876,189)
Change in Net Assets	1,679,237	-	1,884,896	221,400	(308,230)	(61,435)
Net Assets, Beginning of Year	25,263,146	3,333,389	28,596,535	25,016,350	3,641,619	28,657,969
Net Assets, End of Year	$ 26,942,383	$ 3,539,048	$ 30,481,431	$ 25,237,750	$ 3,333,389	$ 28,596,534

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Functional Expenses

Years Ended June 30, 2021 and 2020

	2021				
	Program Services	Supporting Services			
	Programs for the Disabled	Management and General	Fundraising	Total	Total
Personnel services	$ 34,930,941	$ 4,227,117	$ 528,470	$ 4,755,587	$ 39,686,528
Payroll taxes and benefits	5,963,251	1,171,397	88,522	1,259,919	7,223,170
Rent	3,690,760	219,282	-	219,282	3,910,042
Depreciation	2,939,759	143,957	39,930	183,887	3,123,646
Food	1,755,030	8,567	4,424	12,991	1,768,021
Client expense	1,037,191	911	2,690	3,601	1,040,792
Supplies	913,803	213,098	3,030	216,128	1,129,931
Repairs and maintenance	1,168,604	111,074	-	111,074	1,279,678
Insurance	758,442	543,359	-	543,359	1,301,801
Technology	647,366	390,523	26,099	416,622	1,063,988
Utilities	618,828	198,662	-	198,662	817,490
Office expense	389,924	123,276	165,653	288,929	678,853
Facility assessment	440,145	-	-	-	440,145
Professional fees	1,629,740	470,500	17,939	488,439	2,118,179
Foster boarding fees	339,421	-	-	-	339,421
Equipment leasing	278,066	82,461	2,970	85,431	363,497
Communication	340,388	161,320	2,741	164,061	504,449
Interest	380,906	1,014,783	-	1,014,783	1,395,689
Advertising	163,003	166,926	208,277	375,203	538,206
Transportation	140,823	5,265	23	5,288	146,111
School expenses	196,886	-	-	-	196,886
Medical expenses	129,872	50,000	-	50,000	179,872
Other	140,962	144,667	28,271	172,938	313,900
Bad debt expense	-	510,019	-	510,019	510,019
Special events costs	-	-	409,310	409,310	409,310
Total expenses	58,994,111	9,957,164	1,528,349	11,485,513	70,479,624
Less expenses deducted directly from revenues on the consolidated statements of activities					
Direct cost of special events	-	-	(409,310)	(409,310)	(409,310)
Nonoperating component of net periodic pension cost	-	(33,685)	-	(33,685)	(33,685)
Total expenses reported by function on the consolidated statements of activities	$ 58,994,111	$ 9,923,479	$ 1,119,039	$ 11,042,518	$ 70,036,629

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Functional Expenses (Continued)

Years Ended June 30, 2021 and 2020

	2020				
	Program Services	Supporting Services			
	Programs for the Disabled	Management and General	Fundraising	Total	Total
Personnel services	$ 35,168,388	$ 3,992,369	$ 764,604	$ 4,756,973	$ 39,925,361
Payroll taxes and benefits	6,128,141	918,891	125,989	1,044,880	7,173,021
Rent	3,687,756	194,917	-	194,917	3,882,673
Depreciation	3,141,536	307,514	39,930	347,444	3,488,980
Food	2,014,575	23,526	6,153	29,679	2,044,254
Client expense	1,416,313	-	2,250	2,250	1,418,563
Supplies	1,242,541	206,458	12,440	218,898	1,461,439
Repairs and maintenance	1,068,756	131,264	-	131,264	1,200,020
Insurance	853,331	358,242	-	358,242	1,211,573
Technology	391,709	445,562	12,924	458,486	850,195
Utilities	683,518	210,043		210,043	893,561
Office expense	561,078	155,043	190,435	345,478	906,556
Facility assessment	435,300	-	-	-	435,300
Professional fees	1,534,321	589,178	37,904	627,082	2,161,403
Foster boarding fees	334,523	-	-	-	334,523
Equipment leasing	331,112	129,981	8,322	138,303	469,415
Communication	229,765	172,526	1,513	174,039	403,804
Interest	235,528	1,328,294	-	1,328,294	1,563,822
Advertising	200,653	99,172	338,400	437,572	638,225
Transportation	382,223	40,895	2,906	43,801	426,024
School expenses	172,660	-	-	-	172,660
Medical expenses	120,819	50,000	-	50,000	170,819
Other	425,045	38,359	33	38,392	463,437
Bad debt expense	-	-	94,975	94,975	94,975
Special events costs	-	-	329,341	329,341	329,341
Total expenses	60,759,591	9,392,234	1,968,119	11,360,353	72,119,944
Less expenses deducted directly from revenues on the consolidated statements of activities	-	-	(329,341)	(329,341)	(329,341)
Net periodic pension cost	-	25,395	-	25,395	25,395
Total expenses reported by function on the consolidated statements of activities	$ 60,759,591	$ 9,417,629	$ 1,638,778	$ 11,056,407	$ 71,815,998

See Notes to Consolidated Financial Statements

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Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	$ 1,884,896	$ (61,435)
Items not requiring (providing) operating cash flows		
Depreciation	3,123,646	3,488,980
Amortization of deferred financing cost	61,117	43,309
Loss on disposition of affiliate	-	528,166
Loss on abandonment of property and equipment	255,542	101,202
Pension related charges other than net periodic costs	(1,526,541)	373,418
Unrealized loss (gain) on investments	(174,731)	8,500
Bad debt expense	510,019	94,975
Contributions received restricted for acquisition of long-lived assets	(730,000)	-
Changes in		
Program receivable	(386,933)	(1,400,146)
Pledges receivable	512,190	630,065
Grants receivable	2,496,473	(815,232)
Other receivables	(37,274)	71,112
Prepaid expenses and other assets	(70,812)	420,766
Accounts payable and accrued expenses	(3,699,044)	1,032,043
Accrued salaries and fringes	492,747	312,927
Client custodial funds	699,685	144,000
Deferred revenue	1,145,016	(479,448)
Refundable advance	4,000,000	-
Compensated absences payable	263,695	92,235
Due to governmental agencies	1,030,436	157,933
Unfunded pension obligation	(223,553)	(57,035)
Other liabilities	84,507	-
Due to affiliate	2,414,369	-
		-
Net cash provided by operating activities	12,125,450	4,686,335
Investing Activities		
Property and equipment acquisitions	(1,621,828)	(1,212,495)
Purchases of investments	(311,124)	(131,218)
Sale of investments	32,922	-
Net cash used in investing activities	(1,900,030)	(1,343,713)

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Cash Flows (Continued)

June 30, 2021 and 2020

	2021	2020
Financing Activities		
Proceeds from contributions received restricted for acquisition of long-lived assets	$ 730,000	$ -
Closing costs	(139,823)	-
Proceeds from bank line of credit	12,000,000	-
Payments on line of credit	(13,000,000)	-
Proceeds from mortgage	3,135,500	175,000
Repayment of mortgages payable	(1,411,501)	(1,450,138)
Proceeds from notes payable	1,033,177	11,047,693
Repayment of notes payable	(7,232,575)	(13,176,405)
Repayment of capital lease obligation	(71,152)	(67,087)
Net cash used in financing activities	(4,956,374)	(3,470,937)
Net Change in Cash, Cash Equivalents and Restricted Cash	5,269,046	(128,315)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	6,867,472	6,995,787
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 12,136,518	$ 6,867,472
Cash, Cash Equivalents and Restricted Cash Consist of:		
Cash and cash equivalents	$ 10,843,802	$ 6,274,441
Client custodial funds	1,292,716	593,031
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 12,136,518	$ 6,867,472
Supplemental Cash Flows Information		
Cash paid during the year for interest	$ 1,333,527	$ 1,563,822
Capital lease obligation incurred for equipment	79,317	-
Right of use asset operating leases entered into during year	821,309	-

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The accompanying consolidated financial statements include the accounts of Ohel Children's Home and Family Services, Inc. (Ohel) and its member company; Camp Ohel, Inc. dba Camp Kaylie (Camp Kaylie), collectively, "the Agency".

Ohel is organized under the not-for-profit corporation law of the State of New York. Ohel was established to provide services for the care of destitute, abandoned, dependent, neglected and emotionally disturbed children and adults, and has been granted an exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

In the ensuing years, Ohel has significantly expanded and operated residential facilities to provide care and treatment for developmentally and physically disabled children and adults in the metropolitan New York area. In addition, Ohel operates other non-residential programs such as outpatient clinics, day programs, family support camp, specialized treatment services, and crisis intervention. Ohel receives its support predominantly from Medicaid, New York State and City governmental sources as well as from private contributions.

In March 2010, Ohel expanded its services when the Board of Directors approved the purchase of a camp site in the Sullivan County area of New York.

Camp Kaylie was incorporated July 16, 2008 as a New York not-for-profit corporation for the primary objective of developing and operating a fully integrated summer camp for children with and without developmental disabilities and has been granted an exemption from Federal income tax pursuant Section 501(c)(3) of the Internal Revenue Code. Ohel is the sole member of Camp Kaylie. Camp Kaylie also is utilized to provide respite opportunities to parents and family members with children who have disabilities. It is also available for rental to community groups.

Camp Ohel Realty Corporation (Realty) was incorporated July 24, 2008 as a New York not-for-profit corporation for the sole purpose of holding title to real property to be used exclusively to support the charitable and education purposes of its sole member, Camp Kaylie, and has been granted an exemption from Federal income tax pursuant to Section 501(c)(2) of the Internal Revenue Code. Realty has no operations during the fiscal years ended June 30, 2021 or 2020.

On September 18, 2012, Ohel, with the approval of each agency's respective Board of Directors, and the California Secretary of State, became the sole member of The Tikvah Etta and Lazear Israel Center for Developmentally Disabled, d/b/a Etta Israel Center (Etta). Etta is organized under Section 23701(d) of the California Revenue and Taxation Code and has been granted exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

The respective Boards of Ohel and Etta agreed to dissolve their affiliate relationship after seven years of a successful strategic collaboration. The separation was effective October 24, 2019, at which time Ohel was removed as the sole member of Etta. Ohel was reimbursed by Etta for the remaining amount of operational advances due to Ohel in the amount of $665,000.

Ohel provides:

Outpatient and residential services for children, adolescents and adults with developmental and psychiatric disabilities

Day habilitation services as well as comprehensive outpatient programs including respite, in home services and family support

Outpatient psychological and psychiatric evaluations and treatment for children, adults and families (treatment is also available for homebound individuals)

Psychiatric day programs in a beautiful environment for adults with mental illness to socialize, work, study, or have lunch with friends

In-home crisis assessment and referrals to individuals and families experiencing psychiatric, psychological or behavioral crisis

Foster care programs and caring for children and young adults with psychiatric and developmental disabilities

Day camps and overnight camps for children and young adults with psychiatric and developmental disabilities

The Mel & Phyliss Zachter OHEL Institute for Training provides dynamic trainings for the professional and lay communities featuring world-renowned experts. It offers cutting edge, problem-solving approaches to address a broad range of current mental health, education and social service concerns

Domestic Violence Program providing individualized counseling and support groups for women and children as well as temporary safe housing for victims for domestic violence and education to the community about this issue and the importance of providing options for women who are in abusive relationships

A program offering job preparations and placement for people with psychiatric and developmental disabilities

Confidential treatment by specially trained professionals for drug, alcohol, gambling and other addictions

Comprehensive preventative care services for families in need of crisis intervention and counseling

Camp Kaylie's programs are specifically designed to address the unique and special needs and barriers that children with disabilities routinely encounter in a mainstream environment. Camp Kaylie's programs and specially trained staff focus on addressing the physical, emotional and social skills, limitation and special needs of these children. The goals for Camp Kaylie are aimed at fostering skills development, self-confidence, socialization, independence, leadership and community responsibilities among children with disabilities.

A relatively unique but important aspect of Camp Kaylie's programs is the camper populate designed to include typically developing children (i.e., children without disabilities). The objective for integrating typically developing children with children with disabilities is aimed at enhancing the ability of children with disabilities to learn and develop skills and confidence in the least restrictive setting. Camp Kaylie's inclusion and integration concept will permit disabled and non-disabled siblings to attend camp together.

As a result of the spread of the COVID-19 pandemic, on June 12, 2020 the New York State Health Commissioner decided to prohibit overnight camps from operating. Therefore, Camp Kaylie suspended regular overnight camping in the months of July and August 2020. Camp Kaylie was able to run certain day programs for children with disabilities and their parents as well as other events to raise funds to help mitigate the loss of revenue created by the closure.

Intercompany Balances

The accounts of Camp Kaylie are included in the June 30, 2021 and 2020 consolidated financial statements of the Agency as of its fiscal year end of March 31, 2021 and 2020, respectively. Between March 31, 2021 and June 30, 2021 Camp Kaylie repaid amounts due to Ohel of approximately $2.4 Million currently shown as amounts due from affiliates. Additionally, Camp Kaylie received a loan in the amount of $406,620 pursuant to the Paycheck Protection Program (PPP). No other events occurred between March 31 and June 30, 2021 and 2020, respectively that materially affected the Agency's consolidated statements of financial position, consolidated statements of activities, or consolidated statements of cash flows.

Principles of Consolidation

The consolidated financial statements are prepared on the accrual basis. All material intercompany transactions and balances have been eliminated in the consolidation. The consolidated entity is referred to in these notes as "the Agency".

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, for endowment accounts are considered to be investments, and for non-endowment accounts are considered to be cash and cash equivalents. Uninvested cash and cash equivalents included in debt reserve funds are not considered to be cash. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market accounts.

At June 30, 2021, the Agency's cash accounts exceeded federally insured limits by approximately $11,000,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Agency has an unconditional right to receive. Interest is not accrued or recorded on outstanding receivables.

Allowance for Doubtful Accounts

The Agency determines whether an allowance for uncollectible accounts should be provided for accounts receivable. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Interest income is not accrued or recorded on receivables. As of June 30, 2021 and 2020, the Agency had an allowance for doubtful accounts $554,537 and $43,000, respectively.

Contract Assets

Contract assets are recorded when the Agency has a right to consideration in exchange for good or services that the Organization has transferred to the customer. The Agency records a contract asset for the prorated amount of fees for services provided to the customer, but payment is not yet due from the customer.

Investments

The Agency measures securities at fair value. The Agency invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, based on the markets' fluctuations and that such changes could materially affect the amounts reported in the financial statements.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Agency maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	25-30 years
Leasehold improvements	20 years
Furniture and fixtures	3-10 years

Long-Lived Asset Impairment

The Agency evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Client Custodial Funds

The Agency has signature authority over client custodial funds of approximately $1,300,000 and $600,000 at June 30, 2021 and 2020. These monies are available and used for authorized purchases of client personal needs.

Debt Reserve Funds

Debt reserve funds represent amounts held by a financial institution in the name of the Agency to pay the final payments on various bond obligations. Monies were deposited at the bond closing.

Compensated Absences Payable

Compensated absences payable represents amounts accrued for vacation pay. Vacation time that has not been used by an employee is paid out upon termination of employment.

Deferred Revenue

Revenue from fees for program services is deferred and recognized over the periods to which the fees relate.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The Agency records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method.

Leases

The Agency determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement 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, measured on a discounted basis. The Agency determines lease classification as operating or finance at the lease commencement date.

The Agency combines lease and nonlease components, such as taxes and other maintenance costs, in calculating the ROU assets and lease liabilities for its residential rentals.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Agency has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for future capital acquisitions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Program Service Fees Revenue

Program service fees revenue is recognized over the term of the contract as the Agency provides services to customers. Revenue is reported at the amount of consideration which the Agency expects to be entitled in exchange for providing program services. The Agency determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided to customers.

Contributions

Contributions are provided to the Agency either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Agency overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Financial Statements
June 30, 2021 and 2020

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Agency meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Agency is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Agency is subject to federal income tax on any unrelated business taxable income.

The Agency files tax returns in the U.S. federal jurisdiction.

Advertising Costs

Advertising costs are expensed when incurred.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on space utilization, time and effort, and other methods.

Revisions

Certain immaterial revisions have been made to the 2020 financial statements on the statement of financial position, statement of activities, statement of cash flows, and the footnote disclosures, as follows:

On the 2020 statement of financial position, assets and liabilities were both increased by $126,309 for the previous understatement of 457(b) plan assets and liabilities. Additionally, cash was reduced by $105,563 and investments were increased by $105,563 for amounts previously reported as cash that should have been reported as investments.

On the 2020 statement of activities, program service fees were reduced by $8,792,018 as amounts previously reported there should have been reported as contributions and operating grants or rental and other income, net. Contributions and operating grants were increased by $8,332,165 and rental and other income, net was increased by $459,853 as a result. This revision did not result in a change in total revenues.

On the statement of cash flows, client custodial funds were added to the ending balance of cash, cash equivalents, and restricted cash, beginning of year and end of year balances to conform with Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash* which was previously adopted by the Agency. In total, cash, cash equivalents, and restricted cash, beginning of year increased by $449,032 and cash, cash equivalents, and restricted cash, end of year increased by $487,468. Net cash provided by operating activities increased by $144,000 and net cash provided by investing activities decreased by $105,564.

The Disclosures About Fair Value of Assets and Liabilities note (*Note 6*) was revised to include the fair value of debt reserve funds held in investments. Additional adjustments were made to correct the total amount of investments in Level 1 and Level 2 of the hierarchy. In total, there was an increase in investments under Level 1 of the hierarchy of $136,125 and an increase in investments under Level 2 of the hierarchy of $546,391. There were also $105,563 of investments classified as cash outside of the hierarchy which were moved into the hierarchy. 457(b) plan assets were also previously excluded from the fair value of assets disclosures. They are now included as part of the Pension and Other Postretirement Benefit Plans note (*Note 13*). Finally, certain required disclosures which were previously excluded pertaining to recognition of revenue with customers and net assets released from restriction were added.

These revisions had no effect on total change in net assets.

Note 2: Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and an ROU asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e*., the comparatives under Accounting Standards Codification (ASC) 840 option.

The Agency adopted Topic 842 on July 1, 2020 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. The Agency elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Agency elected to keep short-term leases with an initial term of 12 months or less off the statements of financial position. The Agency did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2020.

The most significant impact of adoption was the recognition of operating lease ROU assets of $5,645,718 and operating lease liabilities of $5,645,718 at July 1, 2020, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The standard did not significantly affect the combined statements of activities or cash flows.

Note 3: Leases

Nature of Leases

The Agency entered into the following lease arrangements:

Finance Leases

These leases mainly consist of equipment and phone systems. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Agency leases various buildings and apartments under noncancelable operating leases. The leases terminate on various dates through 2029. The majority of the leases do not contain renewal options. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the year ended June 30, 2021 are:

Lease cost	
Finance lease cost	
Amortization of right of use asset - depreciation on finance leased assets	$ 328,484
Interest on lease liabilities	1,026
Operating lease cost	2,264,531
Short-term lease cost	1,161,872
Total lease cost	$ 3,755,913

Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 2,247,856
Operating cash flows from finance leases	95,631
Financing cash flows from finance leases	1,026
Right-of-use assets obtained in exchange for new operating lease liabilities	821,309
Right-of-use assets obtained in exchange for new finance lease liabilities	79,317
Weighted-average remaining lease term	
Operating leases	54.5 months
Finance Leases	26 months
Weighted-average discount rate	
Operating leases	0.41%
Finance leases	3.24%

Operating Leases

Future minimum lease payments and reconciliation to the statements of financial position at June 30, 2021 are as follows:

	Operating	Finance
2022	$ 1,742,212	$ 93,759
2023	788,616	54,682
2024	408,108	48,718
2025	375,163	-
2026	386,568	-
Thereafter	659,458	-
Total future undiscounted lease payments	4,360,125	197,159
Less interest	(130,309)	(9,698)
Lease liabilities	$ 4,229,816	$ 187,461

Rent and equipment expense for the year ended June 30, 2020 amounted to $4,603,000.

Capital Leases

As of June 30, 2020, the Agency had furniture and equipment capitalized pursuant to capital lease agreements amounting to $196,255 and accumulated depreciation of approximately $79,000.

Note 4: Revenue from Contracts with Government Agencies and Campers

Program Fees Revenue

The Agency receives funding from various government agencies, including the New York State Office for People with Developmental Disabilities (OPWDD) and the Office of Mental Health (OMH), to provide services to disabled individuals. The Agency operates residential, sheltered workshop, day habilitation, service coordination, family support, transportation and respite programs. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs), individuals and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, the Agency bills third-party payors after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Revenue from contracts with campers for summer camp fees is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing summer camp. These amounts are due from campers and others and includes variable consideration for financial aid and other discounts.

Revenue is recognized as performance obligations are satisfied, which is ratably over the summer. Generally, the Agency bills campers prior to the beginning of the summer.

Payment is due based upon a selected payment plan. Families must withdraw prior to May to receive any refund of summer camp payments but forfeit the enrollment deposit.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized based on actual charges as the services are provided. The Agency believes 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. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because 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 FASB ASC 606-10-50-14(a) 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

Significant Judgements

The Agency determines the transaction price based on standard charges for goods and services provided, discounts provided in accordance with the Agency's policy and implicit price concessions provided to customers. The Agency determines its estimates of explicit price concessions based on contractual agreements and its discount policies. The Agency determines its estimate of implicit price concessions based on its historical collection experience with each class of customers.

From time to time the Agency will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2021, and 2020, the Agency does not have any liability for refunds to third-party payors and customers recorded. As of June 30, 2021, and 2020, the Agency has a liability for amounts due to OPWDD and OMH of $2,673,668 and $1,643,232, respectively.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended June 30, 2021 and 2020, additional revenue of $187,770 and a reduction of revenue of $124,791, respectively, was 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 customer's ability to pay are recorded as bad debt expense.

The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

Payors (for example, customer, governmental programs and others) that have different reimbursement and payment methodologies

Geography of the service location

The Agency's line of business that provided the service

For the years ended June 30, 2021 and 2020, the Agency recognized revenue of $55,604,259 and $57,031,296, respectively, from goods and services that transfer to the customer over time and $64,450 and $0, respectively, from goods and services that transfer to the customer at a point in time.

Third-Party Payors

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

Medicaid: Reimbursements for Medicaid services are generally paid for each type of service provided.

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Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per established charges and prospectively determined daily rates. Certain of these rates are subject to final settlement as determined after submission of annual cost reports by the Agency.

Disaggregation of Revenue

The composition of revenue by program and primary payor, as well as revenue by reimbursement method for the years ended June 30, 2021 and 2020, are as follows:

	2021	2020
Residential services	$ 39,943,212	$ 38,192,128
Treatment centers	5,957,143	8,234,553
Day and employment programs	6,108,030	6,293,893
Other revenue	3,660,324	4,310,722
	$ 55,668,709	$ 57,031,296

Contract Balances

Contract assets primarily relate to the Agency's rights to consideration for services provided but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities represent the Agency's obligation to transfer goods or services to a customer when consideration has already been received from the customer and are presented as deferred revenue on the statement of financial position. There were no contract assets as of June 30, 2021 and 2020, or July 1, 2019.

Significant changes in contract liabilities during the period are as follows:

	2021	2020
Balance, beginning of year	$ 1,758,335	$ 1,676,389
Effects of		
Revenue recognized that was included in the contract liability balance at the beginning of the period	(65,274)	(1,676,389)
Increases due to cash received, excluding amounts recognized as revenue during the period	248,135	1,758,335
Balance, end of year	$ 1,941,196	$ 1,758,335

The following table provides information about the Agency's receivables from contracts with customers:

	2021	2020
Accounts receivable, beginning of year	$ 7,415,149	$ 6,889,845
Accounts receivable, end of year	7,329,337	7,415,149

Financing Component

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

Contract Costs

The Agency 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 Agency otherwise would have recognized is one year or less in duration.

Note 5: Grant Reimbursements Receivable and Future Commitments

The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Agency are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2021 and 2020, have been recorded as receivables. The following are the grant commitments that extend beyond June 30, 2021:

	Grant	Term	Grant Amount	Earned or Forfeited Through 2021	Funding Available
Federal government	Project Hope	09/2020 - 12/2021	$ 1,898,005	$ 163,350	$ 1,734,655
New York State	Various	07/2017 - 06/2025	23,828,620	12,098,159	11,730,461
New York City	Various	07/2018 - 03/2023	4,041,221	2,630,140	1,411,081
Private Foundations	UJA	07/2020 - 06/2022	1,579,404	864,458	714,946
			$ 31,347,250	$ 15,756,107	$ 15,591,143

During the years ended June 30, 2021 and 2020, the Agency recognized revenue related to these grants of $7,340,468 and $8,447,767, respectively.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). On April 10, 2021, the Agency received a loan in the amount of $4,000,000 pursuant to the PPP and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition.* Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA**)**, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. As of June 30, 2021, the Agency has not recognized any revenue from the PPP loan and the entire $4,000,000 PPP loan as the conditions have not yet been met.

Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020.

	2021			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities				
Emerging market	$ 26,577	$ 26,577	$ -	$ -
International equity	78,374	78,374	-	-
Growth equities	172,402	172,402	-	-
Value equities	182,396	182,396	-	-
Equities	43,578	43,578	-	-
Unmanaged equities	5,527	5,527	-	-
Total mutual funds - equities	508,854	508,854	-	-
Fixed Income				
U.S. Treasury	870,022	-	870,022	-
Intermediate duration	377,340	377,340	-	-
Bond inflation strategy	50,017	50,017	-	-
Total fixed income	1,297,379	427,357	870,022	-
Dynamic asset allocation overlays				
Overlay A - equity-oriented asset allocation	165,743	-	165,743	-
Overlay B - fixed income-oriented asset allocation	231,790	-	231,790	-
Total dynamic asset allocation overlays	397,533	-	397,533	-
Total investments	$ 2,203,766	$ 936,211	$ 1,267,555	$ -

	2020			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities				
Emerging market	$ 16,464	$ 16,464	$ -	$ -
International equity	50,117	50,117	-	-
Growth equities	116,663	116,663	-	-
Value equities	98,811	98,811	-	-
Equities	27,502	27,502	-	-
Total mutual funds - equities	309,557	309,557	-	-
Fixed Income				
U.S. Treasury	870,022	-	870,022	-
Intermediate duration	284,523	284,523	-	-
Bond inflation strategy	35,565	35,565	-	-
Total fixed income	1,190,110	320,088	870,022	-
Dynamic asset allocation overlays				
Overlay A - equity-oriented asset allocation	96,400	-	96,400	-
Overlay B - fixed income-oriented asset allocation	154,765	-	154,765	-
Total dynamic asset allocation overlays	251,165	-	251,165	-
Total investments	$ 1,750,832	$ 629,645	$ 1,121,187	$ -

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2021 and 2020, other than as noted in the revision in *Note 1*.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Agency does not carry investment within Level 3 of the hierarchy.

Debt reserve funds of $870,022 are included in the above table, but are recorded separately on the statements of financial position.

Note 7: Pledges Receivable

Pledges receivable consisted of the following as of June 30, 2021 and 2020:

	2021 With Donor Restrictions	2021 Without Donor Restrictions	2021 Total
Due in one year	$ 43,970	$ 1,916,342	$ 1,960,312
Due in two to five years	1,192,072	-	1,192,072
	1,236,042	1,916,342	3,152,384
Less allowance on pledges receivable	(167,603)	-	(167,603)
Less discount to present value	(57,952)	-	(57,952)
Total	$ 1,010,487	$ 1,916,342	$ 2,926,829

	2020 With Donor Restrictions	2020 Without Donor Restrictions	2020 Total
Due in one year	$ 197,613	$ 2,012,387	$ 2,210,000
Due in two to five years	1,591,009	-	1,591,009
	1,788,622	2,012,387	3,801,009
Less allowance on pledges receivable	(286,223)	-	(286,223)
Less discount to present value	(75,767)	-	(75,767)
Total	$ 1,426,632	$ 2,012,387	$ 3,439,019

The discount rate was 3 percent in 2021 and 2020.

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Note 8: Property and Equipment

Property and equipment at June 30, 2021 and 2020 consists of:

	2021	2020
Land	$ 6,602,904	$ 5,115,072
Buildings and improvements	74,039,567	73,413,588
Leasehold improvements	5,481,680	5,451,336
Furniture and fixtures	8,918,025	9,855,089
Construction-in-progress	262,967	751,610
	95,305,143	94,586,695
Less: accumulated depreciation	(33,402,589)	(31,008,907)
	$ 61,902,554	$ 63,577,788

Note 9: Estimated Liabilities Due to Governmental Agencies

Due to governmental agencies in the amount of approximately $2,675,000 and $1,645,000 at June 30, 2021 and 2020, respectively, consists of the following:

Amounts due to the Office of Mental Health (OMH) from excess Medicaid and contract revenue, and other items at June 30, 2021 and 2020 were approximately $1,025,000 and $761,000, respectively. OMH is being repaid via monthly withholds through the normal course of contract reconciliations for excess amounts paid to providers in current and prior years. The balance of approximately $655,000 and $461,000 at June 30, 2021 and 2020, respectively, represents advances and payments that will be repaid through the normal course of contract reconciliations.

At June 30, 2021 and 2020, amounts due to OPWDD of approximately $1,650,000 and $816,000, respectively consist of advances to fund program services, renovation, construction, and periodic maintenance. These amounts are repaid in the normal course of business through rate recoupment.

Note 10: Line of Credit

The Agency had a $6,000,000 revolving line of credit expiring in July 2021, which was subsequently extended until June 30, 2022. At June 30, 2021 and 2020 there was $6,000,000 borrowed against this line, respectively. The line is collateralized by substantially all of the Agency's assets. Interest was 5 percent at June 30, 2021 and 2020 and is payable monthly. The Agency paid back the $6,000,000 borrowed against this line on July 1, 2021.

The Agency had a second revolving line of credit of $3,750,000 expiring in July 2021. On June 30, 2021, the line was subsequently extended until July 15, 2022 and the maximum line was reduced to $2,750,000. At June 30, 2021 and 2020 there was $2,750,000 and $3,750,000 borrowed against this line, respectively. The line is collateralized by substantially all of the Agency's assets. Interest was 4.25 percent at June 30, 2021 and 2020 and is payable monthly.

Note 11: Mortgage and Bonds Payable

Unless otherwise specified, mortgage and bonds payable are secured by property and security interests in all fixtures, furnishing, and equipment. Mortgages and bonds payable consist of the following as of June 30:

	2021	2020
Mortgage payable - Dormitory Authority of the State of New York (DASNY) consists of annual installments of principal and semi-annual installments of interest at 1.5% to 4% through July 1, 2037.	$ 13,670,000	$ 14,290,000
Mortgage payable - Dormitory Authority of the State of New York (DASNY) consists of annual installments of principal and semi-annual installments of interest at 2% to 5% through July 2026	2,380,000	2,905,000
Mortgage payable - DASNY consists of semi-annual installments of $74,032 including interest at 5.23% through 2022.	196,068	315,256
Bank mortgages payable - consist of interest only payments prime plus 0.5%; but no less than 4.5% per annum with a balloon payment of June 30, 2022.	1,719,412	1,825,900
Bank mortgages payable - consists of monthly installments with fixed interest rate ranging from 4.875% to 8.5% through September 2024	1,020,225	1,061,050
Bank mortgages payable - consists of monthly installments with fixed interest rate 3.75% through July 2046	2,138,000	-
Mortgages payable to unrelated parties - 3.75% interest, unsecured, due on January 31, 2023	997,500	-
Subtotal	22,121,205	20,397,206
Less: Unamortized debt insurance costs	(381,943)	(443,060)
Less: Closing costs	(139,823)	-
Total mortgages and bonds payable	$ 21,599,439	$ 19,954,146

Management believes the Agency is in compliance with certain financial covenants imposed by the mortgage agreements.

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The annual maturities of mortgages and bonds payable for each of the next five years and thereafter are as follows:

Years Ending June 30,	
2022	$ 3,101,322
2023	3,313,876
2024	1,361,780
2025	1,374,261
2026	944,934
Thereafter	12,025,032
Total before unamortized debt issuance costs and closing costs	22,121,205
Less: Unamortized debt issuance costs	(381,943)
Less: Closing costs	(139,823)
	$ 21,599,439

The mortgages with FDC and DASNY effectively assign collateralize the revenue of the underlying property as well as the property and all equipment or improvement made and restrict the use of property.

Note 12: Notes and Loans Payable

Notes payable represent general operational loans and consist of the following as of June 30:

	2021	2020
Note payable - unrelated third party, unsecured, interest only payable semiannually at 6.5% with principal due, June 30, 2023.	$ 650,000	$ 650,000
Notes payable - unrelated third party, unsecured, interest only payable semiannually at 4.35% with principal due June 30, 2023.	500,000	500,000
Notes payable - bank construction loan secured by property and NYS OPWDD prior property approval to be converted into a mortgage upon completion of construction consists of interest payments only at 5.50% through September 1, 2017 with installment $3,716 beginning October 1, 2017, with the balance due January, 23, 2022, which will be converted into a mortgage.	-	306,875
Notes payable - unrelated third party, interest of 0.61% unsecured, payable in installments of $250,000 at September 30, 2020 and $300,000 at December 31, 2020.	-	550,000

	2021	2020
Notes payable to the Marty & Dorothy Silverman Foundation, at prime plus 3%, secured by a grant receivable from the New York City Design and Development Corporation ("NYCDDC") due upon receipt of funds from NYCDDC.	$ -	$ 1,425,610
Notes payable to the FJC, a foundation of philanthropic funds at prime plus 3%, secured by a grant receivable from NYCDDC due upon receipt of funds from NYCDDC	-	1,312,590
Loan payable to an unrelated third party, at prime (4.0% and 5.5% at June 30, 2021 and 2020, respectively), unsecured, payable by December 31, 2023.	2,183,530	2,147,853
Notes payable- bank acquisition loan consists of interest only payments due January 31, 2021 at prime plus 0.5% (4.5% and 6.0% at June 30, 2021 and 2020, respectively) with minimum interest of 4.25%, which is being converted to a long-term mortgage.	-	850,000
Loans payable to Lifetime Care Foundation Master Trust interest at prime (4.0% and 5.5% at June 30, 2021 and 2020, respectively) unsecured, due at Ohel's discretion	640,000	640,000
Margin loan secured by investment, interest at 3.75% and 4.75% at June 30, 2021 and 2020, respectively due on demand	400,000	400,000
Loans payable to related parties, 0% interest, unsecured, due July 31, 2021. *	-	1,350,000
Loans payable to related parties, 0% interest, unsecured, due on demand, due July 31, 2020. *	-	375,000
Loans payable to unrelated parties, 0% interest, unsecured, due on demand	163,000	228,000
Total notes payable	$ 4,536,530	$ 10,735,928

* These loans are payable to board members of Ohel

Management believes the Agency is in compliance with certain financial covenants imposed by the notes payable agreements.

The annual maturities of notes payable are as follows:

Years Ending June 30,	
2022	$ 563,000
2023	1,150,000
2024	2,183,530
Thereafter	640,000
Total	$ 4,536,530

Note 13: Pension and Other Postretirement Benefit Plans

Defined Benefit Plan

The Agency has a frozen noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Agency's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Agency may determine to be appropriate from time to time. The Agency expects to contribute $450,000 to the plan in 2022.

Prior to the June 30, 2007 fiscal year-end, the Board of Directors adopted a resolution to curtail benefit accruals as of December 31, 2007.

The Agency uses a June 30 measurement date for the plans. Information about the plan's funded status follows:

	2021	2020
Benefit obligation	$ (12,696,468)	$ (13,013,606)
Fair value of plan assets	12,370,721	10,937,765
Funded status	$ (325,747)	$ (2,075,841)

Amounts recognized in the change in net assets not yet recognized as components of net periodic benefits costs:

	2021	2020
Net gain (loss)	$ 1,526,541	$ (373,418)
Prior service cost	-	-
Transition obligation (asset)	-	-
	$ 1,526,541	$ (373,418)

Other significant balances and costs are:

	2021	2020
Employer contributions	$ 450,000	$ 66,000
Participant contributions	-	-
Benefits paid	1,183,331	985,735
Net periodic benefit costs	226,447	8,965

Significant assumptions include:

Weighted-average assumptions used to determine benefit obligations:

	2021	2020
Discount rate	3.00%	3.00%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine benefit costs:

	2021	2020
Discount rate	3.00%	3.75%
Expected return on plan	6.50%	7.00%
Rate of compensation increase	N/A	N/A

The components of net periodic benefit cost other than the service cost component were $33,685 and $(25,395) for the years ended June 30, 2021 and 2020, respectively, and are included in net periodic benefit cost in the consolidated statements of activities.

The Agency has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The long-term rate of return decreased one half of one percent to reflect a more conservative estimate of future investment results.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year Ending June 30	
2022	$ 4,404,000
2023	1,008,000
2024	1,765,000
2025	1,054,000
2026	1,248,000
2027-2031	5,138,000

Other changes in plan assets and benefit obligations recognized in change in net assets:

	2021	2020
Amounts arising during the period		
Settlement net loss	$ (155,156)	$ (244,661)

	2021	2020
Amounts reclassified as components of net periodic benefit cost during the period		
Net loss	$ (268,043)	$ (212,315)
Net prior service cost	-	-
Net transition (asset) obligation	-	-

No plan assets are expected to be returned to the Agency during fiscal 2022. The estimated net loss for the defined benefit pension plans that will be amortized into net periodic benefit cost over the next fiscal year is $42,134.

Pension Plan Assets

The following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There are no level 3 plan assets. Significant inputs and valuation techniques used in measuring Level 2 and Level 3 fair values include observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The fair values of the Agency's pension plan assets at June 30, 2021 and 2020, by asset class are as follows:

2021	Level 2
General interest accumulated account	$ 1,724,026
Pooled separate accounts	10,646,695
Total assets at fair value	$ 12,370,721

	2020
	Level 2
General interest accumulated account	$ 1,968,885
Pooled separate accounts	8,968,880
Total assets at fair value	$ 10,937,765

403(b) Plan

The Agency has established a voluntary tax deferred retirement savings plan available for their employees under Section 403(b) of the Internal Revenue Code. All employees of the Agency are eligible to participate and contribute a portion of their gross salaries up to the federal limit of $18,000 or $24,000 if aged 50 or older, annually. Contributions are determined at the discretion of the Board of Trustees and the Agency is not required to make an annual contribution. The Agency did not make any employer contributions in 2021 or 2020.

457(b) Plan

The Agency has a 457(b) plan for certain employees. There were no contributions from the Agency to the plan for the years ended June 30, 2021 and 2020. The assets of $295,809 in 2021 and $211,278 in 2020 has been recorded in prepaid expenses and other assets and the liabilities of $290,785 in 2021 and $206,278 in 2020 has been recorded in other liabilities.

The following table sets forth by level, within the fair value hierarchy, the retirement assets at fair value as of June 30, 2021 and 2020:

	2021 Quoted Prices in Active Markets for Identical Assets (Level 1)	2020 Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds - equities		
Mutual of America VIP equity index portfolio	$ 4,031	$ 8,641
Mutual of America VIP all America portfolio	-	2,789
Mutual of America VIP modification allocation portfolio	87,405	61,282
Mutual of America VIP mid-cap equity index portfolio	-	3,467
Mutual of America VIP small cap growth portfolio	43,243	28,176
Mutual of America VIP small cap value portfolio	29,823	18,492
DWS capital growth VIP portfolio	5,255	-
Invesco Oppenheimer V.I. main street portfolio	8,844	6,365
Vanguard VIF international portfolio	43,303	29,047
Fidelity VIP equity-income portfolio	57,380	40,772
Fidelity VIP contrafund portfolio	16,524	12,247
	$ 295,808	$ 211,278

Note 14: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose		
Equipment, construction and renovations	$ 558,064	$ 285,000
Scholarships and recreation	41,563	745,521
Covid related expenditures	-	230,000
Geriatric programs	137,548	305,716
Domestic Violence	3,280	103,180
Community awareness, education and support	145,669	115,669
Foster care	429,214	243,171
Residential	816,152	73,685
	2,131,490	2,101,942
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	469,000	456,200
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Robert and Roselin Vegh Preventive Care Program	34,535	16,289
Harry S. Gindea Memorial Fund	28,106	13,258
Mel and Phyliss Zachter Ohel Endowment Fund	394,028	264,009
	456,669	293,556
Subject to NFP endowment spending policy and appropriation		
Robert and Roselin Vegh Preventive Care Program	70,340	70,340
Harry S. Gindea Memorial Fund	57,251	57,251
Mel and Phyliss Zachter Ohel Endowment Fund	354,298	354,100
	481,889	481,691
	$ 3,539,048	$ 3,333,389

Ohel Children's Home and Family Services, Inc. and Affiliate
Notes to Financial Statements
June 30, 2021 and 2020

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Expiration of time restrictions	$ 169,200	$ -
Satisfaction of purpose restrictions		
Equipment, construction and renovations	285,000	-
Scholarships and recreation	267,690	182,576
Covid related expenditures	230,000	-
Geriatric programs	280,716	-
Domestic Violence	100,700	-
Community awareness, education and support	-	1,523,373
Foster care	74,588	89,880
Residential	39,756	-
	$ 1,447,650	$ 1,795,829

Note 15: Endowment

The Agency's governing body is subject to the State of New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, the Agency classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Agency and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Agency
7. Investment policies of the Agency

The Agency's endowment consists of three individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2021 and 2020, was:

	With Donor Restrictions 2021	With Donor Restrictions 2020
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 481,889	$ 481,691
Accumulated investment gains	456,669	293,556
Total endowment funds	$ 938,558	$ 775,247

Change in endowment net assets for the years ended June 30, 2021 and 2020 were:

	2021	2020
Endowment net assets, beginning of year	$ 775,247	$ 758,093
Contributions	198	-
Investment return, net	164,894	20,317
Appropriation of endowment assets for expenditure	(1,781)	(3,163)
Endowment net assets, end of year	$ 938,558	$ 775,247

Investment and Spending Policies

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Agency must hold in perpetuity.

The Agency has a spending policy of appropriating for expenditure each year up to 3 percent of its total endowment net assets over the course of the year. During fiscal years 2021 and 2020, the Agency appropriated $1,781 and $3,163 respectively, for operations.

Underwater Endowments

The governing body of the Agency has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Agency considers a fund to be underwater if the fair value of the fund is less than the sum of

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Agency has interpreted NYPMIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2021 and 2020, the Agency has no underwater funds.

Note 16: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, comprise the following:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 10,843,802	$ 6,274,441
Program receivables	7,247,742	7,370,828
Pledges receivable	2,926,829	3,439,019
Grants receivable	1,715,513	4,211,986
Investments	1,333,744	880,810
Other receivables	81,595	44,321
Financial assets available at year-end	24,149,225	22,221,405
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donor-time and/or purpose	(3,539,048)	(3,333,389)
Amount unavailable to management without Board's approval		
Board designated for capital acquisitions	(8,200,035)	(8,200,035)
Total financial assets available to management for general expenditures within one year	$ 12,410,142	$ 10,687,981

The Agency's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Agency has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. To achieve these targets, the Agency forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Note 17: Related Party Transactions

The Agency and the Lifetime Care Foundation for Jewish Disabled, Inc. (Lifetime) are related parties that are related due to overlapping board members and management but are not financially interrelated organizations. Lifetime prepaid expenses for services rendered by the Agency to Lifetime in the ordinary course of business, of approximately $745,000 and $1,235,000 at June 30, 2021 and 2020, respectively, is included in accounts payable and accrued expenses.

In addition, see *Note 12* for loans payable to board members.

Note 18: Significant Estimates and Concentrations

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Agency is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Agency. Events could occur that would change this estimate materially in the near term.

Pension and Other Postretirement Benefit Obligations

The Agency has a noncontributory defined benefit pension. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 19: Subsequent Events

Subsequent events have been evaluated through December 1, 2021, which is the date the financial statements were issued.

Subsequent to year-end, on July 7, 2021, the Agency received a grant spanning two years from the Substance Abuse and Mental Health Services Administration for approximately $4,000,000. The grant will be recognized into revenue as the funds are expended.

Supplementary Information

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Ohel Children's Home and Family Services, Inc. and Affiliate
Consolidating Statement of Financial Position
June 30, 2021

	Ohel Children's Home and Family Services	Camp Ohel	Intercompany Eliminations	Total
Assets				
Cash and cash equivalents	$ 9,025,190	$ 1,818,612	$ -	$ 10,843,802
Program receivables, net	7,219,226	28,516	-	7,247,742
Pledges receivable, net	2,893,779	33,050	-	2,926,829
Grants receivable	1,715,513	-	-	1,715,513
Other receivables	4,254,850	-	(4,173,255)	81,595
Investments	1,333,744	-	-	1,333,744
Prepaid expenses and other assets	1,153,418	77,883	-	1,231,301
Client custodial funds	1,292,716	-	-	1,292,716
Debt reserve funds	870,022	-	-	870,022
Right-of-use assets - operating	4,229,816	-	-	4,229,816
Property and equipment, net of accumulated depreciation	60,337,869	1,564,685	-	61,902,554
Total assets	$ 94,326,143	$ 3,522,746	$ (4,173,255)	$ 93,675,634

Ohel Children's Home and Family Services Inc. and Affiliate
Consolidating Statement of Financial Position (Continued)
June 30, 2021

	Ohel Children's Home and Family Services	Camp Ohel	Intercompany Eliminations	Total
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$ 4,191,990	$ 114,266	$ -	$ 4,306,256
Accrued salaries, taxes and fringes	3,248,664	55,956	-	3,304,620
Compensated absences payable	1,521,452	-	-	1,521,452
Deferred revenue	1,800,380	1,941,196	-	3,741,576
Refundable advance	4,000,000	-	-	4,000,000
Bank lines of credit payable	8,750,000	-	-	8,750,000
Mortgages and bonds payable	21,599,439	-	-	21,599,439
Notes payable	4,373,530	163,000	-	4,536,530
Lease liabilities - operating	4,229,816	-	-	4,229,816
Lease liabilities - financing	207,229	-	-	207,229
Due to governmental agencies	2,673,668	-	-	2,673,668
Client custodial funds	1,292,716	-	-	1,292,716
Unfunded pension obligation	325,747	-	-	325,747
Deferred compensation payable	290,785	-	-	290,785
Due to affiliate	-	2,414,369	-	2,414,369
Due to Ohel	-	4,173,255	(4,173,255)	-
Total liabilities	58,505,416	8,862,042	(4,173,255)	63,194,203
Net Assets (Deficit)				
Without donor restrictions				
Undesignated	24,153,207	(5,410,859)	-	18,742,348
Board designated - investment for property	8,200,035	-	-	8,200,035
Total net assets without donor restrictions	32,353,242	(5,410,859)	-	26,942,383
With donor restrictions	3,467,485	71,563	-	3,539,048
Total net assets (deficit)	35,820,727	(5,339,296)	-	30,481,431
Total liabilities and net assets	$ 94,326,143	$ 3,522,746	$ (4,173,255)	$ 93,675,634

Ohel Children's Home and Family Services Inc. and Affiliate
Consolidating Statement of Activities
Year Ended June 30, 2021

	Ohel Children's Home and Family Services		Camp Ohel		Intercompany Eliminations	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Total
Revenues						
Program service fees	$ 55,393,888	$ -	$ 66,218	$ -	$ -	$ 55,460,106
Grants and contributions	9,251,414	1,634,315	980,285	18,994	-	11,885,008
Special events (less direct cost of $409,310)	1,618,455	-	-	-	-	1,618,455
Rental and other income, net	1,309,418	-	483,089	-	(327,407)	1,465,100
Net assets released from restrictions	1,162,650	(1,162,650)	285,000	(285,000)	-	-
Total revenues	68,735,825	471,665	1,814,592	(266,006)	(327,407)	70,428,669
Expenses						
Program services						
Programs for the disabled	57,337,332	-	1,906,779	-	(250,000)	58,994,111
Supporting services						
Management and general	9,923,479	-	77,407	-	(77,407)	9,923,479
Fundraising	1,119,039	-	-	-	-	1,119,039
Total supporting services	11,042,518	-	77,407	-	(77,407)	11,042,518
Total expenses	68,379,850	-	1,984,186	-	(327,407)	70,036,629
Change in Net Assets Before Other Changes	355,975	471,665	(169,594)	(266,006)	-	392,040
Other Changes in Net Assets						
Adjustment to minimum pension benefit liability	1,526,541	-	-	-	-	1,526,541
Net periodic pension cost other than service costs	(33,685)	-	-	-	-	(33,685)
Change in Net Assets	1,848,831	471,665	(169,594)	(266,006)	-	1,884,896
Net Assets, Beginning of Year	30,504,411	2,995,820	(5,241,265)	337,569	-	28,596,535
Net Assets, End of Year	$ 32,353,242	$ 3,467,485	$ (5,410,859)	$ 71,563	$ -	$ 30,481,431

Ohel Children's Home and Family Services Inc. and Affiliate
Consolidating Statement of Functional Expenses
Year Ended June 30, 2021

	Ohel Program	Camp Ohel Program	Ohel Fundraising	Ohel Management and General	Camp Ohel Management and General	Intercompany Eliminations	Total
Personnel services	$ 34,159,239	$ 771,702	$ 528,470	$ 4,227,117	$ -	$ -	$ 39,686,528
Payroll taxes and benefits	5,796,730	166,521	88,522	1,171,397	-	-	7,223,170
Rent	3,684,990	255,770	-	219,282	-	(250,000)	3,910,042
Depreciation	2,831,015	108,744	39,930	143,957	-	-	3,123,646
Food	1,626,508	128,522	4,424	8,567	-	-	1,768,021
Client expense	1,037,191	-	2,690	911	-	-	1,040,792
Supplies	799,119	114,684	3,030	213,098	-	-	1,129,931
Repairs and maintenance	1,114,446	54,158	-	111,074	-	-	1,279,678
Insurance	698,109	60,333	-	543,359	-	-	1,301,801
Technology	635,542	11,824	26,099	390,523	-	-	1,063,988
Utilities	541,908	76,920	-	198,662	-	-	817,490
Office expense	348,680	41,244	165,653	123,276	-	-	678,853
Facility assessment	440,145	-	-	-	-	-	440,145
Professional fees	1,591,149	38,591	17,939	470,500	-	-	2,118,179
Foster boarding fees	339,421	-	-	-	-	-	339,421
Equipment leasing	264,105	13,961	2,970	82,461	-	-	363,497
Communication	332,476	7,912	2,741	161,320	-	-	504,449
Interest	380,906	-	-	1,014,783	-	-	1,395,689
Advertising	139,789	23,214	208,277	166,926	-	-	538,206
Transportation	128,089	12,734	23	5,265	-	-	146,111
School expenses	196,886	-	-	-	-	-	196,886
Medical expenses	129,872	-	-	50,000	-	-	179,872
Other	121,017	19,945	28,271	144,667	-	-	313,900
Bad debt expense	-	-	-	510,019	-	-	510,019
Special events costs	-	-	409,310	-	-	-	409,310
Management fee	-	-	-	-	77,407	(77,407)	-
Total expenses	57,337,332	1,906,779	1,528,349	9,957,164	77,407	(327,407)	70,479,624
Less expenses deducted directly from revenues on the consolkdated statements of activities							
Direct cost of special events	-	-	(409,310)		-	-	(409,310)
Nonoperating component of net periodic pension cost	-	-	-	(33,685)	-	-	(33,685)
Total expenses reported by function on the consolidated statements of activities	$ 57,337,332	$ 1,906,779	$ 1,119,039	$ 9,923,479	$ 77,407	$ (327,407)	$ 70,036,629

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information
June 30, 2020 and 2019

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Ohel Children's Home and Family Services, Inc. and Affiliate

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June 30, 2020 and 2019

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Mazars USA LLP
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Independent Auditors' Report

To the Board of Directors
Ohel Children's Home and Family Services, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Ohel Children's Home and Family Services, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ohel Children's Home and Family Services, Inc. and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mazars USA LLP

January 15, 2021

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 6,380,004	$ 6,546,756
Program receivables, net	7,370,828	5,970,682
Pledges receivable, net	3,439,019	4,164,059
Grants receivable	4,211,986	3,396,754
Other receivables	44,321	115,433
Investments	775,247	758,093
Investment in Etta	-	251,065
Prepaid expenses and other assets	1,034,180	1,454,946
Property and equipment, net of accumulated depreciation	63,577,788	66,232,576
Client custodial Funds	593,031	449,031
Debt reserve funds	870,022	870,022
Total assets	$ 88,296,426	$ 90,209,416
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 8,085,249	$ 7,053,206
Accrued salaries, taxes and fringes	2,811,873	2,498,946
Compensated absences payable	1,257,757	1,165,522
Deferred revenue	2,596,560	3,076,008
Bank lines of credit payable	9,750,000	9,750,000
Mortgages and bonds payable	19,954,146	21,185,975
Notes payable	10,735,928	12,864,639
Capital lease obligation payable	196,255	263,342
Due to governmental agencies	1,643,232	1,485,299
Client custodial funds	593,031	449,031
Unfunded pension obligation	2,075,861	1,759,478
Total liabilities	59,699,892	61,551,446
Net assets:		
Without donor restrictions		
Undesignated	17,063,110	16,816,316
Board designated - investment in property	8,200,035	8,200,035
	25,263,145	25,016,351
With donor restrictions	3,333,389	3,641,619
Total net assets	28,596,534	28,657,970
Total liabilities and net assets	$ 88,296,426	$ 90,209,416

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

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Program service fees	$ 65,442,889	$ -	$ 65,442,889
Contributions and operating grants	3,220,390	1,487,599	4,707,989
Special events (less direct cost of $329,341)	2,005,405	-	2,005,405
Rental and other income, net	474,469	-	474,469
Net assets released from restrictions	1,795,829	(1,795,829)	-
Total revenue	72,938,982	(308,230)	72,630,752
Expenses			
Operating expenses			
Program	60,759,591	-	60,759,591
Fundraising	1,638,778	-	1,638,778
General and administrative	9,392,234	-	9,392,234
Total operating expenses	71,790,603	-	71,790,603
Change in net assets before other items	1,148,379	(308,230)	840,149
Other items			
Pension related changes, other than net periodic costs	(373,418)	-	(373,418)
Loss on disposition of Etta	(528,166)	-	(528,166)
Total other items	(901,584)	-	(901,584)
Change in net assets	246,795	(308,230)	(61,435)
Net assets			
Beginning of year	25,016,350	3,641,619	28,657,969
End of year	$ 25,263,145	$ 3,333,389	$ 28,596,534

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

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Program service fees	$ 61,042,791	$ -	$ 61,042,791
Contributions and operating grants	3,750,282	1,900,768	5,651,050
Special events (less direct cost of $1,358,459)	1,346,853	-	1,346,853
Rental and other income, net	1,133,057	29,978	1,163,035
Net assets released from restrictions	1,092,379	(1,092,379)	-
Total revenue	68,365,362	838,367	69,203,729
Expenses			
Operating expenses			
Program	60,551,641	-	60,551,641
Fundraising	1,712,387	-	1,712,387
General and administrative	8,123,209	-	8,123,209
Total operating expenses	70,387,237	-	70,387,237
Change in net assets before other items	(2,021,875)	838,367	(1,183,508)
Other items			
Equity in earnings of Etta	244,852	-	244,852
Pension related credits, other than net periodic costs	(640,014)	-	(640,014)
	(395,162)	-	(395,162)
Change in net assets	(2,417,037)	838,367	(1,578,670)
Net assets			
Beginning of year	27,433,388	2,803,252	30,236,640
End of year	$ 25,016,351	$ 3,641,619	$ 28,657,970

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

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020 (with Comparative Total for 2019)

	Program	Fundraising	General and Administrative	2020 Total	2019 Total
Personal services	$ 35,168,388	$ 764,604	$ 3,992,369	$ 39,925,361	$ 38,878,047
Payroll taxes and benefits	6,128,141	125,989	918,891	7,173,021	7,235,841
Rent	3,687,756	-	194,917	3,882,673	3,777,735
Depreciation	3,141,536	39,930	307,514	3,488,980	3,541,206
Food	2,014,575	6,153	23,526	2,044,254	1,920,381
Client expense	1,416,313	2,250	-	1,418,563	1,711,423
Supplies	1,242,541	12,440	206,458	1,461,439	772,133
Repairs and maintenance	1,068,756	-	131,264	1,200,020	1,075,706
Insurance	853,331	-	358,242	1,211,573	1,157,457
Technology	391,709	12,924	445,562	850,195	718,427
Utilities	683,518	-	210,043	893,561	888,793
Office expense	561,078	190,435	155,043	906,556	1,003,855
Facility assessment	435,300	-	-	435,300	493,131
Professional fees	1,534,321	37,904	589,178	2,161,403	1,961,283
Foster boarding fees	334,523	-	-	334,523	404,153
Equipment leasing	331,112	8,322	129,981	469,415	515,998
Communication	229,765	1,513	172,526	403,804	840,053
Interest	235,528	-	1,328,294	1,563,822	1,551,479
Advertising	200,653	338,400	99,172	638,225	596,695
Transportation	382,223	2,906	40,895	426,024	430,205
School expenses	172,660	-	-	172,660	317,794
Medical expenses	120,819	-	50,000	170,819	266,057
Other	425,045	33	38,359	463,437	255,000
Bad debt expense	-	94,975	-	94,975	74,385
Special events costs	-	329,341	-	329,341	856,404
Total expenses	60,759,591	1,968,119	9,392,234	72,119,944	71,243,641
Less expenses deducted directly from revenues on the statement of activities and changes in net assets	-	(329,341)	-	(329,341)	(856,404)
Total expenses reported by function on the statement of activities and changes in net assets	$ 60,759,591	$ 1,638,778	$ 9,392,234	$ 71,790,603	$ 70,387,237

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

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program	Fund Raising	General and Administrative	Total
Personal services	$ 34,529,866	$ 934,016	$ 3,414,165	$ 38,878,047
Payroll taxes and benefits	6,105,850	141,421	988,570	7,235,841
Rent	3,737,805	39,930	-	3,777,735
Depreciation	3,222,038	-	319,168	3,541,206
Food	1,880,829	10,364	29,188	1,920,381
Client expense	1,711,423	-	-	1,711,423
Supplies	699,242	96	72,795	772,133
Repairs and maintenance	904,999	-	170,707	1,075,706
Insurance	809,398	-	348,059	1,157,457
Technology	590,563	6,510	121,354	718,427
Utilities	714,126	-	174,667	888,793
Office expense	714,823	195,479	93,553	1,003,855
Facility assessment	493,131	-	-	493,131
Professional fees	1,351,722	55,398	554,163	1,961,283
Foster boarding fees	404,153	-	-	404,153
Equipment leasing	349,715	10,556	155,727	515,998
Communication	568,581	4,382	267,090	840,053
Interest	243,285	-	1,308,194	1,551,479
Advertising	340,393	233,731	22,571	596,695
Transportation	390,848	6,119	33,238	430,205
School expenses	317,794	-	-	317,794
Medical expenses	216,057	-	50,000	266,057
Other	255,000	-	-	255,000
Bad debt expense	-	74,385	-	74,385
Special events costs	-	856,404	-	856,404
Total expenses	60,551,641	2,568,791	8,123,209	71,243,641
Less expenses deducted directly from revenues on the statement of activities and changes in net assets	-	(856,404)	-	(856,404)
Total expenses reported by function on the statement of activities and changes in net assets	$ 60,551,641	$ 1,712,387	$ 8,123,209	$ 70,387,237

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

Ohel Children's Home and Family Services, Inc. and Affiliate

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

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (61,435)	$ (1,578,671)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,488,980	3,579,845
Amortization of deferred financing cost	43,309	43,309
Loss on disposition of affiliate	528,166	(244,852)
Loss on abandonment of property and equipment	101,202	-
Pension related charges other than net periodic costs	373,418	640,014
Unrealized loss (gain) on investments	8,500	(2,617)
Bad debt expense	94,975	74,385
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Program receivables	(1,400,146)	(2,279,277)
Pledges receivable	630,065	(506,489)
Grants receivable	(815,232)	2,127,739
Other receivables	71,112	60,449
Prepaid expenses and other assets	420,766	(182,404)
Accounts payable and accrued expenses	1,032,043	1,315,778
Accrued salaries and fringes	312,927	(93,706)
Deferred revenue	(479,448)	426,100
Compensated absences payable	92,235	(84,101)
Due to governmental agencies	157,933	(112,701)
Unfunded pension obligation	(57,035)	(162,077)
Net cash provided by operating activities	4,542,334	3,020,724
Cash flows from investing activities		
Property and equipment acquisitions	(1,212,495)	(2,710,516)
Purchase of new residence	-	(731,957)
Purchase of investments	(25,654)	(41,084)
Net cash used in investing activities	(1,238,149)	(3,483,557)
Cash flows from financing activities		
Proceeds from (payments of) bank line of credit - net	-	(1,000,000)
Proceeds from refinanced mortgage	175,000	760,000
Repayment of mortgages payable	(1,450,138)	(1,487,174)
Proceeds from notes payable	11,047,693	3,346,801
Repayment of notes payable	(13,176,405)	(1,929,332)
Repayments of capital lease obligation	(67,087)	(197,348)
Net cash used in financing activities	(3,470,937)	(507,053)
Net decrease in cash and cash equivalents	(166,751)	(969,885)
Cash and cash equivalents		
Beginning	6,546,755	7,516,640
Ending	$ 6,380,004	$ 6,546,755
Supplementary disclosure of cash flow information		
Cash paid during the year for interest, net of amount capitalized	$ 1,563,822	$ 1,490,362
Supplementary disclosure of non-cash investing and financing activities		
Capital expenditures funded by capital lease borrowings	$ -	$ 323,420

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

Ohel Children's Home and Family Services, Inc. and Affiliate

Notes to Consolidated Financial Statements
Years Ended June 30, 2020 and 2019

1. Organization and Purpose

The accompanying consolidated financial statements include the accounts of Ohel Children's Home and Family Services, Inc. ("Ohel"), and its member company; Camp Ohel, Inc. d.b.a. Camp Kaylie ("Camp Ohel" or "Camp Kaylie"), collectively, the "Agency".

Ohel is organized under the not-for-profit corporation law of the State of New York. Ohel was established to provide services for the care of destitute, abandoned, dependent, neglected and emotionally disturbed children and adults, and has been granted an exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

In the ensuing years, Ohel has significantly expanded and operated residential facilities to provide care and treatment for developmentally and physically disabled children and adults in the metropolitan New York area. In addition, Ohel operates other non-residential programs such as outpatient clinics, day programs, family support camp, specialized treatment services, and crisis intervention. Ohel receives its support predominantly from Federal, New York State and City governmental sources as well as from private contributions.

In March 2010, Ohel expanded its services when the Board of Directors approved the purchase of a camp site in the Sullivan County area of New York.

Camp Ohel was incorporated July 16, 2008 as a New York not-for-profit corporation for the primary objective of developing and operating a fully integrated summer camp for children with and without developmental disabilities and has been granted an exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Ohel is the sole member of Camp Ohel. Camp Kaylie also is utilized to provide respite opportunities to parents and family members with children who have disabilities. It is also available for rental to community groups.

Camp Ohel Realty Corporation ("Realty") was incorporated July 24, 2008 as a New York not-for-profit corporation for the sole purpose of holding title to real property to be used exclusively to support the charitable and education purposes of its sole member, Camp Ohel, and has been granted an exemption from Federal income tax pursuant to Section 501(c)(2) of the Internal Revenue Code. Realty had no operations during the fiscal years ended June 30, 2020 and 2019.

On September 18, 2012, Ohel, with the approval of each agency's respective Board of Directors, and the California Secretary of State, became the sole member of The Tikvah Etta and Lazear Israel Center for Developmentally Disabled, d/b/a Etta Israel Center ("Etta"). Etta is organized under Section 23701(d) of the California Revenue and Taxation Code and has been granted exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

The respective Boards of Ohel and Etta agreed to dissolve their affiliate relationship after seven years of a successful strategic collaboration. The separation was effective October 24, 2019, at which time Ohel was removed as the sole member of Etta, (the "separation"). No monetary consideration was provided at the time of separation other than Etta reimbursing Ohel for the then remaining amount of operation advances due to Ohel in the amount of $665,000, which was reflected in prepaid expenses and other assets on the consolidated statements of financial position as of June 30, 2019.

For purposes of these consolidated financial statements, since Etta is a discontinued operation as of the separation date, Etta's assets, liabilities, revenues and expenses for the year ended June 30, 2020 have not been included in these consolidated financial statements and have been removed from the 2019 comparative financial statements as well.

Ohel provides:

- Outpatient and residential services for children, adolescents and adults with developmental and psychiatric disabilities;
- Day habilitation services as well as comprehensive outpatient programs including respite, in home services and family support;
- Outpatient psychological and psychiatric evaluations and treatment for children, adults and families (treatment is also available for homebound individuals);
- Psychiatric day programs in a beautiful environment for adults with mental illness to socialize, work, study or have lunch with friends;
- In-home crisis assessment and referrals to individuals and families experiencing psychiatric, psychological or behavioral crisis;
- Foster care programs and caring for children suffering from abuse or neglect by placing them with loving and caring certified foster families;
- Day camps and overnight camps for children and young adults with psychiatric and developmental disabilities;
- The Mel & Phyllis Zachter OHEL Institute for Training provides dynamic trainings for the professional and lay communities featuring world-renowned experts. It offers cutting edge, problem-solving approaches to address a broad range of current mental health, education and social service concerns;
- Domestic Violence Program providing individualized counseling and support groups for women and children as well as temporary safe housing for victims of domestic violence and education to the community about this issue and the importance of providing options for women who are in abusive relationships;
- A program offering job preparation and placement for people with psychiatric and developmental disabilities;
- Confidential treatment by specially trained professionals for drug, alcohol, gambling and other addictions;
- Comprehensive preventive care services for families in need of crisis intervention and counseling.

Camp Kaylie's programs are specifically designed to address the unique and special needs and barriers that children with disabilities routinely encounter in a mainstream environment. Camp Kaylie's programs and specially trained staff focus on addressing the physical, emotional and social skills, limitations and special needs of these children. The goals for Camp Kaylie are aimed at fostering skills development, self-confidence, socialization, independence, leadership and community responsibilities among children with disabilities.

A relatively unique but important aspect of Camp Kaylie's programs is the camper populate designed to include typically developing children (i.e., children without disabilities). The objective for integrating typically developing children with children with disabilities is aimed at enhancing the ability of children with disabilities to learn and develop skills and confidence in the least restrictive setting. Camp Kaylie's inclusion and integration concept will permit disabled and non-disabled siblings to attend camp together.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

Ohel's Board designated net assets represent funds designated for future capital acquisitions.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and / or purpose restrictions.

Ohel Children's Home and Family Services, Inc. and Affiliate

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Agency to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Intercompany Balances and Transactions

All significant intercompany balances and transactions have been eliminated in consolidation. The accounts of Camp Ohel are included in the June 30, 2020 and 2019 consolidated financial statements of the Agency as of its fiscal year end of March 31, 2020 and 2019, respectively. No events occurred between March 31 and June 30, 2020 and 2019, respectively that materially affected the Agency's consolidated statements of financial position, consolidated statements of activities and change in net assets or consolidated statements of cash flows.

Revenue

Program service fees represent the estimated net realizable amounts from third-party payors, clients and others for services rendered. Revenue is recognized as services are provided. Revenues derived under the third-party reimbursement programs are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment.

There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contract amounts and rate appeal results. Government funding source contracts may be subject to change during the course of a contract year. Additionally, contracts might be assigned to another government provider within a contract year. Some contracts provide for quarterly advances and upon finalization may require a repayment by the Agency or provide for a receivable from the funding source. Camp tuition received in advance of the summer sessions are recorded as deferred revenue.

Receivables are evaluated periodically for collectability. Changes in the estimated collectability of the receivables are recorded in the statement of activities in the period in which the estimate is revised.

Contributions and Grants / Receivable

Contributions and grants are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants received with specific donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulation time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. It is the Agency's policy to report as support without donor restriction, donor restricted contributions whose restrictions are met in the same reporting period.

Contributions receivable due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Management estimates an allowance for unredeemed promises by considering such factors as prior collection history with the donor, type of contribution and type of fund-raising event. If an amount previously reserved for is collected in a future period, it will be reversed against the allowance in the period it was collected.

Functional Allocation of Expenses

Expenses directly attributable to specific functions of the Agency are reported as an expense of those functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include maintenance, depreciation and amortization, communications, and office expense, which are allocated on the basis of office space utilization estimates, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

Depreciation

Property and equipment are capitalized by Ohel and Camp Ohel, provided their costs are $5,000 or more and their useful lives are two years or more. Maintenance and repairs are charged to expense as incurred.

No depreciation is recognized on construction-in-progress. Depreciation of buildings and improvements, leasehold improvements and furniture and fixtures are provided on the straight-line basis to recognize the cost of the respective assets over their estimated useful lives (or, in the case of leasehold improvements, the lease term, if shorter) are as follows:

Building and improvements	25-30 years
Leasehold improvements	20 years
Furniture and fixtures	3-10 years

Depreciation expense amounted to $3,488,980 and $3,579,845 for the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, depreciation expense included in the consolidated statements of functional expenses is $3,488,980 and $3,541,206, respectively; and $0 and $38,639, respectively is included in direct costs of special events and as an offset to rental and other income.

Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties
The Agency has various investments that are exposed to various risks, such as interest rate, market and credit risks. Due to the risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks or investment values in the near term could affect the amounts reported in the consolidated statements of financial position and consolidated statements of activities and changes in net assets.

Cash and Cash Equivalents
The Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At various times throughout the year ended June 30, 2020, the Agency maintained balances in excess of Federal Deposits Insurance Corporation ("FDIC") insured limits. Deposits in excess of FDIC insured limits maintained at one bank were approximately $6.2 million. The Agency believes it mitigates its risks by banking with major financial institutions. The Agency has not experienced any losses in such accounts.

Investments
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements.

Debt Reserve Funds
Debt reserve funds represent amounts held by a financial institution in the name of the Agency to pay the debt service on various bond obligations. Monies are deposited monthly with the trustee based on debt and interest amortization schedules. Principal and interest payments to bondholders are made by the trustee on a semi-annual basis. The reserve earns interest, which is used to offset the Agency's interest payment obligations under the mortgages.

Client Custodial Funds
The Agency has signature authority over client custodial funds of approximately $593,000 and $449,000 at June 30, 2020 and 2019, respectively. These monies are available and used for authorized purchases of client personal needs.

Compensated Absences Payable
Compensated absences payable represents amounts accrued for vacation pay. Vacation time that has not been used by an employee is paid out upon termination of employment.

Construction and Property Acquisition Grants
The Agency capitalizes costs of construction and property acquisitions as incurred and accrues income upon reimbursement by the grantor for amounts paid by the Agency.

Advertising
The Agency's policy is to expense advertising costs as incurred. Advertising expense included in program, fundraising and general and administrative expenses were approximately $638,000 and $597,000 for the years ended June 30, 2020 and 2019, respectively.

Debt Issuance Costs
Debt issuance costs are amortized on a straight-line method over the lives of the related mortgages. The amortization is removed as the obligations come due or are extinguished through refinancing. Debt issuance costs are reflected as deductions from the face of the debt (see Note 10 – Mortgages and Bonds Payable). Amortization of these costs is included with interest expense in the consolidated statement of functional expenses.

Accounting Pronouncements Adopted
The Agency has adopted Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Agency's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Agency recognizes revenue, and therefore no changes to previously issued financial statements were required on retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

For the year ended June 30, 2020, the Agency adopted ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." This standard clarifies the guidance on distinguishing between a restricted contribution and a conditional contribution and/or exchange transaction. Accordingly, based on the terms of the grant agreements, certain grants are considered conditional contributions and should not be recognized as revenue until the conditions are met. The most common condition being that funds must be expended (unexpended funds would have to be returned to the grantor). The Agency adopted the standard on a modified prospective basis in which all contracts not completed as of July 1, 2019 and entered into after adoption would be accounted for under the new standard. The adoption did not result in any change to the way the Agency recognizes revenues from contributions and grants.

Effective July 1, 2019, the Agency has adopted Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash". The guidance requires the statement of cash flows to present the change in cash and cash equivalents and amounts described as restricted cash. As a result, the Agency will no longer present transfers between those items on the statement of cash flows. Accordingly, restricted cash has been included with cash and cash equivalents when reconciling beginning of period and end of period totals on the consolidated statements of cash flows.

3. Liquidity and Availability

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 6,380,004	$ 6,546,756
Program receivables	7,370,828	5,970,682
Pledges receivable	3,439,019	4,164,059
Grants receivable	4,211,986	3,396,754
Investments	775,247	758,093
Other receivables	44,321	115,433
Financial assets available at year-end	22,221,405	20,951,777
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors - time and/or purpose	3,333,389	3,641,619
Amounts unavailable to management without Board's approval		
Board designated for capital acquisitions	8,200,035	8,200,035
Total financial assets available to management for general expenditures within one year	$ 10,687,981	$ 9,110,123

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due. In the event of unanticipated liquidity needs, the Agency could also draw upon the unused portion of its credit (see Note 9).

4. Program Receivables

At June 30, 2020 and 2019, program receivables amounted to approximately $7,400,000 and $6,000,000 (net of allowance for uncollectible amounts of approximately $43,000 and $40,000 at June 30, 2020 and 2019, respectively).

5. Pledges Receivable

Pledges receivable at June 30, 2020 are approximately $3,400,000 (net of allowance for uncollectible amounts and discount to present value with a 3% imputed interest rate of approximately $362,000); and $4,200,000 (net of allowance for uncollectible amounts and discount to present value with a 3% imputed interest rate of approximately $510,000) at June 30, 2019. Approximately $2.2 million is expected to be collected in less than one year and approximately $1.2 million is expected to be collected within one to five years.

6. Grants Receivable

At June 30, 2020 and 2019, grants receivable collectible in one year amounted to approximately $4,200,000 and $3,400,000, respectively. No allowance for doubtful accounts is required.

7. Investments

Authoritative guidance clarifies the definition of fair value, prescribes methods for measuring fair value, expands disclosure about the use of fair value measurements and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels. The following table presents the financial assets of the Agency that are measured at fair value on a recurring basis and are

categorized using the fair value hierarchy. The fair value hierarchy's three levels based on the reliability of the inputs used to determine fair value are as follows: Level 1 consisting of unadjusted quoted prices in active markets for identical assets; Level 2 consisting of significant other observable inputs; and Level 3 consisting of significant unobservable inputs. There are no Level 3 investments.

Investments consist of the following:

	Fair Value Measurements at June 30, 2020			
	Total	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities	$ 493,520	$ 493,520	$ -	$ -
U.S. Government and agency debt securities	281,727	-	281,727	-
	$ 775,247	$ 493,520	$ 281,727	$ -

	Fair Value Measurements at June 30, 2019			
	Total	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds - equities	$ 493,022	$ 493,022	$ -	$ -
U.S. Government and agency debt securities	265,071	-	265,071	-
	$ 758,093	$ 493,022	$ 265,071	$ -

8. Property and Equipment

Property and equipment consists of the following as of June 30:

	2020	2019
Land	$ 5,115,072	$ 5,115,072
Building and improvements	73,413,588	73,381,021
Leasehold improvements	5,451,336	5,621,192
Furniture and fixtures	9,855,089	9,839,019
Construction-in-progress	751,611	80,761
	94,586,695	94,037,065
Less: accumulated depreciation	31,008,907	27,804,489
	$ 63,577,788	$ 66,232,576

Construction-in-progress in the amount of approximately $596,000 at June 30, 2020, primarily represents a new residence that had not been placed in service and where ongoing renovations were in progress. This new residence was placed in service during October 2020.

9. Bank Lines of Credit Payable

The Agency had a bank revolving line of credit agreement expiring January 30, 2020, under the terms of which it may borrow up to $3,750,000 with interest at 0.5% above the Wall Street Journal prime rate (3.25% at June 30, 2020). The Agency extended the line of credit through January 31, 2021. The Agency had outstanding $3,750,000 of the line at June 30, 2020.

The Agency had a bank revolving line of credit agreement expiring January 30, 2020, under the terms of which it may borrow up to $6,000,000 with interest at 0.5% above the Wall Street Journal prime rate (3.25% at June 30, 2020). The line of credit was extended to January 31, 2021. The Agency had outstanding $6,000,000 of the line at June 30, 2020, which was then repaid on July 2, 2020.

Accordingly, outstanding bank lines of credit amounted to $9,750,000 and is recorded in the consolidated statement of financial position.

10. Mortgages and Bonds Payable

Unless otherwise specified, mortgages and bonds payable are secured by property and security interests in all fixtures, furnishings and equipment. Mortgages and bonds payable consist of the following as of June 30:

	2020	2019
Mortgage payable - Dormitory Authority of the State of New York ("DASNY") consists of annual installments of principal and semi-annual installments of interest at 1.5% to 4% through July 1, 2037. *	$ 14,290,000	$ 14,890,000
Mortgage payable - Dormitory Authority of the State of New York ("DASNY") consists of annual installments of principal and semi-annual installments of interest at 2% to 5% through July 2026.	2,905,000	3,415,000
Mortgage payable - DASNY consists of semi-annual installments of $74,032 including interest at 5.23% through 2022.	315,256	423,454
Bank mortgages payable – consists of interest only payments prime plus 0.5%; but no less than 4.5% per annum with a balloon payment on September 30, 2023.	1,825,900	1,933,000
Bank mortgages payable – consists of monthly installments with fixed interest rates ranging from 4.875% to 8.5% through September 2024.	1,061,050	1,028,699
Subtotal	20,397,206	21,690,153
Less: Unamortized debt issuance costs	(443,060)	(504,178)
Total mortgages and bonds payable	$ 19,954,146	$ 21,185,975

The Agency is in compliance with certain financial covenants imposed by the mortgage agreements.

The annual maturities of mortgages and bonds payable for each of the next five years and thereafter are as follows:

Years Ending June 30,	
2021	$ 1,476,944
2022	1,508,832
2023	2,990,631
2024	1,368,549
2025	1,378,887
Thereafter	11,673,363
Total before unamortized debt issuance costs	20,397,206
Less: Unamortized debt issuance costs	(443,060)
	$ 19,954,146

The mortgages with the FDC and DASNY effectively assign or collateralize the revenue of the underlying property as well as the property and all equipment or improvements made and restrict the use of property.

*The Agency participated in a DASNY tax-exempt underwriting on November 29, 2016 totaling $16,065,000 whereby it issued self-liquidating bonds in the amount of $15,770,000 maturing over a period of twenty years and $295,000 of self-liquidating bonds maturing over a period of two and one half years maturing July 1, 2020. Two mortgages totaling $8,600,000 were retired through this financing. The balance of the proceeds were used to finance the construction of the new regional center which was completed in 2018.

11. Notes Payable

Notes payable represent general operational loans.

Notes payable consist of the following as of June 30:

	2020	2019
Note payable – unrelated third party, unsecured, interest only payable semiannually at 6.5% with principal due June 30, 2023.	$ 650,000	$ 650,000
Note payable – unrelated third party, unsecured, interest only payable semiannually at 4.25% with principal due June 30, 2022.	500,000	500,000
Note payable – bank construction loan secured by property and NYS OPWDD prior property approval to be converted into a mortgage upon completion of construction consists of interest payments only at 5.50% through September 1, 2017, with installment $3,716 beginning October 1, 2017, with the balance due January 31, 2022, which will be converted into a mortgage.	306,875	337,439
Note payable – unrelated third party, interest of 0.61%, unsecured, payable in installments of $250,000 at September 30, 2020 and $300,000 at December 31, 2020	550,000	1,100,000
Notes payable to the Marty & Dorothy Silverman Foundation, at prime plus 3%., secured by a grant receivable from the New York City Design and Development Corporation ("NYCDDC") due upon receipt of funds from NYCDDC.	1,425,610	1,425,610
Notes payable to FJC, a foundation of philanthropic funds at prime plus 3%., secured by a grant receivable from NYCDDC due upon receipt of funds from NYCDDC.	1,312,590	1,312,590
Loan payable to an unrelated third party, at prime (5.5% and 5.0% at June 30, 2020 and 2019, respectively), unsecured, payable by December 31, 2022.	2,147,853	1,725,000
Note payable – bank acquisition loan consists of interest only payments due January 31, 2021 at prime plus 0.5% (6% and 5.5% at June 30, 2020 and 2019, respectively) with minimum interest of 4.5%, which is being converted to a long-term mortgage.	850,000	850,000
Loans payable to Lifetime Care Foundation interest at prime (5.5% and 5.0% at June 30, 2020 and 2019, respectively) unsecured, due June 30, 2022.	640,000	400,000
Margin loan secured by investments, interest at 4.75% no due date	400,000	400,000

Loans payable to related parties, 0% interest, unsecured, due on demand, due July 31, 2021. *	1,350,000	1,600,000
Loans payable to related parties, 0% interest, unsecured, due on demand, due July 31, 2020. *	375,000	1,500,000
Loans payable to related parties, 0% interest, unsecured, due on demand, due November 30, 2020. *	-	300,000
Loans payable to related parties, 0% interest, unsecured, due on demand, due November 30, 2020. *	-	250,000
Loans payable to related parties, 0% interest, unsecured, due on demand, due August 31, 2020. *	-	250,000
Loan payable to an unrelated third party, 0% interest, unsecured, No due date.	228,000	264,000
Total notes payable	$ 10,735,928	$ 12,864,639

* These loans are payable to board members of Ohel

The Agency is in compliance with certain financial covenants imposed by the notes payable agreements.

The annual maturities of notes payable are as follows:

Years Ending June 30,	
2021	$ 5,760,385
2022	1,436,593
2023	3,538,950
Total	$ 10,735,928

12. Capital Lease Obligations Payable

Furniture and equipment capitalized pursuant to capital lease agreements amounted to $196,255 and $263,342 at June 30, 2020 and 2019, respectively and accumulated depreciation of approximately $79,000 and $53,000 as of June 30, 2020 and 2019, respectively. The related future minimum annual lease payments at June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	$ 101,275
2022	57,397
2023	23,736
2024	13,847
Total payments	$ 196,255

The imputed interest rate necessary to reduce the net minimum lease payments to present value is considered immaterial.

13. Due to Governmental Agencies

Due to governmental agencies in the amount of approximately $1,643,000 and $1,485,000 at June 30, 2020 and 2019, respectively, consists of the following:

Amounts due to the Office of Mental Health ("OMH") from excess Medicaid and contract revenue at June 30, 2020 and 2019 were approximately $761,000 and $1,180,000, respectively. Approximately, $300,000 and $233,000 at June 30, 2020 and 2019, respectively, relates to an industry issue that is under review, yet and the Office of Mental Health which is being repaid via monthly withholds through the normal course of contract reconciliations for excess amounts paid to providers in current and prior years. The fiscal 2020 decrease of approximately $418,000 are amounts that OMH has determined is not a liability and has been recorded as revenue in fiscal year ended June 30, 2020. The balance of approximately $461,000 and $947,000 at June 30, 2020 and 2019, respectively, represents advances and payments that will be repaid through the normal course of contract reconciliations.

At June 30, 2020 and 2019, amounts due to OPWDD of approximately $816,000 and $305,000, respectively, consist of advances to fund program services, renovation, construction and periodic maintenance. These amounts are repaid in the normal course of business through rate recoupment.

14. Deferred Revenue

The Agency's deferred revenue at June 30, consists of the following:

	2020	2019
Camp tuitions received as deposits	$ 1,758,335	$ 1,676,389
Program advances	413,054	956,639
Bond premium	425,171	442,980
	$ 2,596,560	$ 3,076,008

15. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, are restricted for the following purposes or periods as follows:

	2020	2019
Donor restricted endowments subject to the Agency's spending policy and appropriation:		
Robert and Roselin Vegh Preventive Care Program	$ 86,629	$ 84,713
Harry S. Gindea Memorial Fund	70,509	68,948
Mel and Phyllis Zachter Ohel Endowment Fund	618,109	604,432
Total endowments subject to the Agency's spending policy and appropriation	775,247	758,093
Subject to expenditure for specific purpose or time:		
Equipment, construction and renovations	285,000	44,730
Scholarships and recreation	745,521	817,396
Time resticted	456,200	-
Covid related expenditures	230,000	-
Geriatric programs	305,716	-
Domestic violence	103,180	-
Community awareness, education and support	115,669	1,639,042
Foster care	243,171	333,051
Residential	73,685	49,307
Total subject to expenditure for specified purpose or time	2,558,142	2,883,526
Total net assets with donor restrictions	$ 3,333,389	$ 3,641,619

16. Endowment

The Agency's endowment includes a donor-restricted endowment fund which consists of three individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the donor-restricted endowment is classified as with donor restrictions (purpose restrictions) until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Agency
(7) Where appropriate and circumstances would otherwise allow alternatives to expending of the endowment fund, given due consideration for the effect that such alternatives may have on the Agency
(8) The investment policies of the Agency; and
(9) Generally, the Agency has determined that the earnings on the investments are available for programmatic spending.

Funds with Deficiencies
At times, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by the donors or by law (underwater endowments). Deficiencies generally result from unfavorable market fluctuations that occur after the investment of new restricted contributions and continued appropriations for certain programs deemed appropriate by the Agency. As of June 30, 2020 and 2019, there were no underwater endowments.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Endowment net assets, beginning of year	$ 758,093	$ 728,115
Investment return:		
Interest and dividend income	16,311	17,364
Capital gains	12,506	22,375
Unrealized (loss) gain	(8,500)	(6,714)
Appropriation of endowment assets for expenditure	(3,163)	(3,047)
Endowment net assets, end of year	$ 775,247	$ 758,093

17. Related Parties

The Lifetime Care Foundation for Jewish Disabled, Inc. ("Lifetime"), a related party, prepaid expenses for services rendered by Ohel to Lifetime Care in the ordinary course of business, of approximately $1,475,000 and $516,000 at June 30, 2020 and 2019, respectively, is included in accounts payable and accrued expenses. Ohel and Lifetime are related due to overlapping board members and management.

18. Commitments and Contingencies

Government Funding
Pursuant to the Agency's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Agency involving transactions relating to these contracts. The accompanying consolidated financial statements make no provisions for possible disallowance.

In addition, certain agreements provide that some property and equipment owned by the Agency must be utilized by the Agency to continue owning these assets.

Real Property and Equipment Leases
The Agency is obligated, pursuant to various operating lease agreements for future minimum annual real property and equipment lease payments for the years ending, as indicated below. Rent and equipment lease expense for the years ended June 30, 2020 and 2019 amounted to approximately $4,603,000 and $4,395,000, respectively.

Rent commitments for the next five years and thereafter are as follows:

Years Ending June 30,	Total	Real Property	Equipment
2021	$ 2,466,830	$ 2,282,056	$ 184,774
2022	1,496,728	1,321,166	175,562
2023	794,530	641,730	152,800
2024	292,324	268,746	23,578
2025	168,238	168,238	-
Thereafter	100,700	100,700	-
Total	$ 5,319,350	$ 4,782,636	$ 536,714

Litigation
The Agency is a party to various claims that arise in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse affect on the Agency's financial position or results of operations

19. Pension Plan

Ohel has a noncontributory defined benefit plan for all eligible employees. Benefits are based upon years of service and compensation. Prior to the June 30, 2007 fiscal year end, the Board of Directors adopted a resolution to curtail benefit accruals as of December 31, 2007.

A summary of Ohel's pension plan cost, employer contributions and benefits paid for the years ended June 30, are as follows:

	2020	2019
Net periodic pension costs	$ 8,965	$ (12,077)
Employer contributions	$ 66,000	$ 150,000
Benefits paid	$ 985,735	$ 1,429,694

The measurement of the net periodic pension cost for the years ended June 30, is based on the following assumptions:

	2020	2019
Weighted-average discount rate	3.75%	4.25%
Weighted-average expected long-term rate of return on plan assets	7.00%	7.00%

The measurement of the benefit obligation at June 30, is based on the following assumptions:

	2020	2019
Discount rate	3.00%	3.75%
Rate of compensation increase	N/A	N/A

The Expected Long-Term Rate of Return on Plan Assets assumption of 7.00% was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection Economic Assumptions for Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long-term historical return on the applicable asset classes.

An average inflation rate within the range equal to 3.50% was selected and added to the real rate of return range to arrive at a best estimate range of 6.52%-8.78%. A rate of 7.00% which is within the best estimate range was selected.

The funded status of Ohel's pension plan and the amounts reflected in the accompanying consolidated statement of financial position are as follows:

	2020	2019
Benefit obligation	$ 13,013,606	$ 13,263,354
Fair value of plan assets (primarily consisting of debt and equity securities)	10,937,745	11,503,876
Unfunded pension obligation	$ 2,075,861	$ 1,759,478
Projected benefit obligation	$ 13,013,606	$ 13,263,354

Benefit payments are expected to be paid as follows:

Years Ending June 30,	
2021	$ 3,906,000
2022	764,000
2023	620,000
2024	1,366,000
2025	678,000
2026-2030	3,768,000
	$ 11,102,000

Ohel's best estimate of their expected contribution to the plan for the year ending June 30, 2021 is $500,000.

The amounts represented on the line, pension related charges/credits other than net periodic costs within the statement of activities for the years ended June 30, 2020 and 2019 is comprised of assumption changes, actuarial losses and investment return adjustments. These amounts are not yet reflected in net periodic benefit cost.

The composition of Plan assets at June 30 is as follows:

	2020	2019
Equity	53.10%	52.70%
Fixed income	28.90%	47.30%
Cash and cash equivalents	18.00%	0.00%
	100.00%	100.00%

Pension plan assets are managed and invested by Mutual of America Capital Management Corporation. Contributions are invested predominantly in pooled investment funds, which offer the advantages of diversification and economics of scale. The investment guidelines allow for two asset classes, common stock and fixed income. The allowable range for each asset class is 40%-60%.

Ohel contributed $150,000 and $0 for the years ended June 30, 2020 and 2019, respectively, to the defined benefit plan

Fair Value Measurement
The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. Valuation techniques used to measure fair value are defined as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 – Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the assets or liabilities; and (d) 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019:

- General Interest Accumulation Account: Valued at fair market value.
- Pooled Separate Accounts: Valued at fair market value of the underlying assets which represent the pooled accounts.

Assets at fair value as of June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
General interest accumulated account	$ -	$ 1,968,885	$ -	$ 1,968,885
Pooled separate accounts	-	8,968,880	-	8,968,880
Totaled assets at fair value	$ -	$ 10,937,765	$ -	$ 10,937,765

Assets at fair value as of June 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
General interest accumulated account	$ -	$ 8	$ -	$ 8
Pooled separate accounts	-	11,503,868	-	11,503,868
Totaled assets at fair value	$ -	$ 11,503,876	$ -	$ 11,503,876

Voluntary Tax Deferred Retirement Savings
Ohel and Camp Ohel have established a voluntary tax deferred retirement savings plan available for their employees under Section 403(b) of the Internal Revenue Code. All employees of Ohel and Camp Ohel are eligible to participate and contribute a portion of their gross salaries up to the federal limit of $18,000 or $24,000 if aged 50 or older annually. Employer matching contributions are not provided for under this plan; however, eligible employees receive employer base contributions. There is no minimum age requirement to receive employer base contributions, however, employees must complete at least one year of service (a minimum of 1,000 hours of service in a twelve-month period) to receive employer base contributions under this plan. Once eligible, an employee remains eligible.

Ohel contributes 2% of salary for all eligible employees with less than fifteen years of service and 3% of salary for employees with fifteen years or more of service. The value of an individual's account attributable to employer contributions vests as follows:

- Less than two years of service 0%
- 2 years of service 20%
- 3 years of service 40%
- 4 years of service 60%
- 5 or more years of service 100%

Contributions to the plan were made by Ohel or Camp Ohel in the amount of approximately $0 for the year ended June 30, 2020 and $150,000 for the year ended June 30, 2019, respectively. Employer contributions were suspended for the period April 1, 2011 through December 31, 2013 and have been suspended for the fiscal years beginning July 1, 2015 through June 30, 2020.

20. Income Taxes

Ohel and Camp Ohel are organized under the not-for-profit corporation law of the State of New York, and both have been granted their respective exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Ohel and Camp Ohel are each current with respect to their Federal and State income tax filing requirements. Management is not aware of any issues or circumstances that would unfavorably impact the tax exempt status of either of the two entities. Management has determined that the Agency had no uncertain tax positions that would require financial statement recognition.

21. COVID-19

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") spread around the world, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. In response to the state-wide lockdown many programs transitioned to remote including telehealth and other safe modalities for service delivery. During these months there was a significant increase in COVID-19 related expenses to safely operate programs within the organization. Some of these expenses related to incentive and overtime pay to direct service providers as well as additional expenses for personal protective equipment and staffing agencies. Additional expenses were funded by the U.S. Department of Health and Human Service Provider Relief Fund as well as additional fundraising income. The Agency also reduced its expenses by cutting back its workforce through furloughs and layoffs. In addition, senior management took a 20%-25% reduction in pay for three months and the CEO taking a 50% reduction in pay for three months.

Management has budgeted COVID-19 expenses for the fiscal year ending June 30, 2021 but the potential impact on fiscal June 30, 2021 results cannot be determined at this time.

22. Subsequent Events

The Agency has evaluated subsequent events through January 15, 2021, the date the consolidated financial statements were available for issuance.

mazars

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Independent Auditors' Report on Supplementary Information

To the Board of Directors
Ohel Children's Home and Family Services, Inc. and Affiliate

We have audited the consolidated financial statements of Ohel Children's Home and Family Services, Inc. and Affiliate as of and for the year ended June 30, 2020, and have issued our report thereon dated January 15, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 through 30 are presented for the purposes of additional analysis and are 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 audit 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mazars USA LLP

January 15, 2021

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Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidating Statement of Financial Position
June 30, 2020

	Ohel	Camp Ohel	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 6,007,239	$ 372,765	-	$ 6,380,004
Program Receivables, net	7,319,899	50,929	-	7,370,828
Pledges Receivable, net	3,321,299	117,720	-	3,439,019
Grants Receivable	4,211,986	-	-	4,211,986
Other Receivables	44,321	-	-	44,321
Investments	775,247	-	-	775,247
Prepaid expenses and other assets	837,013	197,167	-	1,034,180
Property and equipment, net of accumulated depreciation	62,197,178	1,380,610	-	63,577,788
Client Custodial Funds	593,031	-	-	593,031
Debt Reserve Funds	870,022	-	-	870,022
Due from Camp Ohel	4,837,158	-	(4,837,158)	-
Total assets	$ 91,014,393	$ 2,119,191	$ (4,837,158)	$ 88,296,426
Liabilities and net assets				
Accounts payable and accrued expenses	$ 7,960,502	$ 315,029	$ (190,282)	$ 8,085,249
Accrued salaries, taxes and fringes	2,737,225	74,648	-	2,811,873
Compensated absences payable	1,257,757	-	-	1,257,757
Deferred revenue	838,225	1,758,335	-	2,596,560
Bank lines of credit payable	9,750,000	-		9,750,000
Mortgages and bonds payable	19,954,146	-	-	19,954,146
Notes Payable	10,507,928	228,000	-	10,735,928
Capital lease obligation payable	196,255	-	-	196,255
Due to governmental agencies	1,643,232	-	-	1,643,232
Client Custodial Funds	593,031	-	-	593,031
Unfunded pension obligation	2,075,861	-	-	2,075,861
Advances from Ohel	-	4,646,876	(4,646,876)	-
Total liabilities	57,514,162	7,022,888	(4,837,158)	59,699,892
Net assets				
Without donor restrictions				
Undesignated	22,304,376	(5,241,266)	-	17,063,110
Board designated	8,200,035	-	-	8,200,035
	30,504,411	(5,241,266)	-	25,263,145
With donor restrictions	2,995,820	337,569	-	3,333,389
Total net assets	33,500,231	(4,903,697)	-	28,596,534
Total liabilities and net assets	$ 91,014,393	$ 2,119,191	$ (4,837,158)	$ 88,296,426

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidating Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Ohel			Camp Ohel				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Consolidated
Revenue								
Program service fees	$ 62,267,425	$ -	$ 62,267,425	$ 3,175,464	$ -	$ 3,175,464	$ -	$ 65,442,889
Contributions and operating grants	2,496,660	1,150,030	3,646,690	723,730	337,569	1,061,299	-	4,707,989
Special events (less direct cost of $329,341)	2,005,405	-	2,005,405	-	-	-	-	2,005,405
Rental and other income, net	934,427	-	934,427	1,979	-	1,979	(461,937)	474,469
Net assets released from restrictions	1,751,099	(1,751,099)	-	44,730	(44,730)	-	-	-
Total revenue	69,455,016	(601,069)	68,853,947	3,945,903	292,839	4,238,742	(461,937)	72,630,752
Expenses								
Operating expenses								
Program	57,235,756	-	57,235,756	3,773,835	-	3,773,835	(250,000)	60,759,591
Fundraising	1,638,778	-	1,638,778	-	-	-	-	1,638,778
General and administrative	9,392,234	-	9,392,234	211,937	-	211,937	(211,937)	9,392,234
Total operating expenses	68,266,768	-	68,266,768	3,985,772	-	3,985,772	(461,937)	71,790,603
Change in net assets before other items	1,188,248	(601,069)	587,179	(39,869)	292,839	252,970	-	840,149
Other items								
Pension related changes, other than net periodic costs	(373,418)	-	(373,418)	-	-	-	-	(373,418)
Loss on disposition of Etta	(528,166)	-	(528,166)	-	-	-	-	(528,166)
	(901,584)	-	(901,584)	-	-	-	-	(901,584)
Change in net assets	286,664	(601,069)	(314,405)	(39,869)	292,839	252,970	-	(61,435)
Net assets								
Beginning of year	30,217,747	3,596,889	33,814,636	(5,201,397)	44,730	(5,156,667)	-	28,657,970
End of year	$ 30,504,411	$ 2,995,820	$ 33,500,231	$ (5,241,266)	$ 337,569	$ (4,903,697)	$ -	$ 28,596,535

Ohel Children's Home and Family Services, Inc. and Affiliate

Consolidating Statement of Functional Expenses
Year Ended June 30, 2020

	Ohel				Camp Ohel				
	Program	Fundraising	General and Administrative	Total	Program	General and Administrative	Total	Eliminations	Consolidated
Personal services	$ 33,701,158	$ 764,604	$ 3,992,369	$ 38,458,131	$ 1,467,230	$ -	$ 1,467,230	$ -	$ 39,925,361
Payroll taxes and benefits	5,867,701	125,989	918,891	6,912,581	260,440	-	260,440	-	7,173,021
Rent	3,682,620	-	194,917	3,877,537	255,136	-	255,136	(250,000)	3,882,673
Depreciation	3,028,765	39,930	307,514	3,376,209	112,771	-	112,771	-	3,488,980
Food	1,606,721	6,153	23,526	1,636,400	407,854	-	407,854	-	2,044,254
Client Expense	1,158,416	2,250	-	1,160,666	257,897	-	257,897	-	1,418,563
Supplies	1,077,279	12,440	206,458	1,296,177	165,262	-	165,262	-	1,461,439
Repairs and maintenance	921,247	-	131,264	1,052,511	147,509	-	147,509	-	1,200,020
Insurance	710,277	-	358,242	1,068,519	143,054	-	143,054	-	1,211,573
Technology	378,377	12,924	445,562	836,863	13,332	-	13,332	-	850,195
Utilities	574,919	-	210,043	784,962	108,599	-	108,599	-	893,561
Office expense	432,747	190,435	155,043	778,225	128,331	-	128,331	-	906,556
Facility assessment	435,300	-	-	435,300	-	-	-	-	435,300
Professional Fees	1,491,482	37,904	589,178	2,118,564	42,839	-	42,839	-	2,161,403
Foster boarding fees	334,523	-	-	334,523	-	-	-	-	334,523
Equipment leasing	322,478	8,322	129,981	460,781	8,634	-	8,634	-	469,415
Communication	218,477	1,513	172,526	392,516	11,288	-	11,288	-	403,804
Interest	235,528	-	1,328,294	1,563,822	-	-	-	-	1,563,822
Advertising	140,326	338,400	99,172	577,898	60,327	-	60,327	-	638,225
Transportation	198,891	2,906	40,895	242,692	183,332	-	183,332	-	426,024
School expenses	172,660	-	-	172,660	-	-	-	-	172,660
Medical expenses	120,819	-	50,000	170,819	-	-	-	-	170,819
Other	425,045	33	38,359	463,437	-	-	-	-	463,437
Management fee	-	-	-	-	-	211,937	211,937	(211,937)	-
Bad debt expense	-	94,975	-	94,975	-	-	-	-	94,975
Special events costs	-	329,341	-	329,341	-	-	-	-	329,341
Total expenses	57,235,756	1,968,119	9,392,234	68,596,109	3,773,835	211,937	3,985,772	(461,937)	72,119,944
Less expenses deducted directly from revenues on the statement of activities and changes in net assets	-	(329,341)	-	(329,341)	-	-	-	-	(329,341)
Total expenses reported by function on the statement of activities and changes in net assets	$ 57,235,756	$ 1,638,778	$ 9,392,234	$ 68,266,768	$ 3,773,835	$ 211,937	$ 3,985,772	$ (461,937)	$ 71,790,603

See Independent Auditors' Report on Supplementary Information.

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APPENDIX B-VII

YOUNG ADULT INSTITUTE, INC.

AUDITED FINANCIAL STATEMENTS

(FOR THE YEARS ENDED JUNE 30, 2022, JUNE 30, 2021 AND JUNE 30, 2020)

YAI AND AFFILIATES

YAI

Seeing beyond disability.

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION (Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2022 AND 2021

YAI AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2022 AND 2021

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MHM

Mayer Hoffman McCann CPAs
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
YAI and Affiliates

Opinion

We have audited the consolidated financial statements of Young Adult Institute, Inc. d/b/a YAI ("YAI") and its Affiliates: The Manhattan Star Academy ("MSA"), The International Academy of Hope ("IHOPE"), Premier HealthCare, Inc. ("PHC") and the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR") (YAI and its Affiliates are collectively referred to as the "Agency"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 financial position of the Agency as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on June 30, 2021 Consolidated Financial Statements

The consolidated financial statements of the Agency as of and for the year ended June 30, 2021, were audited by another auditor whose report dated December 1, 2021 expressed an unmodified opinion on those consolidated financial statements.

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 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, 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 audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information (shown on pages 18 and 19) as of and for the year ended June 30, 2022, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the change in net assets of the individual organizations 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 supplementary information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
December 1, 2022

YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 2D and 12)	$ 6,603,841	$ 8,203,532
Short-term investments (Notes 2E and 5)	24,634,612	32,938,526
Government receivables, net (Notes 2F and 4)	32,676,368	30,652,456
Tuition receivables, net (Note 2F)	28,094,533	29,416,935
Other receivables (Notes 2F and 2I)	4,685,119	5,975,241
Prepaid expenses and other assets	8,358,510	10,368,927
Property and equipment, net (Notes 2H, 6 and 7)	59,078,012	55,252,919
Right of use asset (Note 8)	126,252,787	131,970,964
Debt service reserve (Note 2N)	3,555,384	3,230,192
TOTAL ASSETS	$ 293,939,166	$ 308,009,692
LIABILITIES		
Accounts payable and accrued expenses	$ 13,260,357	$ 12,738,175
Accrued salary	11,634,680	14,633,130
Accrued vacation	3,708,557	6,650,834
Accrued pension (Note 13)	2,447,158	2,303,457
Other liabilities (Note 9D and 14)	14,869,129	14,462,751
Due to funding sources (Note 9B)	1,759,983	2,987,740
Refundable advances (Note 10)	11,663,448	6,539,204
Notes and mortgages payable (Notes 2N and 7)	71,233,426	72,174,686
Lease liability (Note 8)	131,781,894	136,650,458
TOTAL LIABILITIES	262,358,632	269,140,435
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2C)		
Net assets without donor restrictions		
Net invested in property and equipment	15,834,274	9,800,596
Available for operations	14,339,758	27,555,309
Total net assets without donor restrictions	30,174,032	37,355,905
Net assets with donor restrictions (Note 11)	1,406,502	1,513,352
TOTAL NET ASSETS	31,580,534	38,869,257
TOTAL LIABILITIES AND NET ASSETS	$ 293,939,166	$ 308,009,692

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
Operating Revenue and Support:						
Medicaid and service fees (Notes 2G, 2K and 14)	$ 188,585,401	$ -	$ 188,585,401	$ 160,791,359	$ -	$ 160,791,359
Government grants (Note 2G)	20,374,246	-	20,374,246	19,945,808	-	19,945,808
Medicare and client fees (Notes 2G and 14)	13,637,640	-	13,637,640	13,008,927	-	13,008,927
Tuition (Notes 2G and 14)	31,112,323	-	31,112,323	28,696,988	-	28,696,988
Other revenues (Note 2K)	4,067,026	-	4,067,026	4,027,686	-	4,027,686
Contributions (Note 2I)	1,710,656	412,263	2,122,919	2,607,396	384,759	2,992,155
Paycheck Protection Program (Note 10A)	6,539,204	-	6,539,204	7,686,850	-	7,686,850
Special events (net of direct costs of $49,912 and $22,999)	72,415	-	72,415	497,163	-	497,163
Investment activity (Note 5)	(1,570,081)	-	(1,570,081)	1,418,626	-	1,418,626
Net assets released from restrictions (Notes 2C)	519,113	(519,113)	-	365,748	(365,748)	-
Total Operating Revenue and Support	265,047,943	(106,850)	264,941,093	239,046,551	19,011	239,065,562
Operating Expenses:						
Program Services:						
Residential services	138,567,248	-	138,567,248	114,998,340	-	114,998,340
Day and community services	52,436,106	-	52,436,106	45,277,829	-	45,277,829
Clinical services	21,940,196	-	21,940,196	21,770,956	-	21,770,956
Educational services	22,610,991	-	22,610,991	21,599,768	-	21,599,768
Employment services	2,512,267	-	2,512,267	2,306,481	-	2,306,481
Total Program Services	238,066,808	-	238,066,808	205,953,374	-	205,953,374
Supporting Services:						
Management and general	31,362,389	-	31,362,389	28,531,778	-	28,531,778
Fundraising	1,168,730	-	1,168,730	836,392	-	836,392
Total Supporting Services	32,531,119	-	32,531,119	29,368,170	-	29,368,170
Total Operating Expenses	270,597,927	-	270,597,927	235,321,544	-	235,321,544
Change In Net Assets From Operations	(5,549,984)	(106,850)	(5,656,834)	3,725,007	19,011	3,744,018
Non-Operating Activities						
Other non-operating activities (Note 9D)	(1,631,889)	-	(1,631,889)	(4,170,422)	-	(4,170,422)
Total Non-Operating Activities	(1,631,889)	-	(1,631,889)	(4,170,422)	-	(4,170,422)
CHANGE IN NET ASSETS	(7,181,873)	(106,850)	(7,288,723)	(445,415)	19,011	(426,404)
Net Assets - Beginning of Year	37,355,905	1,513,352	38,869,257	37,801,320	1,494,341	39,295,661
NET ASSETS - END OF YEAR	$ 30,174,032	$ 1,406,502	$ 31,580,534	$ 37,355,905	$ 1,513,352	$ 38,869,257

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services						Supporting Services				
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022	Total 2021
Salaries	$ 89,594,977	$ 27,434,647	$ 11,251,552	$ 13,773,431	$ 1,896,610	$ 143,951,217	$ 11,414,922	$ 653,317	$ 12,068,239	$ 156,019,456	$ 131,838,133
Payroll taxes and benefits (Note 13)	20,463,952	6,322,044	2,348,013	2,969,961	436,582	32,540,552	3,353,594	158,621	3,512,215	36,052,767	34,926,544
Total Personnel Costs	110,058,929	33,756,691	13,599,565	16,743,392	2,333,192	176,491,769	14,768,516	811,938	15,580,454	192,072,223	166,764,677
Contracted services	2,542,690	305,778	1,972,232	475,561	10,800	5,307,061	1,469,761	12,700	1,482,461	6,789,522	5,219,934
Professional fees	124,040	79,588	10,525	155,921	1,405	371,479	2,483,805	3,010	2,486,815	2,858,294	2,647,403
Program supplies	3,399,002	2,295,447	538,787	260,969	2,808	6,497,013	112,613	353	112,966	6,609,979	5,575,027
Food	2,819,800	50,477	258	856	15	2,871,406	272	-	272	2,871,678	2,668,544
Transportation	1,828,902	6,288,040	51,841	1,901	51,352	8,222,036	96,475	1,472	97,947	8,319,983	5,510,565
Office and equipment expense	990,044	253,560	160,723	204,085	7,924	1,616,336	706,354	39,940	746,294	2,362,630	2,001,769
Staff development and expenses	359,069	190,516	79,130	168,534	4,772	802,021	464,202	978	465,180	1,267,201	699,464
Occupancy (Note 8)	3,503,537	5,566,789	1,876,989	3,040,999	47,390	14,035,704	3,079,091	-	3,079,091	17,114,795	17,920,528
Repairs and maintenance	2,638,874	1,118,126	1,080,153	796,259	1,379	5,634,791	2,122,444	-	2,122,444	7,757,235	4,175,965
Insurance	2,162,733	856,485	524,267	17,619	22,081	3,583,185	781,194	2,139	783,333	4,366,518	3,738,416
Utilities	1,708,093	484,512	90,247	316,242	3,875	2,602,969	92,619	25	92,644	2,695,613	2,487,120
Telephone	659,555	311,203	154,576	8,701	6,553	1,140,588	252,184	587	252,771	1,393,359	1,202,656
Information technology	996,394	552,104	925,739	60,674	17,095	2,552,006	2,154,576	4,809	2,159,385	4,711,391	4,292,949
Depreciation and amortization (Notes 2H and 6)	2,961,672	239,565	324,414	357,566	1,618	3,884,835	798,601	-	798,601	4,683,436	4,879,600
Interest	1,772,450	84,110	9,393	1,712	-	1,867,665	1,271,448	-	1,271,448	3,139,113	3,057,669
Bad debt	38,085	-	541,354	-	-	579,439	-	-	-	579,439	1,919,953
Miscellaneous	3,379	3,115	3	-	8	6,505	708,234	290,779	999,013	1,005,518	559,305
TOTAL EXPENSES	$ 138,567,248	$ 52,436,106	$ 21,940,196	$ 22,610,991	$ 2,512,267	$ 238,066,808	$ 31,362,389	$ 1,168,730	$ 32,531,119	$ 270,597,927	$ 235,321,544

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Supporting Services			
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021
Salaries	$ 70,835,209	$ 23,616,895	$ 11,125,873	$ 11,986,820	$ 1,684,283	$ 119,249,080	$ 12,063,700	$ 525,353	$ 12,589,053	$ 131,838,133
Payroll taxes and benefits (Note 13)	19,536,039	6,496,933	3,043,941	2,761,881	466,681	32,305,475	2,467,766	153,303	2,621,069	34,926,544
Total Personnel Costs	90,371,248	30,113,828	14,169,814	14,748,701	2,150,964	151,554,555	14,531,466	678,656	15,210,122	166,764,677
Contracted services	1,282,635	335,865	1,965,284	227,980	1,884	3,813,648	1,398,761	7,525	1,406,286	5,219,934
Professional fees	95,791	85,518	35,982	455,753	2,071	675,115	1,947,469	24,819	1,972,288	2,647,403
Program supplies	3,314,986	1,238,874	635,526	244,482	3,330	5,437,198	137,494	335	137,829	5,575,027
Food	2,620,087	46,662	-	1,780	-	2,668,529	15	-	15	2,668,544
Transportation	1,772,067	3,627,460	30,187	1,207	37,097	5,468,018	42,117	430	42,547	5,510,565
Office and equipment expense	1,086,814	188,478	138,118	219,172	7,462	1,640,044	324,606	37,119	361,725	2,001,769
Staff development and expenses	174,525	109,765	36,252	75,778	6,359	402,679	295,408	1,377	296,785	699,464
Occupancy (Note 8)	2,959,431	6,198,216	2,611,489	3,019,094	24,612	14,812,842	3,107,675	11	3,107,686	17,920,528
Repairs and maintenance	2,210,020	1,030,458	374,746	479,382	8,707	4,103,313	72,652	-	72,652	4,175,965
Insurance	1,743,110	613,883	230,908	-	28,929	2,616,830	1,121,586	-	1,121,586	3,738,416
Utilities	1,484,950	447,084	109,153	360,895	-	2,402,082	85,038	-	85,038	2,487,120
Telephone	564,374	260,198	96,186	11,092	8,029	939,879	262,360	417	262,777	1,202,656
Information technology	748,211	413,991	675,082	83,136	24,511	1,944,931	2,337,725	10,293	2,348,018	4,292,949
Depreciation and amortization (Notes 2H and 6)	2,752,860	377,285	463,517	323,204	901	3,917,767	961,833	-	961,833	4,879,600
Interest	1,718,112	105,062	10,138	6,985	-	1,840,297	1,217,372	-	1,217,372	3,057,669
Bad debt	98,126	84,241	188,563	1,340,998	1,625	1,713,553	206,400	-	206,400	1,919,953
Miscellaneous	993	961	11	129	-	2,094	481,801	75,410	557,211	559,305
TOTAL EXPENSES	$ 114,998,340	$ 45,277,829	$ 21,770,956	$ 21,599,768	$ 2,306,481	$ 205,953,374	$ 28,531,778	$ 836,392	$ 29,368,170	$ 235,321,544

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

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YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (7,288,723)	$ (426,404)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,683,436	4,879,600
Non-cash interest expense	190,677	405,191
Unrealized loss (gain) on short-term investments	2,074,398	(927,984)
Realized gain on short-term investments	(224,159)	(100,001)
Bad debt	579,439	1,919,953
Loss on disposal of property and equipment	180,771	10,884
Subtotal	195,839	5,761,239
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government receivables	(2,603,351)	4,928,590
Tuition receivables	1,322,402	(8,136,339)
Other receivables	1,290,122	3,514,612
Prepaid expenses and other assets	2,010,417	(228,569)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	522,182	(3,338,890)
Accrued salary	(2,998,450)	5,383,500
Accrued vacation	(2,942,277)	1,544,907
Accrued pension	143,701	847,668
Other liabilities	406,378	4,305,707
Due to funding sources	(1,227,757)	(1,804,086)
Refundable advances	5,124,244	6,539,204
Lease liability (ROU Asset)	849,613	1,533,067
Net Cash Provided by Operating Activities	2,093,063	20,850,610
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,689,300)	(8,212,600)
Purchases of short-term investments	(8,609,529)	(43,092,761)
Proceeds from sale of short-term investments	15,063,204	26,847,973
Decrease in debt service reserve	(325,192)	(359,612)
Net Cash Used in Investing Activities	(2,560,817)	(24,817,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes and mortgages	5,600,000	22,187,879
Principal repayments of notes and mortgages	(6,731,937)	(16,527,204)
Bond issuance cost	-	(862,976)
Net Cash (Used in) Provided by Financing Activities	(1,131,937)	4,797,699
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,599,691)	831,309
Cash and Cash Equivalents - Beginning of Year	8,203,532	7,372,223
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,603,841	$ 8,203,532
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 2,948,436	$ 2,652,478

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

YAI AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Young Adult Institute, Inc. d/b/a YAI ("YAI") is organized under the Not-for-Profit Corporation Law of New York State and was incorporated in 1964. YAI has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. YAI has an equivalent exemption at the state and local levels.

YAI serves people of all ages with intellectual and developmental disabilities in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. YAI's many programs and direct services benefit thousands of individuals and their families daily throughout the New York metropolitan area. YAI is funded primarily by Medicaid. YAI has over 300 programs and direct services that benefit over 21,000 individuals and their families daily throughout the New York metropolitan area and California.

YAI is part of a network of independent agencies, collectively known as the YAI Network. The network provides programs and support for people with intellectual and developmental disabilities throughout New York, New Jersey and California. YAI is the sole corporate member of these agencies which have been included in the consolidated financial statements (collectively, the "Agency"). Further descriptions follow:

- YAI is the sole corporate member of Premier Healthcare, Inc. ("PHC"). PHC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PHC has an equivalent exemption at the state and local levels. PHC is an outpatient diagnostic and treatment center offering health care services to the general public with a specialty in medical services for people with intellectual and developmental disabilities and their families in many sites throughout the New York City area. PHC is a quality health care practice providing outpatient clinic services which include: primary health, pediatrics, internal medicine, dentistry, nutrition, audiology, neurology, podiatry, psychiatry, physical therapy, occupational therapy, ophthalmology, speech pathology and psychology. PHC's primary source of revenue is patient service fees received from Medicaid, Medicare and other third-party payors.

- Effective July 1, 2019, YAI became the sole corporate member of The Manhattan Star Academy ("MSA"). MSA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSA offers a continuum of care for school-age children with a diverse range of diagnoses, including developmental delays, autism spectrum disorders and speech language disorders.

- Effective July 1, 2019, YAI became the sole corporate member of The International Academy of Hope ("IHOPE"). IHOPE is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. IHOPE provides educational and related services to children, adolescents, and young adults from ages 5 years to 21 years old, who have sustained acquired brain injuries or other brain-based disorders who cannot be served in their local school systems.

- YAI is the sole corporate member of the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR"), which was incorporated in 1998 under the Not-for-Profit Corporation Law of the Commonwealth of Puerto Rico. IIPD-PR has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has a similar exemption at the state and local levels. IIPD-PR's mission is to create employment opportunities for people with disabilities. By providing competitive employment opportunities for persons with disabilities, IIPD-PR demonstrated a commitment to independence, community inclusion and productivity for people with special needs. IIPD-PR had no programmatic operations during the fiscal years ended June 30, 2022 and 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates -*** The Agency's consolidated financial statements have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. ***Basis of Consolidation -*** The Agency's accompanying consolidated financial statements include the activities of: YAI; PHC; MSA; IHOPE; and IIPD-PR. YAI has consolidated these entities pursuant to U.S. GAAP due to its financial interest and control over them. All material intercompany transactions and balances have been eliminated upon consolidation.

C. ***Basis of Net Asset Presentation -*** The Agency maintains its net assets under the following two classes:

Without donor restrictions – represents resources available for support of the Agency's operations over which the Board of Trustees has discretionary control as well as investment in property, plant and equipment.

With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 restrictions.

D. ***Cash and Cash Equivalents -*** The Agency classifies cash equivalents as highly liquid financial instruments with maturities of three months or less when acquired, except for those short-term investments managed by investment managers as part of the Agency's investment strategies and the debt service reserve. Program participant funds included in cash and cash equivalents amounted to approximately $580,000 and $317,000 for the years ended June 30, 2022 and 2021, respectively. Such amounts are also included as a liability in the accompanying consolidated financial statements.

E. ***Short-term Investments and Fair Value Measurements -*** Short-term investments are carried at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. ***Allowance for Uncollectible Receivables -*** The Agency determines whether an allowance for uncollectible receivables should be provided for accounts receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, historical experience, and collections subsequent to year end. As of both June 30, 2022 and 2021, the Agency determined an allowance of approximately $2.8 million, for government receivables and approximately $1.5 million and $3.4 million, respectively, for tuition receivables was necessary. The Agency has not established an allowance for doubtful accounts for other receivables as of both June 30, 2022 and 2021.

G. ***Revenue Recognition -*** The Agency records Medicaid revenue based on established rates multiplied by the number of units of service provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. Tuition is derived from contracts with customers and recognized during the school year upon exchange of contracted services. To the extent amounts received exceed amounts spent, the Agency records a liability due to funding sources. Other revenue includes management programmatic services provided to other network agencies. Such revenue is recorded based on the support service agreement. Medicaid and tuition are accounted for under Accounting Standards Codification ("ASC") Topic 606. Government grants are accounted for under Accounting Standard Update ("ASU") 2018-08 and amounted to $20,374,246 and $19,945,808 for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021 the Agency received conditional grants and contracts from government agencies in the aggregate amount of approximately $12 million and $8 million, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome.

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by the Agency provided its cost is $5,000 or more and its useful life is greater than one year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ***Contributions -*** Unconditional contributions, including promises to give cash and other assets, are reported at their fair value on the date the contribution is received. The Agency reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limits their use. When a restriction expires, that is when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions are accounted for under ASU 2018-08. Conditional contributions pertaining to future years are disclosed when material.

J. ***Functional Expenses -*** The costs of providing program and supporting services of the Agency have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, expenses that are not directly charged to program and supporting services are allocated among program and supporting services. The expenses that are allocated include occupancy and maintenance, which are allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

K. ***Prior Period Revenue -*** There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to retroactive rate adjustments, funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in Medicaid revenue and tuition revenue for the years ended June 30, 2022 and 2021 is an increase of approximately $300,000 and $1 million, respectively, and $1.2 million and $0, respectively, of prior year revenues relating to such adjustments.

L. ***Deferred Rent -*** The Agency leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, the Agency records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position.

M. ***Bond Issuance Costs -*** Bond issuance costs consist of financing costs which are amortized over the life of the bond. The amortization is on the straight-line method which does not differ materially from the effective interest rate method.

N. ***Debt Service Reserve -*** Under the terms of the Dormitory Authority of the State of New York ("DASNY"), the Agency is required to deposit with the bond trustee an amount to be held in a debt service reserve fund, which will be utilized to satisfy the last payment required on the mortgage, or can be used prior to that point under the direction of DASNY to make any loan payments due by reason of default or other causes spelled out in the loan agreement. The debt service reserve is carried at market value in the accompanying consolidated statements of financial position.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements financial position date, include the following as of June 30:

	2022	2021
Cash and cash equivalents	$ 6,603,841	$ 8,203,532
Short-term investments	24,634,612	32,938,526
Government receivables, net	32,676,368	30,652,456
Tuition receivables, net	28,072,672	29,416,935
Other receivables	4,685,119	5,975,241
Total Financial Assets	96,672,612	107,186,690
Less: Other receivables due in more than one year	-	(2,100,000)
Less: Program participant funds	(579,986)	(316,770)
Less: Net assets with donor restrictions	(1,406,502)	(1,513,352)
	$ 94,686,124	$ 103,256,568

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

The Agency strives to maintain liquid financial assets sufficient to cover expenditures. Revenue from funders are expected to cover most expenses. Financial assets are available to fund any programs or supporting services with unanticipated shortfalls. In addition, as noted in Note 7, the Agency has multiple lines of credit totaling a maximum drawdown of $38 million.

NOTE 4 – GOVERNMENT RECEIVABLES

Government receivables consist of the following as of June 30:

	2022	2021
Due from Medicaid	$ 22,065,301	$ 21,246,002
Due from the State of New York	8,633,097	8,436,235
Due from the City of New York	845,690	605,094
Due from other sources	3,963,263	3,205,848
	35,507,351	33,493,179
Less: allowance for doubtful accounts	(2,830,983)	(2,840,723)
	$ 32,676,368	$ 30,652,456

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

Short-term investments consist of the following as of June 30:

	2022	2021
Money market funds	$ 9,287,342	$ 15,068,680
Mutual funds	6,512,751	4,594,956
Corporate securities	2,030,651	3,411,730
Government securities	6,045,310	8,951,292
Other securities	758,558	911,868
	$ 24,634,612	$ 32,938,526

Investment activity consists of the following for the years ended June 30:

	2022	2021
Interest	$ 280,158	$ 390,641
Realized gain	224,159	100,001
Unrealized (loss) gain	(2,074,398)	927,984
	$ (1,570,081)	$ 1,418,626

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Agency has no Level 3 investments.

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money markets and U.S. Treasury bills are valued using market prices in active markets (Level 1). Fair value of these investments is determined by management through the investment managers. Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Corporate bonds, U.S. Government bonds and multi-strategy investments are designated as Level 2 instruments and valuations are obtained from similar market or model derived valuations in which all significant inputs are observable or can be derived primarily from or corroborated with observable market data (credit risk/grade, maturities, etc.).

Financial assets carried at fair value as of June 30, 2022 are classified in the table as follows:

	Level 1	Level 2	Total
Short-term investments:			
Money market funds	$ 8,832,128	$ 455,214	$ 9,287,342
Mutual funds	6,512,751	-	6,512,751
Corporate securities	2,004,599	26,052	2,030,651
Government securities	5,806,076	239,234	6,045,310
Other securities	632,902	125,656	758,558
Total short-term investments	23,788,456	846,156	24,634,612
Debt Service Reserve Fund:			
U.S. Treasury bills	3,555,384	-	3,555,384
	$ 27,343,840	$ 846,156	$ 28,189,996

Financial assets carried at fair value as of June 30, 2021 are classified in the table as follows:

	Level 1	Level 2	Total
Short-term investments:			
Money market funds	$ 15,068,680	$ -	$ 15,068,680
Mutual funds	4,594,956	-	4,594,956
Corporate securities	-	3,411,730	3,411,730
Government securities	-	8,951,292	8,951,292
Other securities	-	911,868	911,868
Total short-term investments	19,663,636	13,274,890	32,938,526
Debt Service Reserve Fund:			
U.S. Treasury bills	3,230,192	-	3,230,192
	$ 22,893,828	$ 13,274,890	$ 36,168,718

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2022	2021	Estimated Useful Lives
Land	$ 13,089,251	$ 12,714,251	
Buildings and building improvements	76,110,127	73,741,940	15-25 years
Leasehold improvements	37,036,960	29,387,315	5-25 years
Furniture and equipment	23,141,591	22,116,888	3-10 years
Construction in progress	4,423,366	7,784,410	
	153,801,295	145,744,804	
Less: accumulated depreciation and amortization	(94,723,283)	(90,491,885)	
	$ 59,078,012	$ 55,252,919	

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to $4,714,063 and $4,879,600 for the years ended June 30, 2022 and 2021, respectively. During 2022, property and equipment no longer in use with a cost of $630,345 and accumulated depreciation of $449,574 were disposed of resulting in a loss of $180,771. Construction in progress consists of construction at new locations and various renovations with a combined additional estimated cost of completion of approximately $2.3 million and estimated completion dates during fiscal year 2023.

NOTE 7 – NOTES AND MORTGAGES PAYABLE

	2022	2021
A. YAI has entered into various loan agreements with the DASNY and NYC Build. The loans carry interest rates ranging from 1.57% to 4.52% per annum, payable in semi-annual installments and have maturity dates ranging from August 2018 through June 2045. The loans are collateralized by YAI's underlying real property.	$ 40,803,309	$ 39,780,187
B. YAI has available a $10 million line of credit with a bank for the acquisition and renovation of program sites. Upon receipt of New York State prior property approvals, the funds drawn down on this line of credit are subsequently converted into notes. As of both June 30, 2022 and 2021, there were seven notes executed. The notes bear an interest rate of prime resulting in a rate of 3.87% as of June 30, 2022 and 2021. The notes are collateralized by real property and mature in April 2024. The outstanding balance as of December 1, 2022 amounted to $6,446,929.	6,446,929	8,463,918
C. The Agency has available a $28 million working capital line of credit with a bank carrying an interest rate of prime which as of June 30, 2022 was 3.87%. The loan is collateralized by YAI's accounts receivable and matures in April 2024. The outstanding balance as of December 1, 2022 amounted to $27,970,000.	24,403,676	23,503,676
D. MSA had a construction loan payable to a bank with interest at a fixed rate of 3.05% per annum. The loan was paid in full during fiscal year 2022.	-	126,436
E. Notes Payable for various equipment purchases at interest rate ranging from 5% to 7% with maturity dates ranging from 2023 to 2025.	1,746,438	2,658,072
	73,400,352	74,532,289
Less: unamortized debt issuance costs	(2,166,926)	(2,357,603)
Notes and mortgages payable, net	$ 71,233,426	$ 72,174,686

Most of the loans have provisions for loan covenants. The Agency was in compliance with these covenants as of and during the year ended June 30, 2021, but is not in compliance as of and during the year ended June 30, 2022. The Agency has requested covenant waivers, which are pending approval as of December 1, 2022. For the years ended June 30, 2022, and 2021 the amortization of debt issuance costs was $190,677 and $405,191, respectively.

NOTE 7 – NOTES AND MORTGAGES PAYABLE (Continued)

Required future annual principal payments are payable as follows for the years ending June 30:

2023	$ 4,190,853
2024	33,878,148
2025	2,831,351
2026	1,650,000
2027	1,735,000
Thereafter	29,115,000
	$ 73,400,352

NOTE 8 – RIGHT OF USE ASSET AND LIABILITY

The Agency has operating lease agreements, and annual future minimum rentals payable for real and personal property principally under long-term operating leases expiring at varying dates through 2061 for facilities (which include payment of property taxes, insurance maintenance costs and rental payments) and for copying/printing equipment. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed

As of June 30, 2022 and 2021, the right-of-use ("ROU") asset had a balance of $126,252,787 and $131,970,964, respectively, and the lease liability totaled $131,781,894 and $136,650,458, respectively, as shown in the consolidated statements of financial position. The lease liabilities were calculated utilizing the Agency's incremental borrowing rate of 3.25% for leases in effect at the initial adoption date of July 1, 2020, and the Agency's incremental borrowing rate ranging from 3.25% to 4% on the effective date of each lease from July 1, 2021 through June 30, 2022. The weighted average of the remaining lease term is 219 months, and the weighted average discount rate is 3.3%. Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2022 and thereafter are as follows:

	Operating Leases
2022	$ 13,920,988
2023	11,945,559
2024	10,995,617
2025	8,199,888
2026	6,949,704
Thereafter	135,764,908
Total lease payments	187,776,664
Less: Present value discount	(55,994,770)
	$131,781,894

Rent expense amounted to the following for the years ended June 30:

	2022	2021
Real property	$ 15,300,456	$ 15,780,288
Vehicles and equipment	2,625,148	1,588,655

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. The Agency believes it has no uncertain tax positions as of June 30, 2022 and 2021 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

B. The Agency receives a significant portion of its revenue for services provided from third-party reimbursement through government agencies and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Agency, when appropriate, records an estimated liability to governmental agencies for any excess reimbursement over allowable costs and underspending of interim rates. As of June 30, 2022 and 2021, due to funding sources represents and overpayments from the 2012-2020 fiscal years for the Agency's programs. Such amounts are expected to be recouped by the funding sources.

C. The Agency is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of the Agency.

D. During the years ended June 30, 2022 and 2021, YAI recorded the liabilities for a Supplemental Pension Plan and Trust and Life Insurance Plan and Trust in excess of the assets of the plan for certain previous employees pursuant to a legal settlement. The obligation amounted to approximately $11 million and $10 million, respectively, and is included in other liabilities in the consolidated statements of financial position. The change in present value calculation of such liabilities (using discount rate of 5.5% and social security life expectancy table) are reported as other non-operating activities in the consolidated statement of activities.

NOTE 10 – REFUNDABLE ADVANCES

A. In April 2021, the Agency received total proceeds in the amount of $14.2 million under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period. The Agency intends to comply with all requirements of PPP forgiveness.

   In accounting for the terms of the PPP loan, the Agency is guided by ASC 958-605 as a conditional contribution. For the years ended June 30, 2022 and 2021, the Agency has incurred sufficient qualifying expenses and has met other conditions for forgiveness and accordingly recorded grant income of $6,539,204 and $7,686,850, respectively, in the accompanying consolidated statements of activities.

B. Refundable advances include funds that were received by the Agency under government grants and contracts for which the Agency has not yet met the grant conditions. Should these conditions not be met, these funds would then be due back to the governmental funding sources. As of June 30, 2022 and 2021, refundable advances amounted to approximately $11.7 million and $6.5 million in the accompanying consolidated statements of financial position.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

The Agency's net assets with donor restrictions subject to expenditure for the specified purpose of the passage of time consist of the following as of June 30:

	2022	2021
Grants and restricted funds	$ 1,396,502	$ 1,503,352
Fund held in perpetuity	10,000	10,000
	$ 1,406,502	$ 1,513,352

During the years ended June 30, 2022 and 2021, the Agency released net assets with donor restrictions of $519,113 and $365,748, respectively, by satisfying donor-imposed purpose and passage of time restrictions.

NOTE 12 – CONCENTRATION

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash and short-term investment accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash and short-term investment accounts are insured up to $250,000 per depositor, per insured institution. As of June 30, 2022, and 2021, there was approximately $7.4 million and $6.7 million, respectively, of cash and cash equivalents held by one bank respectively, that exceeded FDIC limits.

NOTE 13 – RETIREMENT PLAN

On January 1, 2019, the Agency adopted the YAI Network Affiliates 403(b) Plan. All common law employees are eligible to make salary reduction contributions into the plan. Employees who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year are eligible for employer matching contributions. The employer matching contribution will be equal to 50% of the first 6% of the employee compensation deferral made to the plan for periods on or after July 1, 2019, and for the years ended June 30, 2022 and 2021, amounted to approximately $1.7 million and $1.4 million, respectively. As of June 30, 2022 and 2021, the employer matching contribution liability was $2.4 million and $2.3 million, respectively.

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts - The Agency receives Medicaid revenue from contracts with the New York State Office for People with Developmental Disabilities (OPWDD) to provide support and services to individuals with developmental and learning disabilities, from infants through the elderly, in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from OPWDD, third-party payors (Medicare), individuals (Client Fees) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Service revenue is derived from contracts with customers.

Tuition revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. Service revenue from tuition is recognized after the services are performed or after the Agency has completed its portion of the contract. Tuition is recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided. As of June 30, 2022 and 2021, approximately $400,000 and $300,000, respectively, of deferred tuition is included in other liabilities in the consolidated statements of financial position.

Generally, the Agency bills OPWDD, third-party payors, tuition and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Performance Obligations - Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the OPWDD stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2022 and 2021. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided.

For the year ended June 30, 2022, program service fees consist of revenues for the following programs:

	Medicaid and service fees	Medicare and Client Fees	Tuition	Total
Residential services	$ 124,899,898	$ 8,888,171	$ -	$ 133,788,069
Day and community services	43,927,030	812,994	-	44,740,024
Clinical services	17,977,347	3,936,365	-	21,913,712
Educational services	-	-	31,112,323	31,112,323
Employment services	1,781,126	110	-	1,781,236
	$ 188,585,401	$ 13,637,640	$ 31,112,323	$ 233,335,364

For the year ended June 30, 2021, program service fees consist of revenues for the following programs:

	Medicaid and service fees	Medicare and Client Fees	Tuition	Total
Residential services	$ 103,420,445	$ 8,492,494	$ -	$ 111,912,939
Day and community services	37,247,026	530,290	-	37,777,316
Clinical services	18,509,015	3,985,580	-	22,494,595
Educational services	-	-	28,696,988	28,696,988
Employment services	1,614,873	563	-	1,615,436
	$ 160,791,359	$ 13,008,927	$ 28,696,988	$ 202,497,274

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through December 1, 2022, the date the consolidated financial statements were available to be issued.

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YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2022

	YAI	MSA	IHOPE	PHC	IIPD-PR	Consolidating Eliminations	Total 2022
ASSETS							
Cash and cash equivalents	$ 5,014,747	$ 378,122	$ 628,669	$ 582,303	$ -	$ -	$ 6,603,841
Short-term investments	24,634,612	-	-	-	-	-	24,634,612
Government receivables, net	30,692,579	-	-	1,983,789	-	-	32,676,368
Tuition receivables, net	-	14,312,547	13,781,986	-	-	-	28,094,533
Due from Network Agencies	7,746,347	-	-	-	-	(7,746,347)	-
Other receivables	3,839,877	92,055	35,800	717,387	-	-	4,685,119
Prepaid expenses and other assets	6,961,097	198,462	672,839	526,112	-	-	8,358,510
Property and equipment, net	54,700,523	1,119,138	2,419,347	839,004	-	-	59,078,012
Right of use asset	94,024,233	16,276,539	18,228	15,933,787	-	-	126,252,787
Debt service reserve	3,555,384	-	-	-	-	-	3,555,384
TOTAL ASSETS	$ 231,169,399	$ 32,376,863	$ 17,556,869	$ 20,582,382	$ -	$ (7,746,347)	$ 293,939,166
LIABILITIES							
Accounts payable and accrued expenses	$ 12,308,548	$ 269,916	$ 265,859	$ 416,034	$ -	$ -	$ 13,260,357
Accrued salary	9,857,241	579,456	558,890	639,093	-	-	11,634,680
Accrued vacation	3,074,007	178,092	157,667	298,791	-	-	3,708,557
Accrued pension	2,045,241	119,509	168,932	113,476	-	-	2,447,158
Other liabilities	14,183,627	664,364	5,850	15,288	-	-	14,869,129
Due to funding sources	1,759,325	658	-	-	-	-	1,759,983
Refundable advances	11,663,448	-	-	-	-	-	11,663,448
Notes and mortgages payable	62,159,633	3,000,000	3,450,000	2,623,793	-	-	71,233,426
Due to related party	-	4,049,124	103,187	9,434,100	603,524	(14,189,935)	-
Lease liability	97,138,641	17,913,694	18,228	16,711,331	-	-	131,781,894
TOTAL LIABILITIES	214,189,711	26,774,813	4,728,613	30,251,906	603,524	(14,189,935)	262,358,632
COMMITMENTS AND CONTINGENCIES							
NET ASSETS							
Net assets without donor restrictions							
Net invested in property and equipment	11,497,715	1,149,766	2,419,347	767,446	-	-	15,834,274
Available for operations	4,118,964	4,417,017	10,400,683	(10,436,970)	(603,524)	6,443,588	14,339,758
Total net assets without donor restrictions	15,616,679	5,566,783	12,820,030	(9,669,524)	(603,524)	6,443,588	30,174,032
Net assets with donor restrictions	1,363,009	35,267	8,226	-	-	-	1,406,502
TOTAL NET ASSETS	16,979,688	5,602,050	12,828,256	(9,669,524)	(603,524)	6,443,588	31,580,534
TOTAL LIABILITIES AND NET ASSETS	$ 231,169,399	$ 32,376,863	$ 17,556,869	$ 20,582,382	$ -	$ (7,746,347)	$ 293,939,166

See independent auditors' report.

YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	YAI			Manhattan Star Academy			International Academy of Hope			Premier Healthcare, Inc.		International Institute for People with Disabilities of Puerto Rico, Inc.			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total	Without Donor Restrictions	Total	Consolidating Eliminations	Without Donor Restrictions	With Donor Restrictions	Total 2022
Operating Revenue and Support:																	
Medicaid and service fees	$ 177,443,105	$ -	$ 177,443,105	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,142,296	$ 11,142,296	$ -	$ -	$ -	$ 188,585,401	$ -	$ 188,585,401
Government grants	19,243,641	-	19,243,641	-	-	-	-	-	-	1,130,605	1,130,605	-	-	-	20,374,246	-	20,374,246
Medicare and client fees	10,503,815	-	10,503,815	-	-	-	-	-	-	3,133,825	3,133,825	-	-	-	13,637,640	-	13,637,640
Tuition	-	-	-	14,834,256	-	14,834,256	16,278,067	-	16,278,067	-	-	-	-	-	31,112,323	-	31,112,323
Other revenues	6,962,782	-	6,962,782	1,018,261	-	1,018,261	83,459	-	83,459	89	89	-	-	(3,997,565)	4,067,026	-	4,067,026
Contributions	1,120,712	354,520	1,475,232	54,727	21,743	76,470	532,955	36,000	568,955	2,262	2,262	-	-	-	1,710,656	412,263	2,122,919
Paycheck Protection Program	4,224,117	-	4,224,117	581,232	-	581,232	770,945	-	770,945	962,910	962,910	-	-	-	6,539,204	-	6,539,204
Special events (net of direct costs of $49,912)	72,415	-	72,415	-	-	-	-	-	-	-	-	-	-	-	72,415	-	72,415
Investment activity	(1,570,081)	-	(1,570,081)	-	-	-	-	-	-	-	-	-	-	-	(1,570,081)	-	(1,570,081)
Net assets released from restrictions	439,023	(439,023)	-	3,750	(3,750)	-	76,340	(76,340)	-	-	-	-	-	-	519,113	(519,113)	-
Total Operating Revenue and Support	218,439,529	(84,503)	218,355,026	16,492,226	17,993	16,510,219	17,741,766	(40,340)	17,701,426	16,371,987	16,371,987	-	-	(3,997,565)	265,047,943	(106,850)	264,941,093
Operating Expenses:																	
Program Services:																	
Residential services	138,567,248	-	138,567,248	-	-	-	-	-	-	-	-	-	-	-	138,567,248	-	138,567,248
Day and community services	52,436,106	-	52,436,106	-	-	-	-	-	-	-	-	-	-	-	52,436,106	-	52,436,106
Clinical services	7,825,341	-	7,825,341	-	-	-	-	-	-	14,678,443	14,678,443	-	-	(563,588)	21,940,196	-	21,940,196
Educational services	-	-	-	11,553,562	-	11,553,562	11,057,429	-	11,057,429	-	-	-	-	-	22,610,991	-	22,610,991
Employment services	2,512,267	-	2,512,267	-	-	-	-	-	-	-	-	-	-	-	2,512,267	-	2,512,267
Total Program Services	201,340,962	-	201,340,962	11,553,562	-	11,553,562	11,057,429	-	11,057,429	14,678,443	14,678,443	-	-	(563,588)	238,066,808	-	238,066,808
Supporting Services:																	
Management and general	27,364,415	-	27,364,415	2,089,160	-	2,089,160	2,704,043	-	2,704,043	2,554,055	2,554,055	-	-	(3,349,284)	31,362,389	-	31,362,389
Fundraising	1,146,003	-	1,146,003	44,139	-	44,139	63,281	-	63,281	-	-	-	-	(84,693)	1,168,730	-	1,168,730
Total Supporting Services	28,510,418	-	28,510,418	2,133,299	-	2,133,299	2,767,324	-	2,767,324	2,554,055	2,554,055	-	-	(3,433,977)	32,531,119	-	32,531,119
Total Operating Expenses	229,851,380	-	229,851,380	13,686,861	-	13,686,861	13,824,753	-	13,824,753	17,232,498	17,232,498	-	-	(3,997,565)	270,597,927	-	270,597,927
Change In Net Assets From Operations	(11,411,851)	(84,503)	(11,496,354)	2,805,365	17,993	2,823,358	3,917,013	(40,340)	3,876,673	(860,511)	(860,511)	-	-	-	(5,549,984)	(106,850)	(5,656,834)
Non-Operating:																	
"Other non-operating activities"	(1,631,889)	-	(1,631,889)	-	-	-	-	-	-	-	-	-	-	-	(1,631,889)	-	(1,631,889)
Total Non-Operating Activities	(1,631,889)	-	(1,631,889)	-	-	-	-	-	-	-	-	-	-	-	(1,631,889)	-	(1,631,889)
CHANGE IN NET ASSETS	(13,043,740)	(84,503)	(13,128,243)	2,805,365	17,993	2,823,358	3,917,013	(40,340)	3,876,673	(860,511)	(860,511)	-	-	-	(7,181,873)	(106,850)	(7,288,723)
Net Assets - Beginning of year	28,660,419	1,447,512	30,107,931	2,761,418	17,274	2,778,692	8,903,017	48,566	8,951,583	(8,809,013)	(8,809,013)	(603,524)	(603,524)	6,443,588	37,355,905	1,513,352	38,869,257
NET ASSETS - END OF YEAR	$ 15,616,679	$ 1,363,009	$ 16,979,688	$ 5,566,783	$ 35,267	$ 5,602,050	$ 12,820,030	$ 8,226	$ 12,828,256	$ (9,669,524)	$ (9,669,524)	$ (603,524)	$ (603,524)	$ 6,443,588	$ 30,174,032	$ 1,406,502	$ 31,580,534

See independent auditors' report.

YAI AND AFFILIATES

YAI
Seeing beyond disability.

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2021 AND 2020

MARKS PANETH
ACCOUNTANTS & ADVISORS

YAI AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
YAI and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Young Adult Institute, Inc. d/b/a YAI ("YAI") and its Affiliates: The Manhattan Star Academy ("MSA"), The International Academy of Hope ("IHOPE"), Premier HealthCare, Inc. ("PHC") and the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR") (YAI and its Affiliates are collectively referred to as the "Agency"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Agency as of June 30, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 2O to the consolidated financial statements, during the year ended June 30, 2021, the Agency adopted Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules (shown on pages 18-19) are presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual affiliates, and are 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 audit 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
December 1, 2021

YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2D and 12)	$ 8,203,532	$ 7,372,223
Short-term investments (Notes 2E and 5)	32,938,526	15,665,753
Government receivables, net (Notes 2F and 4)	30,652,456	37,500,999
Tuition receivables, net (Note 2F)	29,416,935	21,280,596
Other receivables, net (Notes 2F and 2I)	5,975,241	9,489,853
Prepaid expenses and other assets	10,368,927	10,140,358
Property and equipment, net (Notes 2H, 6 and 7)	55,252,919	51,930,803
Lease right to use asset (Notes 2O and 8A)	131,970,964	-
Debt service reserve (Note 2N)	3,230,192	2,870,580
TOTAL ASSETS	$ 308,009,692	$ 156,251,165
LIABILITIES		
Accounts payable and accrued expenses	$ 12,738,175	$ 16,077,065
Accrued salary	14,633,130	9,249,630
Accrued vacation	6,650,834	5,105,927
Accrued pension (Note 13)	2,303,457	1,455,789
Other liabilities (Note 9D)	14,462,751	10,157,044
Due to funding sources (Note 9B)	2,987,740	4,791,826
Refundable advances (Note 10)	6,539,204	-
Notes and mortgages payable (Notes 2N and 7)	69,516,614	64,115,662
Capital lease obligations (Note 8B)	2,658,072	2,856,134
Lease liability (Notes 2O and 8A)	136,650,458	-
Deferred rent (Note 2L)	-	3,146,427
TOTAL LIABILITIES	269,140,435	116,955,504
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2C)		
Net assets without donor restrictions		
Net invested in property and equipment	9,800,596	13,218,664
Available for operations	27,555,309	24,582,656
Total without donor restrictions	37,355,905	37,801,320
Net assets with donor restrictions (Note 11)	1,513,352	1,494,341
TOTAL NET ASSETS	38,869,257	39,295,661
TOTAL LIABILITIES AND NET ASSETS	$ 308,009,692	$ 156,251,165

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

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YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020	Without Donor Restrictions	With Donor Restrictions
Operating Revenue and Support						
Medicaid (Notes 2G, 2K and 14)	$ 160,791,359	$ -	$ 160,791,359	$ 170,512,211	$ 170,512,211	$ -
Government grants (Note 2G)	19,945,808	-	19,945,808	21,728,121	21,728,121	-
Medicare and client fees (Notes 2G and 14)	13,008,927	-	13,008,927	13,076,964	13,076,964	-
Tuition (Notes 2G and 14)	28,696,988	-	28,696,988	26,858,428	26,858,428	-
Other revenues	4,027,686	-	4,027,686	4,782,482	4,782,482	-
Contributions (Note 2I)	2,607,396	384,759	2,992,155	2,624,802	1,610,785	1,014,017
Paycheck Protection Program (Note 10)	7,686,850	-	7,686,850	-	-	-
Special events (net of direct costs of $22,999 and $257,835)	497,163	-	497,163	231,903	150,123	81,780
Investment activity (Note 5)	1,418,626	-	1,418,626	862,870	862,870	-
Net assets released from restrictions (Note 2C)	365,748	(365,748)	-	-	336,276	(336,276)
Total Operating Revenue and Support	239,046,551	19,011	239,065,562	240,677,781	239,918,260	759,521
Operating Expenses:						
Program Services:						
Residential services	114,998,340	-	114,998,340	108,507,732	108,507,732	-
Day and community services	45,277,829	-	45,277,829	58,576,796	58,576,796	-
Clinical services	21,770,956	-	21,770,956	21,292,372	21,292,372	-
Educational services	21,599,768	-	21,599,768	20,111,113	20,111,113	-
Employment services	2,306,481	-	2,306,481	2,504,264	2,504,264	-
Total Program Services	205,953,374	-	205,953,374	210,992,277	210,992,277	-
Supporting Services:						
Management and general	28,531,778	-	28,531,778	27,958,149	27,958,149	-
Fundraising	836,392	-	836,392	481,457	481,457	-
Total Supporting Services	29,368,170	-	29,368,170	28,439,606	28,439,606	-
Total Operating Expenses	235,321,544	-	235,321,544	239,431,883	239,431,883	-
Change In Net Assets From Operations	3,725,007	19,011	3,744,018	1,245,898	486,377	759,521
Non-Operating Activities						
Benefit obligation in excess of plan assets (Note 9D)	(4,170,422)	-	(4,170,422)	(392,418)	(392,418)	-
Total Non-Operating Activities	(4,170,422)	-	(4,170,422)	(392,418)	(392,418)	-
CHANGE IN NET ASSETS	(445,415)	19,011	(426,404)	853,480	93,959	759,521
Net Assets - Beginning of Year	37,801,320	1,494,341	39,295,661	33,722,896	33,020,687	702,209
Change in reporting entity	-	-	-	4,719,285	4,686,674	32,611
NET ASSETS - END OF YEAR	$ 37,355,905	$ 1,513,352	$ 38,869,257	$ 39,295,661	$ 37,801,320	$ 1,494,341

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services						Supporting Services				
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021	Total 2020
Salaries	$ 70,835,209	$ 23,616,895	$ 11,125,873	$ 11,986,820	$ 1,684,283	$ 119,249,080	$ 12,063,700	$ 525,353	$ 12,589,053	$ 131,838,133	$ 133,012,699
Payroll taxes and benefits (Note 13)	19,536,039	6,496,933	3,043,941	2,761,881	466,681	32,305,475	2,467,766	153,303	2,621,069	34,926,544	34,379,836
Total Personnel Costs	90,371,248	30,113,828	14,169,814	14,748,701	2,150,964	151,554,555	14,531,466	678,656	15,210,122	166,764,677	167,392,535
Contracted services	1,282,635	335,865	1,965,284	227,980	1,884	3,813,648	1,398,761	7,525	1,406,286	5,219,934	6,586,907
Professional fees	95,791	85,518	35,982	455,753	2,071	675,115	1,947,469	24,819	1,972,288	2,647,403	2,194,095
Program supplies	3,314,986	1,238,874	635,526	244,482	3,330	5,437,198	137,494	335	137,829	5,575,027	5,852,169
Food	2,620,087	46,662	-	1,780	-	2,668,529	15	-	15	2,668,544	3,039,647
Transportation	1,772,067	3,627,460	30,187	1,207	37,097	5,468,018	42,117	430	42,547	5,510,565	12,120,582
Office and equipment expense	1,086,814	188,478	138,118	219,172	7,462	1,640,044	324,606	37,119	361,725	2,001,769	2,829,792
Staff development and expenses	174,525	109,765	36,252	75,778	6,359	402,679	295,408	1,377	296,785	699,464	1,024,411
Occupancy (Note 8)	2,959,431	6,198,216	2,611,489	3,019,094	24,612	14,812,842	3,107,675	11	3,107,686	17,920,528	15,194,960
Repairs and maintenance	2,210,020	1,030,458	374,746	479,382	8,707	4,103,313	72,652	-	72,652	4,175,965	3,676,751
Insurance	1,743,110	613,883	230,908	-	28,929	2,616,830	1,121,586	-	1,121,586	3,738,416	3,081,872
Utilities	1,484,950	447,084	109,153	360,895	-	2,402,082	85,038	-	85,038	2,487,120	2,437,061
Telephone	564,374	260,198	96,186	11,092	8,029	939,879	262,360	417	262,777	1,202,656	1,470,339
Information technology	748,211	413,991	675,082	83,136	24,511	1,944,931	2,337,725	10,293	2,348,018	4,292,949	4,335,233
Depreciation and amortization (Notes 2H and 6)	2,752,860	377,285	463,517	323,204	901	3,917,767	961,833	-	961,833	4,879,600	4,868,319
Interest	1,718,112	105,062	10,138	6,985	-	1,840,297	1,217,372	-	1,217,372	3,057,669	2,549,688
Bad debt	98,126	84,241	188,563	1,340,998	1,625	1,713,553	206,400	-	206,400	1,919,953	484,753
Miscellaneous	993	961	11	129	-	2,094	481,801	75,410	557,211	559,305	292,769
TOTAL EXPENSES	$ 114,998,340	$ 45,277,829	$ 21,770,956	$ 21,599,768	$ 2,306,481	$ 205,953,374	$ 28,531,778	$ 836,392	$ 29,368,170	$ 235,321,544	$ 239,431,883

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services			
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2020
Salaries	$ 66,961,208	$ 28,791,866	$ 11,164,071	$ 11,354,134	$ 1,739,105	$ 120,010,384	$ 12,657,491	$ 344,824	$ 13,002,315	$ 133,012,699
Payroll taxes and benefits (Note 13)	17,242,023	7,529,188	2,128,696	3,463,955	441,942	30,805,804	3,476,626	97,406	3,574,032	34,379,836
Total Personnel Costs	84,203,231	36,321,054	13,292,767	14,818,089	2,181,047	150,816,188	16,134,117	442,230	16,576,347	167,392,535
Contracted services	2,024,498	516,734	2,107,399	377,766	4,277	5,030,674	1,556,233	-	1,556,233	6,586,907
Professional fees	166,116	160,664	19,907	407,808	3,577	758,072	1,429,676	6,347	1,436,023	2,194,095
Program supplies	3,327,012	1,731,718	461,040	202,658	34,884	5,757,312	91,037	3,820	94,857	5,852,169
Food	2,871,255	163,592	2,958	1,468	109	3,039,382	265	-	265	3,039,647
Transportation	1,749,008	10,088,111	144,991	2,488	16,333	12,000,931	118,831	820	119,651	12,120,582
Office and equipment expense	817,990	291,601	272,578	153,990	14,354	1,550,513	1,264,795	14,484	1,279,279	2,829,792
Staff development and expenses	228,214	181,481	77,628	60,059	3,401	550,783	471,295	2,333	473,628	1,024,411
Occupancy (Note 8)	2,593,715	5,619,178	2,337,349	2,885,883	142,452	13,578,577	1,616,383	-	1,616,383	15,194,960
Repairs and maintenance	1,982,327	958,262	343,241	241,651	10,093	3,535,574	141,177	-	141,177	3,676,751
Insurance	1,874,788	646,751	186,273	18,399	35,028	2,761,239	320,633	-	320,633	3,081,872
Utilities	1,427,583	516,500	101,518	224,285	8,798	2,278,684	158,377	-	158,377	2,437,061
Telephone	650,288	332,250	119,244	17,393	25,290	1,144,465	324,749	1,125	325,874	1,470,339
Information technology	538,224	373,356	905,956	74,413	23,193	1,915,142	2,414,579	5,512	2,420,091	4,335,233
Depreciation and amortization (Notes 2H and 6)	2,805,343	551,084	728,182	303,806	1,381	4,389,796	478,523	-	478,523	4,868,319
Interest	1,246,109	121,565	7,321	6,958	41	1,381,994	1,167,694	-	1,167,694	2,549,688
Bad debt	1,346	147	183,260	300,000	-	484,753	-	-	-	484,753
Miscellaneous	685	2,748	760	13,999	6	18,198	269,785	4,786	274,571	292,769
TOTAL EXPENSES	$ 108,507,732	$ 58,576,796	$ 21,292,372	$ 20,111,113	$ 2,504,264	$ 210,992,277	$ 27,958,149	$ 481,457	$ 28,439,606	$ 239,431,883

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

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YAI AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (426,404)	$ 853,480
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,879,600	4,868,319
Non-cash interest expense	405,191	233,231
Unrealized gain on short-term investments	(927,984)	(363,994)
Realized gain on short-term investments	(100,001)	(102,981)
Bad debt	1,919,953	484,753
Loss on disposal of property and equipment	10,884	-
Subtotal	5,761,239	5,972,808
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government receivables	4,928,590	(7,153,318)
Tuition receivables	(8,136,339)	(11,793,051)
Prepaid expenses and other assets	(228,569)	(2,482,463)
Other receivables	3,514,612	(35,013)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,338,890)	3,965,147
Accrued salary	5,383,500	243,389
Accrued vacation	1,544,907	799,843
Accrued pension	847,668	(733,471)
Due to funding sources	(1,804,086)	(1,994,958)
Refundable advances	6,539,204	-
Lease liability and deferred rent	1,533,067	1,196,922
Other liabilities	4,305,707	(1,454,833)
Net Cash Provided by (Used in) Operating Activities	20,850,610	(13,468,998)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,212,600)	(10,729,412)
Purchases of short-term investments	(43,092,761)	(4,810,352)
Proceeds from sale of short-term investments	26,847,973	2,875,390
Decrease in debt service reserve	(359,612)	(237,618)
Net Cash Used in Investing Activities	(24,817,000)	(12,901,992)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes and mortgages	21,304,805	25,471,600
Principal repayments of notes and mortgages	(15,446,068)	(3,669,805)
Bond issuance cost	(862,976)	(588,975)
Principal capital lease obligations	883,074	2,248,730
Principal repayments of capital lease obligations	(1,081,136)	(351,048)
Net Cash Provided by Financing Activities	4,797,699	23,110,502
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	831,309	(3,260,488)
Cash and Cash Equivalents - Beginning of Year	7,372,223	10,632,711
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,203,532	$ 7,372,223
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 2,652,478	$ 2,316,457

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

YAI AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Young Adult Institute, Inc. d/b/a YAI ("YAI") is organized under the Not-for-Profit Corporation Law of New York State and was incorporated in 1964. YAI has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. YAI has an equivalent exemption at the state and local levels.

YAI serves people of all ages with developmental and learning disabilities in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. YAI's many programs and direct services benefit thousands of individuals and their families daily throughout the New York metropolitan area. YAI is funded primarily by Medicaid. YAI has over 300 programs and direct services that benefit over 21,000 individuals and their families daily throughout the New York metropolitan area and California.

YAI is part of a network of independent agencies, collectively known as the YAI Network. The network provides programs and support for people with intellectual and developmental disabilities throughout New York City, Westchester County, Rockland County, Long Island, New Jersey and California. YAI is the sole corporate member of these agencies which have been included in the consolidated financial statements (collectively, the "Agency"). Further descriptions follow:

- YAI is the sole corporate member of Premier Healthcare, Inc. ("PHC"). PHC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PHC has an equivalent exemption at the state and local levels. PHC is an outpatient diagnostic and treatment center offering health care services to the general public with a specialty in medical services for people with developmental and learning disabilities and their families in many sites throughout the New York area. PHC is a quality health care practice providing outpatient clinic services which include: primary health, pediatrics, internal medicine, dentistry (including desensitization), nutrition, audiology, neurology, podiatry, psychiatry, physical therapy, occupational therapy, ophthalmology, speech pathology and psychology. PHC's primary source of revenue is patient service fees received from Medicaid, Medicare and other third-party payors.

- Effective July 1, 2019, YAI became the sole corporate member of The Manhattan Star Academy ("MSA"). MSA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSA offers a continuum of care for school-age children with a diverse range of diagnoses, including developmental delays, autism spectrum disorders and speech language disorders.

- Effective July 1, 2019, YAI became the sole corporate member of The International Academy of Hope ("IHOPE"). IHOPE is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. IHOPE provides educational and related services to children, adolescents, and young adults from ages 5 years to 21 years old, who have sustained acquired brain injuries or other brain-based disorders who cannot be served in their local school systems.

- YAI is the sole corporate member of the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR"), which was incorporated in 1998 under the Not-for-Profit Corporation Law of the Commonwealth of Puerto Rico. IIPD-PR has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has a similar exemption at the state and local levels. IIPD-PR's mission is to create employment opportunities for people with disabilities. By providing competitive employment opportunities for persons with disabilities, IIPD-PR demonstrated a commitment to independence, community inclusion and productivity for people with special needs. IIPD-PR had no programmatic operations during the fiscal years ended June 30, 2021 and 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates -*** The Agency's consolidated financial statements have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. ***Basis of Consolidation -*** The Agency's accompanying consolidated financial statements include the activities of: YAI; PHC; MSA; IHOPE; and IIPD-PR. YAI has consolidated these entities pursuant to U.S. GAAP due to its financial interest and control over them. All material intercompany transactions and balances have been eliminated upon consolidation.

C. ***Basis of Net Asset Presentation -*** The Agency maintains its net assets under the following two classes:

Without donor restrictions – represents resources available for support of the Agency's operations over which the Board of Trustees has discretionary control as well as investment in property, plant and equipment.

With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

D. ***Cash and Cash Equivalents -*** The Agency classifies cash equivalents as highly liquid financial instruments with maturities of three months or less when acquired, except for those short-term investments managed by investment managers as part of the Agency's investment strategies and the debt service reserve. Program participant funds included in cash and cash equivalents amounted to approximately $317,000 and $137,000 for the years ended June 30, 2021 and 2020, respectively. Such amounts are also included as a liability in the accompanying consolidated financial statements.

E. ***Short-term Investments and Fair Value Measurements -*** Short-term investments are carried at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. ***Allowance for Uncollectible Receivables -*** The Agency determines whether an allowance for uncollectible receivables should be provided for accounts receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, historical experience, and collections subsequent to year end. As of June 30, 2021 and 2020, the Agency determined an allowance of approximately $2.6 and $2.5 million, respectively, for government receivables and approximately $3.4 million and $1.9 million for tuition receivables was necessary. In addition, the Agency has established an allowance for doubtful accounts for other receivables of approximately $0 and $1.2 million, respectively, as of June 30, 2021 and 2020.

G. ***Revenue Recognition -*** The Agency records Medicaid revenue based on established rates multiplied by the number of units of service provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. Tuition is derived from contracts with customers and recognized during the school year upon exchange of contracted services. To the extent amounts received exceed amounts spent, the Agency records a liability due to funding sources. Other revenue includes management programmatic services provided to other network agencies. Such revenue is recorded based on the support service agreement. Medicaid and tuition is accounted for under Accounting Standards Codification ("ASC") Topic 606. Government grants are accounted for under Accounting Standard Update ("ASU") 2018-08 and amounted to $19,990,045 and $21,728,121 for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, respectively, the Agency received conditional grants and contracts from government agencies in the aggregate amount of $8.2 million and $11 million. Such grants have not been recognized in the accompanying consolidated financial statements as they are for further periods and will be recognized when contract barriers are overcome.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by the Agency provided its cost is $5,000 or more and its useful life is greater than one year.

I. ***Contributions -*** Unconditional contributions, including promises to give cash and other assets, are reported at their fair value on the date the contribution is received. The Agency reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are accounted for under ASU 2018-08. Conditional contributions pertaining to future years are disclosed when material.

J. ***Functional Expenses -*** The costs of providing program and supporting services of the Agency have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, expenses that are not directly charged to programs and supporting services are allocated among programs and supporting services. The expenses that are allocated include occupancy and maintenance, which is allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

K. ***Prior Period Revenue -*** There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to retroactive rate adjustments, funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in Medicaid revenue for the years ended June 30, 2021 and 2020 is an increase of approximately $1 million and a decrease of approximately $144,000 of prior year revenues relating to such adjustments.

L. ***Deferred Rent -*** The Agency leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, the Agency records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position. (see Note 2O).

M. ***Bond Issuance Costs -*** Bond issuance costs consist of financing costs which are amortized over the life of the bond. The amortization is on the straight-line method which does not differ materially from the effective interest rate method.

N. ***Debt Service Reserve -*** Under the terms of the Dormitory Authority of the State of New York ("DASNY"), the Agency is required to deposit with the bond trustee an amount to be held in a debt service reserve fund, which will be utilized to satisfy the last payment required on the mortgage, or can be used prior to that point under the direction of DASNY to make any loan payments due by reason of default or other causes spelled out in the loan agreement. The debt service reserve is carried at market value in the accompanying consolidated statements of financial position.

O. ***Recent Accounting Pronouncements -*** Financial Accounting Standards Board ("FASB") ASU 2016-02, *Leases* (Topic 842) was adopted by the Agency for the year ended June 30, 2021. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The adoption of the ASU required the Agency to record amounts as of July 1, 2020. This resulted in operating lease right-of-use assets of $131,970,964 and a lease liability of $136,650,458 as of June 30, 2021. The adoption of ASU 2016-02 did not affect the change in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement financial position date, include the following as of June 30:

	2021	2020
Cash and cash equivalents	$ 8,203,532	$ 7,372,223
Short-term investments	32,938,526	15,665,753
Government receivables, net	30,652,456	37,500,999
Tuition receivables, net	29,416,935	21,280,596
Other receivables, net	5,975,241	9,489,853
Total Financial Assets	107,186,690	91,309,424
Less: Other receivables due in more than one year	(2,100,000)	(2,100,000)
Less: Program participant funds	(316,770)	(137,102)
Less: Net assets with donor restrictions	(1,529,611)	(1,494,341)
	$ 103,240,309	$ 87,577,981

The Agency strives to maintain liquid financial assets sufficient to cover expenditures. Revenue from funders are expected to cover most expenses. Financial assets are available to fund any programs or supporting services with unanticipated shortfalls. In addition, as noted in Note 7, the Agency has multiple lines of credit totaling a maximum drawdown of $42 million.

NOTE 4 – GOVERNMENT RECEIVABLES

Government receivables consists of the following as of June 30:

	2021	2020
Due from Medicaid	$ 21,246,002	$ 25,760,344
Due from the State of New York	8,436,235	10,328,627
Due from the City of New York	605,094	1,061,311
Due from other sources	3,205,848	2,800,793
	33,493,179	39,951,075
Less: allowance for doubtful accounts	(2,840,723)	(2,450,076)
	$ 30,652,456	$ 37,500,999

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

Short-term investments consist of the following as of June 30:

	2021	2020
Money market funds	$ 15,068,680	$ 3,822,298
Mutual funds	4,594,956	2,841,390
Corporate bonds	3,411,730	3,052,408
Government bonds	8,951,292	5,445,764
Multi-strategy investments	911,868	503,893
	$ 32,938,526	$ 15,665,753

Investment activity consists of the following for the years ended June 30:

	2021	2020
Interest	$ 390,641	$ 395,895
Realized gain	100,001	102,981
Unrealized gain	927,984	363,994
	$ 1,418,626	$ 862,870

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Agency has no Level 3 investments.

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money markets and U.S. Treasury bills are valued using market prices in active markets (Level 1). Fair value of these investments is determined by management through the investment managers. Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Corporate bonds, U.S. Government bonds and multi-strategy investments are designated as Level 2 instruments and valuations are obtained from similar market or model derived valuations in which all significant inputs are observable or can be derived primarily from or corroborated with observable market data (credit risk/grade, maturities, etc.).

Financial assets carried at fair value as of June 30, 2021 are classified in the table as follows:

	Level 1	Level 2	Total
Short-term investments:			
Money market funds	$ 15,068,680	$ -	$ 15,068,680
Mutual funds	4,594,956	-	4,594,956
Corporate bonds	-	3,411,730	3,411,730
Government bonds	-	8,951,292	8,951,292
Multi-strategy investments	-	911,868	911,868
Total Short-term investments	19,663,636	13,274,890	32,938,526
Debt Service Reserve Fund:			
U.S. Treasury bills	3,230,192	-	3,230,192
	$ 22,893,828	$ 13,274,890	$ 36,168,718

Financial assets carried at fair value as of June 30, 2020 are classified in the table as follows:

	Level 1	Level 2	Total
Short-term investments:			
Money market funds	$ 3,822,298	$ -	$ 3,822,298
Mutual funds	2,841,390	-	2,841,390
Corporate bonds	-	3,052,408	3,052,408
Government bonds	-	5,445,764	5,445,764
Multi-strategy investments	-	503,893	503,893
Total Short-term investments	6,663,688	9,002,065	15,665,753
Debt Service Reserve Fund:			
U.S. Treasury bills	2,870,580	-	2,870,580
	$ 9,534,268	$ 9,002,065	$ 18,536,333

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2021	2020	Estimated Useful Lives
Land	$ 12,714,251	$ 11,772,584	
Buildings and building improvements	73,741,940	68,846,929	15-25 years
Leasehold improvements	29,387,315	28,027,033	5-25 years
Furniture and equipment	22,116,888	20,486,423	3-10 years
Construction in progress	7,784,410	9,518,626	
	145,744,804	138,651,595	
Less: accumulated depreciation	(90,491,885)	(86,720,792)	
	$ 55,252,919	$ 51,930,803	

Depreciation and amortization expenses amounted to $4,879,600 and $4,868,319 for the years ended June 30, 2021 and 2020, respectively. During 2021, property and equipment no longer in use with a cost of $1,119,391 and accumulated depreciation of $1,108,507 were disposed of resulting in a loss of $10,884. Construction in progress consists of construction at new locations and various renovations with a combined additional estimated cost of completion of approximately $7.4 million and estimated completion dates during fiscal year 2022.

NOTE 7 – NOTES AND MORTGAGES PAYABLE

	2021	2020
A. YAI has entered into various loan agreements with the DASNY. The loans carry interest rates ranging from 1.57% to 4.52% per annum, payable in semi-annual installments and have maturity dates ranging from August 2018 through June 2045. The loans are collateralized by YAI's underlying real property.	$ 39,780,187	$ 30,582,008
B. YAI has available a $14 million line of credit with a bank for the acquisition and renovation of program sites. Upon receipt of New York State prior property approvals, the funds drawn down on this line of credit are subsequently converted into notes. As of June 30, 2021 and 2020, there were seven notes executed. The notes bear an interest rate of prime resulting in a rate of 3.25% as of June 30, 2021 and 2020. The notes are collateralized by related property and mature in April 2022. The outstanding balance as of December 1, 2021 amounted to $8,463,918.	8,463,918	9,546,359
C. The Agency has available a $28 million working capital line of credit with a bank carrying an interest rate of prime which as of June 30, 2021 was 3.25%. The loan is collateralized by YAI's accounts receivable and matures in April 2022. The outstanding balance as of December 1, 2021 amounted to $23,503,676.	23,503,676	25,389,077
D. MSA has a construction loan payable to a bank which bears interest at a fixed rate of 3.05% per annum and expires on October 1, 2021. The loan is collateralized by funds deposited and guaranteed by YAI.	126,436	498,037
	71,874,217	66,015,481
Less: unamortized debt issuance costs	(2,357,603)	(1,899,819)
Notes and mortgages payable, net	$ 69,516,614	$ 64,115,662

Most of the loans have provisions for loan covenants. The Agency was in compliance with these covenants as of and during the years ended June 30, 2021 and 2020. The unamortized debt issuance costs increased due to an addition of closing costs of $862,976 for new loans less non-cash interest expense of $405,191.

NOTE 7 – NOTES AND MORTGAGES PAYABLE (Continued)

Required future annual principal payments are payable as follows for the years ending June 30:

2022	$ 34,124,890
2023	2,824,895
2024	2,017,316
2025	2,394,769
2026	1,371,520
Thereafter	29,140,827
	$ 71,874,217

NOTE 8 – LEASES

A. The Agency has operating lease agreements, and annual future minimum rentals payable for real and personal property principally under long-term operating leases expiring at varying dates through 2061 for facilities (which include payment of property taxes, insurance maintenance costs and rental payments) and for copying/printing equipment. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As a result, adopting FASB ASC 842 had no impact to prior year consolidated statement of financial position information, and because these leases are operating leases, the adoption of the standard has no impact on the Agency's consolidated change in net assets. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and for the year ended June 30, 2021 (i.e. ASC 840). No comparative information is provided for the amounts reported on the consolidated statement of financial position as of June 30, 2020 since the Agency used the modified retrospective method of transition that does not require restating the prior period.

As of June 30, 2021, the right-of-use ("ROU") asset had a balance of $131,970,964, as shown in the consolidated statements of financial position; the lease liability totaled $136,650,458 as shown in the consolidated statements of financial position. The lease liabilities were calculated utilizing the Agency's incremental borrowing rate of 3.25% for leases in effect at the initial adoption date of July 1, 2020. The weighted average of the remaining lease term is 456 months, and the weighted average discount rate is 3.25%.

The Agency has operating lease agreements, and annual future minimum rentals payable for real and personal property principally under long-term operating leases expiring at varying dates through 2053 as follows:

	Real Property	Vehicles and Equipment	Total
2022	$ 12,431,579	$ 1,349,334	$ 13,780,913
2023	11,454,488	979,483	12,433,971
2024	11,009,622	581,206	11,590,828
2025	10,584,580	387,929	10,972,509
2026	8,243,396	173,200	8,416,596
Thereafter	136,670,275	-	136,670,275
Total lease payments	190,393,940	3,471,152	193,865,092
Less: Present value discount	(57,035,545)	(179,089)	(57,214,634)
	$133,358,395	$ 3,292,063	$ 136,650,458

Rent expense amounted to the following for the years ended June 30:

	2021	2020
Real property	$ 15,780,288	$ 13,556,532
Vehicles and equipment	1,588,655	2,150,113

NOTE 8 – LEASES (Continued)

B. YAI has capital leases for computer and electronic equipment with maturities in 2025, and with the following annual payments:

2022	$ 1,003,047
2023	860,799
2024	682,875
2025	111,351
	$ 2,658,072

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. The Agency believes it has no uncertain tax positions as of June 30, 2021 and 2020 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

B. The Agency receives a significant portion of its revenue for services provided from third-party reimbursement through government agencies and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Agency, when appropriate, records an estimated liability to governmental agencies for any excess reimbursement over allowable costs and underspending of interim rates. As of June 30, 2021 and 2020, due to funding sources represents overpayments from the 2012-2020 fiscal years for the Agency's programs. Such amounts are expected to be recouped by the funding sources.

C. The Agency is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of the Agency.

D. During the years ended June 30, 2021 and 2020, YAI recorded the benefit obligation for a Supplemental Pension Plan and Trust and Life Insurance Plan and Trust in excess of the assets of the plan for certain previous employees. The liability amounted to approximately $10 million and $6 million, respectively, and is included in other liabilities in the consolidated statements of financial position. The liability represents the present value of the future obligation calculated with a discount rate of 5.5% and social security life expectancy table.

E. In March 2020 the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of the pandemic on the Agency's financial condition and results of operations will depend on future developments. Accordingly, the Agency cannot predict the extent to which its financial condition and results of operations will be affected. The Agency continues to monitor evolving economic and business conditions and the actual and potential impacts of COVID-19 on operations.

NOTE 10 – REFUNDABLE ADVANCES

In April 2021, the Agency received total proceeds in the amount of $14.2 million under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period. The Agency intends to comply with all requirements of PPP forgiveness.

NOTE 10 – REFUNDABLE ADVANCES (Continued)

In accounting for the terms of the PPP loan, the Agency is guided by ASC 958-608 as a conditional contribution. For the year ended June 30, 2021, the Agency has incurred sufficient qualifying expenses and has met other conditions for forgiveness and accordingly recorded grant income of $7,686,850 in the accompanying consolidated statements of activities. Refundable advances and grant income consist of the following as of June 30, 2021:

	PPP proceeds	Paycheck protection program	Refundable advances
YAI	$ 10,000,000	$ (5,775,883)	$ 4,224,117
PHC	1,737,012	(774,102)	962,910
IHOPE	1,431,867	(660,922)	770,945
MSA	1,057,175	(475,943)	581,232
	$ 14,226,054	$ (7,686,850)	$ 6,539,204

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

The Agency's net assets with donor restrictions subject to expenditure for the specified purpose of the passage of time consist of the following as of June 30:

	2021	2020
Grants and restricted funds	$ 1,503,352	$ 1,484,341
Fund held in perpetuity	10,000	10,000
	$ 1,513,352	$ 1,494,341

During the years ended June 30, 2021 and 2020, the Agency released net assets with donor restrictions of $365,748 and $336,276, respectively, by satisfying donor-imposed purpose and passage of time restrictions.

NOTE 12 – CONCENTRATION

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash and short-term investment accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash and short-term investment accounts are insured up to $250,000 per depositor. As of June 30, 2021 and 2020, there was approximately $6.7 million and $7.5 million, respectively, of cash and cash equivalents held by one bank that exceeded FDIC limits.

NOTE 13 – RETIREMENT PLAN

On January 1, 2019, the Agency adopted the YAI Network Affiliates 403(b) Plan. All common law employees are eligible to make salary reduction contributions into the plan. Employees who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year are eligible for employer matching contributions. The employer matching contribution will be equal to 50% of the first 6% of the employee compensation deferral made to the plan for periods on or after July 1, 2019. As of June 30, 2021 and 2020 the employer matching contribution liability was $2,303,457 and $1,455,789, respectively.

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts - The Agency receives Medicaid revenue from contracts with the New York State Office for People with Developmental Disabilities (OPWDD) to provide support and services to individuals with developmental and learning disabilities, from infants through the elderly, in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from OPWDD, third-party payors (Medicare), individuals (Client Fees) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Service revenue is derived from contracts with customers.

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Tuition revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. Service revenue from tuition is recognized after the services are performed or after the Agency has completed its portion of the contract. Tuition is recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided. As of June 30, 2021 and 2020, approximately $300,000 and $430,000, respectively, of deferred tuition is included in other liabilities in the consolidated statements of financial position.

Generally, the Agency bills OPWDD, third-party payors, tuition and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance Obligations - Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the OPWDD stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2021 and 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided.

For the year ended June 30, 2021, program service fees consist of revenues for the following programs:

	Medicaid	Medicare and Client Fees	Tuition	Total
Residential services	$ 103,420,445	$ 8,492,494	$ -	$ 111,912,939
Day and community services	37,247,026	530,290	-	37,777,316
Clinical services	18,509,015	3,985,580	-	22,494,595
Educational services	-	-	28,696,988	28,696,988
Employment services	1,614,873	563	-	1,615,436
	$ 160,791,359	$ 13,008,927	$ 28,696,988	$ 202,497,274

For the year ended June 30, 2020, program service fees consist of revenues for the following programs:

	Medicaid	Medicare and Client Fees	Tuition	Total
Residential services	$ 96,733,949	$ 8,446,510	$ -	$ 105,180,459
Day and community services	53,773,814	1,722,738	-	55,496,552
Clinical services	18,930,047	2,907,716	-	21,837,763
Educational services	-	-	26,858,428	26,858,428
Employment services	1,074,401	-	-	1,074,401
	$ 170,512,211	$ 13,076,964	$ 26,858,428	$ 210,447,603

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through December 1, 2021, the date the consolidated financial statements were available to be issued.

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YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2021

	YAI	MSA	IHOPE	PHC	IIPD-PR	Consolidating Eliminations	Total 2021
ASSETS							
Cash and cash equivalents	$ 5,899,098	$ 945,246	$ 577,380	$ 781,808	$ -	$ -	$ 8,203,532
Short-term investments	32,938,526	-	-	-	-	-	32,938,526
Government receivables, net	28,065,593	-	-	2,586,863	-	-	30,652,456
Tuition receivables, net	-	10,519,712	18,897,223	-	-	-	29,416,935
Due from Network Agencies	9,276,964	518,575	-	4,937	-	(9,800,476)	-
Other receivables, net	5,975,241	-	-	-	-	-	5,975,241
Prepaid expenses and other assets	8,774,331	293,326	482,063	819,207	-	-	10,368,927
Property and equipment, net	52,305,469	1,247,662	862,787	837,001	-	-	55,252,919
Lease right to use asset	96,318,348	17,798,114	959,722	16,894,780	-	-	131,970,964
Debt service reserve	3,230,192	-	-	-	-	-	3,230,192
TOTAL ASSETS	$ 242,783,762	$ 31,322,635	$ 21,779,175	$ 21,924,596	$ -	$ (9,800,476)	$ 308,009,692
LIABILITIES							
Accounts payable and accrued expenses	$ 10,996,775	$ 196,890	$ 817,036	$ 727,474	$ -	$ -	$ 12,738,175
Accrued salary	12,703,229	585,888	596,657	747,356	-	-	14,633,130
Accrued vacation	5,711,483	266,614	214,440	458,297	-	-	6,650,834
Accrued pension	1,924,493	109,189	157,704	112,071	-	-	2,303,457
Other liabilities	13,147,611	1,291,240	23,900	-	-	-	14,462,751
Due to funding sources	2,812,415	-	-	175,325	-	-	2,987,740
Refundable advances	4,224,117	581,232	770,945	962,910	-	-	6,539,204
Notes and mortgages payable	59,839,655	3,124,724	4,000,000	2,552,235	-	-	69,516,614
Capital lease obligations	2,525,180	-	-	132,892	-	-	2,658,072
Due to related party	-	3,075,442	5,229,549	7,335,549	603,524	(16,244,064)	-
Lease liability	98,790,873	19,312,724	1,017,361	17,529,500	-	-	136,650,458
TOTAL LIABILITIES	212,675,831	28,543,943	12,827,592	30,733,609	603,524	(16,244,064)	269,140,435
COMMITMENTS AND CONTINGENCIES							
NET ASSETS							
Net assets without donor restrictions							
Net invested in property and equipment	7,110,762	1,122,938	862,787	704,109	-	-	9,800,596
Available for operations	21,549,657	1,638,480	8,040,230	(9,513,122)	(603,524)	6,443,588	27,555,309
Total net assets without donor restrictions	28,660,419	2,761,418	8,903,017	(8,809,013)	(603,524)	6,443,588	37,355,905
Net assets with donor restrictions	1,447,512	17,274	48,566	-	-	-	1,513,352
TOTAL NET ASSETS	30,107,931	2,778,692	8,951,583	(8,809,013)	(603,524)	6,443,588	38,869,257
TOTAL LIABILITIES AND NET ASSETS	$ 242,783,762	$ 31,322,635	$ 21,779,175	$ 21,924,596	$ -	$ (9,800,476)	$ 308,009,692

See independent auditors' report.

YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	YAI			Manhattan Star Academy			International Academy of Hope			Premier Healthcare, Inc.		International Institute for People with Disabilities of Puerto Rico, Inc.			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total	Without Donor Restrictions	Total	Consolidating Eliminations	Without Donor Restrictions	With Donor Restrictions	Total 2021
Operating Revenue and Support																	
Medicaid	$ 149,693,885	$ -	$ 149,693,885	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,097,474	$ 11,097,474	$ -	$ -	$ -	$ 160,791,359	$ -	$ 160,791,359
Government grants	18,263,054	-	18,263,054	69,713	-	69,713	35,643	-	35,643	1,577,398	1,577,398	-	-	-	19,945,808	-	19,945,808
Medicare and client fees	9,792,859	-	9,792,859	-	-	-	-	-	-	3,216,068	3,216,068	-	-	-	13,008,927	-	13,008,927
Tuition	-	-	-	12,523,191	-	12,523,191	16,173,797	-	16,173,797	-	-	-	-	-	28,696,988	-	28,696,988
Other revenues	7,424,031	-	7,424,031	65	-	65	750	-	750	37,003	37,003	-	-	(3,434,163)	4,027,686	-	4,027,686
Contributions	2,461,980	321,834	2,783,814	40,731	14,434	55,165	104,491	48,491	152,982	194	194	-	-	-	2,607,396	384,759	2,992,155
Paycheck Protection Program (Note 10)	5,775,883	-	5,775,883	475,943	-	475,943	660,922	-	660,922	774,102	774,102	-	-	-	7,686,850	-	7,686,850
Special Events (net of direct costs of $22,999 and $257,835)	497,163	-	497,163	-	-	-	-	-	-	-	-	-	-	-	497,163	-	497,163
Investment activity	1,418,626	-	1,418,626	-	-	-	-	-	-	-	-	-	-	-	1,418,626	-	1,418,626
Net assets released from restrictions	329,403	(329,403)	-	4,181	(4,181)	-	32,164	(32,164)	-	-	-	-	-	-	365,748	(365,748)	-
Total Operating Revenue and Support	195,656,884	(7,569)	195,649,315	13,113,824	10,253	13,124,077	17,007,767	16,327	17,024,094	16,702,239	16,702,239	-	-	(3,434,163)	239,046,551	19,011	239,065,562
Operating Expenses:																	
Program Services:																	
Residential services	114,998,340	-	114,998,340	-	-	-	-	-	-	-	-	-	-	-	114,998,340	-	114,998,340
Day and community services	45,277,829	-	45,277,829	-	-	-	-	-	-	-	-	-	-	-	45,277,829	-	45,277,829
Clinical services	7,546,925	-	7,546,925	-	-	-	-	-	-	14,224,031	14,224,031	-	-	-	21,770,956	-	21,770,956
Educational services	-	-	-	10,111,683	-	10,111,683	11,488,085	-	11,488,085	-	-	-	-	-	21,599,768	-	21,599,768
Employment services	2,306,481	-	2,306,481	-	-	-	-	-	-	-	-	-	-	-	2,306,481	-	2,306,481
Total Program Services	170,129,575	-	170,129,575	10,111,683	-	10,111,683	11,488,085	-	11,488,085	14,224,031	14,224,031	-	-	-	205,953,374	-	205,953,374
Supporting Services:																	
Management and general	25,020,203	-	25,020,203	2,399,960	-	2,399,960	2,496,253	-	2,496,253	2,049,525	2,049,525	-	-	(3,434,163)	28,531,778	-	28,531,778
Fundraising	818,940	-	818,940	5,862	-	5,862	11,590	-	11,590	-	-	-	-	-	836,392	-	836,392
Total Supporting Services	25,839,143	-	25,839,143	2,405,822	-	2,405,822	2,507,843	-	2,507,843	2,049,525	2,049,525	-	-	(3,434,163)	29,368,170	-	29,368,170
Total Operating Expenses	195,968,718	-	195,968,718	12,517,505	-	12,517,505	13,995,928	-	13,995,928	16,273,556	16,273,556	-	-	(3,434,163)	235,321,544	-	235,321,544
Change In Net Assets From Operations	(311,834)	(7,569)	(319,403)	596,319	10,253	606,572	3,011,839	16,327	3,028,166	428,683	428,683	-	-	-	3,725,007	19,011	3,744,018
Non-Operating:																	
Contribution from acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit obligation in excess of plan assets	(4,170,422)	-	(4,170,422)	-	-	-	-	-	-	-	-	-	-	-	(4,170,422)	-	(4,170,422)
Total Non-Operating Activities	(4,170,422)	-	(4,170,422)	-	-	-	-	-	-	-	-	-	-	-	(4,170,422)	-	(4,170,422)
CHANGE IN NET ASSETS	(4,482,256)	(7,569)	(4,489,825)	596,319	10,253	606,572	3,011,839	16,327	3,028,166	428,683	428,683	-	-	-	(445,415)	19,011	(426,404)
Net Assets - beginning of year	33,142,675	1,455,081	34,597,756	2,165,099	7,021	2,172,120	5,891,178	32,239	5,923,417	(9,237,696)	(9,237,696)	(603,524)	(603,524)	6,443,588	37,801,320	1,494,341	39,295,661
NET ASSETS - END OF YEAR	$ 28,660,419	$ 1,447,512	$ 30,107,931	$ 2,761,418	$ 17,274	$ 2,778,692	$ 8,903,017	$ 48,566	$ 8,951,583	$ (8,809,013)	$ (8,809,013)	$ (603,524)	$ (603,524)	$ 6,443,588	$ 37,355,905	$ 1,513,352	$ 38,869,257

See independent auditors' report.

YAI AND AFFILIATES

YAI

Seeing beyond disability.

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION (Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

YAI AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)**

YEAR ENDED JUNE 30, 2020

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
YAI and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Young Adult Institute, Inc. d/b/a YAI ("YAI") and its Affiliates: The Manhattan Star Academy ("MSA"), The International Academy of Hope ("IHOPE"), Premier HealthCare, Inc. ("PHC") and the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR") (YAI and its Affiliates are collectively referred to as the "Agency"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Agency as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Morison KSi
Independent member

Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules (shown on pages 16-17) are presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual affiliates, and are 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 audit 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
February 1, 2021

MARKS PANETH
ACCOUNTANTS & ADVISORS

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS	
Cash and cash equivalents (Notes 2D and 10)	$ 7,372,223
Short-term investments (Notes 2E and 5)	15,665,753
Government receivables, net (Notes 2F and 4)	37,500,999
Tuition receivables, net (Note 2F)	21,280,596
Other receivables, net (Notes 2F and 2I)	9,489,853
Prepaid expenses and other assets	10,140,358
Property and equipment, net (Notes 2H, 6, 7 and 8A)	51,930,803
Debt service reserve (Note 2N)	2,870,580
TOTAL ASSETS	$ 156,251,165
LIABILITIES	
Accounts payable and accrued expenses	$ 16,077,065
Accrued salary	9,249,630
Accrued vacation	5,105,927
Accrued pension (Note 11)	1,455,789
Other liabilities (Note 8F)	10,157,044
Due to funding sources (Note 8D)	4,791,826
Notes and mortgages payable (Notes 2N and 7)	64,115,662
Capital lease obligations (Note 8B)	2,856,134
Deferred rent (Note 2L)	3,146,427
TOTAL LIABILITIES	116,955,504
COMMITMENTS AND CONTINGENCIES (Note 8)	
NET ASSETS (Note 2C)	
Net assets without donor restrictions	
Net invested in property and equipment	13,218,664
Available for operations	24,582,656
Total without donor restrictions	37,801,320
Net assets with donor restrictions (Note 9)	1,494,341
TOTAL NET ASSETS	39,295,661
TOTAL LIABILITIES AND NET ASSETS	$ 156,251,165

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Medicaid (Notes 2G, 2K and 12)	$ 170,512,211	$ -	$ 170,512,211
Government grants (Note 2G)	21,728,121	-	21,728,121
Medicare and client fees (Notes 2G and 12)	13,076,964	-	13,076,964
Tuition (Notes 2G and 12)	26,858,428	-	26,858,428
Other revenues	4,782,482	-	4,782,482
Contributions (Note 2I)	1,610,785	1,014,017	2,624,802
Special events (net of direct costs of $257,835)	150,123	81,780	231,903
Investment activity (Note 5)	862,870	-	862,870
Net assets released from restrictions (Note 2C)	336,276	(336,276)	-
Total Operating Revenue and Support	239,918,260	759,521	240,677,781
Operating Expenses:			
Program Services:			
Residential services	108,507,732	-	108,507,732
Day and community services	58,576,796	-	58,576,796
Clinical services	21,292,372	-	21,292,372
Educational services	20,111,113	-	20,111,113
Employment services	2,504,264	-	2,504,264
Total Program Services	210,992,277	-	210,992,277
Supporting Services:			
Management and general (Note 2J)	27,958,149	-	27,958,149
Fundraising	481,457	-	481,457
Total Supporting Services	28,439,606	-	28,439,606
Total Operating Expenses	239,431,883	-	239,431,883
Change In Net Assets From Operations	486,377	759,521	1,245,898
Non-Operating Activities			
Benefit obligation in excess of plan assets (Note 8F)	(392,418)	-	(392,418)
Total Non-Operating Activities	(392,418)	-	(392,418)
CHANGE IN NET ASSETS	93,959	759,521	853,480
Net Assets - Beginning of Year	33,020,687	702,209	33,722,896
Change in reporting entity (Note 13)	4,686,674	32,611	4,719,285
NET ASSETS - END OF YEAR	$ 37,801,320	$ 1,494,341	$ 39,295,661

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

YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services			
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2020
Salaries	$ 66,961,208	$ 28,791,866	$ 11,164,071	$ 11,354,134	$ 1,739,105	$ 120,010,384	$ 12,657,491	$ 344,824	$ 13,002,315	$ 133,012,699
Payroll taxes and benefits (Note 11)	17,242,023	7,529,188	2,128,696	3,463,955	441,942	30,805,804	3,476,626	97,406	3,574,032	34,379,836
Total Personnel Costs	84,203,231	36,321,054	13,292,767	14,818,089	2,181,047	150,816,188	16,134,117	442,230	16,576,347	167,392,535
Contracted services	2,024,498	516,734	2,107,399	377,766	4,277	5,030,674	1,556,233	-	1,556,233	6,586,907
Professional fees	166,116	160,664	19,907	407,808	3,577	758,072	1,429,676	6,347	1,436,023	2,194,095
Program supplies	3,327,012	1,731,718	461,040	202,658	34,884	5,757,312	91,037	3,820	94,857	5,852,169
Food	2,871,255	163,592	2,958	1,468	109	3,039,382	265	-	265	3,039,647
Transportation	1,749,008	10,088,111	144,991	2,488	16,333	12,000,931	118,831	820	119,651	12,120,582
Office and equipment expense	817,990	291,601	272,578	153,990	14,354	1,550,513	1,264,795	14,484	1,279,279	2,829,792
Staff development and expenses	228,214	181,481	77,628	60,059	3,401	550,783	471,295	2,333	473,628	1,024,411
Occupancy (Note 8)	2,593,715	5,619,178	2,337,349	2,885,883	142,452	13,578,577	1,616,383	-	1,616,383	15,194,960
Repairs and maintenance	1,982,327	958,262	343,241	241,651	10,093	3,535,574	141,177	-	141,177	3,676,751
Insurance	1,874,788	646,751	186,273	18,399	35,028	2,761,239	320,633	-	320,633	3,081,872
Utilities	1,427,583	516,500	101,518	224,285	8,798	2,278,684	158,377	-	158,377	2,437,061
Telephone	650,288	332,250	119,244	17,393	25,290	1,144,465	324,749	1,125	325,874	1,470,339
Information technology	538,224	373,356	905,956	74,413	23,193	1,915,142	2,414,579	5,512	2,420,091	4,335,233
Depreciation and amortization (Notes 2H and 6)	2,805,343	551,084	728,182	303,806	1,381	4,389,796	478,523	-	478,523	4,868,319
Interest	1,246,109	121,565	7,321	6,958	41	1,381,994	1,167,694	-	1,167,694	2,549,688
Bad debt	1,346	147	183,260	300,000	-	484,753	-	-	-	484,753
Miscellaneous	685	2,748	760	13,999	6	18,198	269,785	4,786	274,571	292,769
TOTAL EXPENSES	$ 108,507,732	$ 58,576,796	$ 21,292,372	$ 20,111,113	$ 2,504,264	$ 210,992,277	$ 27,958,149	$ 481,457	$ 28,439,606	$ 239,431,883

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YAI AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 853,480
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	4,868,319
Non-cash interest expense	233,231
Unrealized gain on short-term investments	(363,994)
Realized gain on short-term investments	(102,981)
Bad debt	484,753
Subtotal	5,972,808
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Government receivables	(7,153,318)
Tuition receivables	(11,793,051)
Prepaid expenses and other assets	(2,482,463)
Other receivables	(35,013)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	3,965,147
Accrued salary	243,389
Accrued vacation	799,843
Accrued pension	(733,471)
Due to funding sources	(1,994,958)
Deferred rent	1,196,922
Other liabilities	(1,454,833)
Net Cash Used in Operating Activities	(13,468,998)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(10,729,412)
Purchases of short-term investments	(4,810,352)
Proceeds from sale of short-term investments	2,875,390
Decrease in debt service reserve	(237,618)
Net Cash Used in Investing Activities	(12,901,992)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes and mortgages	25,471,600
Principal repayments of notes and mortgages	(3,669,805)
Bond issuance cost	(588,975)
Principal capital lease obligations	2,248,730
Principal repayments of capital lease obligations	(351,048)
Net Cash Provided by Financing Activities	23,110,502
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,260,488)
Cash and Cash Equivalents - Beginning of Year	10,632,711
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,372,223
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	$ 2,316,457

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

YAI AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Young Adult Institute, Inc. d/b/a YAI ("YAI") is organized under the Not-for-Profit Corporation Law of New York State and was incorporated in 1964. YAI has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. YAI has an equivalent exemption at the state and local levels.

YAI serves people of all ages with developmental and learning disabilities in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. YAI's many programs and direct services benefit thousands of individuals and their families daily throughout the New York metropolitan area. YAI is funded primarily by Medicaid. YAI has over 300 programs and direct services that benefit over 21,000 individuals and their families daily throughout the New York metropolitan area and California.

YAI is part of a network of independent agencies, collectively known as the YAI Network. The network provides programs and support for people with intellectual and developmental disabilities throughout New York City, Westchester County, Rockland County, Long Island, New Jersey and California. YAI is the sole corporate member of these agencies which have been included in the consolidated financial statements (collectively, the "Agency"). Further descriptions follow:

- YAI is the sole corporate member of Premier Healthcare, Inc. ("PHC"). PHC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PHC has an equivalent exemption at the state and local levels. PHC is an outpatient diagnostic and treatment center offering health care services to the general public with a specialty in medical services for people with developmental and learning disabilities and their families in many sites throughout the New York area. PHC is a quality health care practice providing outpatient clinic services which include: primary health, pediatrics, internal medicine, dentistry (including desensitization), nutrition, audiology, neurology, podiatry, psychiatry, physical therapy, occupational therapy, ophthalmology, speech pathology and psychology. PHC's primary source of revenue is patient service fees received from Medicaid, Medicare and other third-party payors.

- Effective July 1, 2019, YAI became the sole corporate member of The Manhattan Star Academy ("MSA"). MSA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSA offers a continuum of care for school-age children with a diverse range of diagnoses, including developmental delays, autism spectrum disorders and speech language disorders.

- Effective July 1, 2019, YAI became the sole corporate member of The International Academy of Hope ("IHOPE"). IHOPE is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. IHOPE provides educational and related services to children, adolescents, and young adults from ages 5 years to 21 years old, who have sustained acquired brain injuries or other brain-based disorders who cannot be served in their local school systems.

- YAI is the sole corporate member of the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR"), which was incorporated in 1998 under the Not-for-Profit Corporation Law of the Commonwealth of Puerto Rico. IIPD-PR has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has a similar exemption at the state and local levels. IIPD-PR's mission is to create employment opportunities for people with disabilities. By providing competitive employment opportunities for persons with disabilities, IIPD-PR demonstrated a commitment to independence, community inclusion and productivity for people with special needs. IIPD-PR had no programmatic operations during the fiscal year ended June 30, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates -*** The Agency's consolidated financial statements have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. ***Basis of Consolidation -*** The Agency's accompanying consolidated financial statements include the activities of: YAI; PHC; MSA; IHOPE; and IIPD-PR. YAI has consolidated these entities pursuant to U.S. GAAP due to its financial interest and control over them. All material intercompany transactions and balances have been eliminated upon consolidation.

C. ***Basis of Net Asset Presentation -*** The Agency maintains its net assets under the following two classes:

Without donor restrictions – represents resources available for support of the Agency's operations over which the Board of Trustees has discretionary control as well as investment in property, plant and equipment.

With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

D. ***Cash and Cash Equivalents -*** The Agency classifies cash equivalents as highly liquid financial instruments with maturities of three months or less when acquired, except for those short-term investments managed by investment managers as part of the Agency's investment strategies and the debt service reserve. Program participant funds included in cash and cash equivalents amounted to approximately $137,000 for the year ended June 30, 2020. Such amounts are also included as a liability in the accompanying consolidated financial statements.

E. ***Short-term Investments and Fair Value Measurements -*** Short-term investments are carried at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. ***Allowance for Uncollectible Receivables -*** The Agency determines whether an allowance for uncollectible receivables should be provided for accounts receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, historical experience, and collections subsequent to year end. As of June 30, 2020, the Agency determined an allowance of approximately $2.5 million for government receivables and approximately $1.9 million for tuition receivables was necessary. In addition, the Agency has established an allowance for doubtful accounts for other receivables of approximately $1.2 million as of June 30, 2020.

G. ***Revenue Recognition -*** The Agency records Medicaid revenue based on established rates multiplied by the number of units of service provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. Tuition is derived from contracts with customers and recognized during the school year upon exchange of contracted services. To the extent amounts received exceed amounts spent, the Agency records a liability due to funding sources. Other revenue includes management programmatic services provided to other network agencies. Such revenue is recorded based on the support service agreement. Medicaid and tuition is accounted for under Accounting Standards Codification ("ASU") Topic 606. Government grants are accounted for under ASU 2018-08 and amounted to $21,728,121 for the year ended June 30, 2020. For the year ended June 30, 2020, the Agency received conditional grants and contract from government agencies in the aggregate amount of $11 million. Such grants have not been recognized in the accompanying consolidated financial statements as they are for further periods and will be recognized when contract barriers are overcome.

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by the Agency provided its cost is $5,000 or more and its useful life is greater than one year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ***Contributions -*** Unconditional contributions, including promises to give cash and other assets, are reported at their fair value on the date the contribution is received. The Agency reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are accounted for under ASU 2018-08. Conditional contributions pertaining to future years is disclosed when material.

J. ***Functional Expenses -*** The costs of providing program and supporting services of the Agency have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, expenses that are not directly charged to programs and supporting services are allocated among programs and supporting services. The expenses that are allocated include occupancy and maintenance, which is allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

K. ***Prior Period Revenue -*** There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to retroactive rate adjustments, funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in Medicaid revenue for the year ended June 30, 2020 is a decrease of approximately $144,000 of prior year revenues relating to such adjustments.

L. ***Deferred Rent -*** The Agency leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, the Agency records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statement of financial position.

M. ***Bond Issuance Costs -*** Bond issuance costs consist of financing costs which are amortized over the life of the bond. The amortization is on the straight-line method which does not differ materially from the effective interest rate method.

N. ***Debt Service Reserve -*** Under the terms of the Dormitory Authority of the State of New York ("DASNY"), the Agency is required to deposit with the bond trustee an amount to be held in a debt service reserve fund, which will be utilized to satisfy the last payment required on the mortgage, or can be used prior to that point under the direction of DASNY to make any loan payments due by reason of default or other causes spelled out in the loan agreement. The debt service reserve is carried at market value in the accompanying consolidated statement of financial position.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement financial position date, include the following as of June 30:

	2020
Cash and cash equivalents	$ 7,372,223
Short-term investments	15,665,753
Government receivables, net	37,500,999
Tuition receivables, net	21,280,596
Other receivables, net	9,489,853
Total Financial Assets	91,309,424
Less: Other receivables due in more than one year	(2,100,000)
Less: Program participant funds	(137,102)
Less: Net assets with donor restrictions	(1,494,341)
	$ 87,577,981

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

The Agency strives to maintain liquid financial assets sufficient to cover expenditures. Revenue from funders are expected to cover most expenses. Financial assets are available to fund any programs or supporting services with unanticipated shortfalls. In addition, as noted in Note 7, the Agency has multiple lines of credit totaling a maximum drawdown of $42 million.

NOTE 4 – GOVERNMENT RECEIVABLES

Government receivables consists of the following as of June 30:

	2020
Due from Medicaid	$ 25,760,344
Due from the State of New York	10,328,627
Due from the City of New York	1,061,311
Due from other sources	2,800,793
	39,951,075
Less: allowance for doubtful accounts	(2,450,076)
	$ 37,500,999

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

Short-term investments consist of the following as of June 30:

	2020
Money market funds	$ 3,822,298
Mutual funds	2,841,390
Corporate bonds	3,052,408
Government bonds	5,445,764
Multi-strategy investments	503,893
	$ 15,665,753

Investment activity consists of the following for the year ended June 30:

	2020
Interest	$ 395,895
Realized gain	102,981
Unrealized gain	363,994
	$ 862,870

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Agency has no Level 3 investments.

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money markets and U.S. Treasury bills are valued using market prices in active markets (Level 1). Fair value of these investments is determined by management through the investment managers. Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Corporate bonds, U.S. Government bonds and multi-strategy investments are designated as Level 2 instruments and valuations are obtained from similar market or model derived valuations in which all significant inputs are observable or can be derived primarily from or corroborated with observable market data (credit risk/grade, maturities, etc.).

Financial assets carried at fair value as of June 30, 2020 are classified in the table as follows:

	Level 1	Level 2	Total
Short-term investments:			
Money market funds	$ 3,822,298	$ -	$ 3,822,298
Mutual funds	2,841,390	-	2,841,390
Corporate bonds	-	3,052,408	3,052,408
Government bonds	-	5,445,764	5,445,764
Multi-strategy investments	-	503,893	503,893
Total Short-term investments	6,663,688	9,002,065	15,665,753
Debt Service Reserve Fund:			
U.S. Treasury bills	2,870,580	-	2,870,580
	$ 9,534,268	$ 9,002,065	$ 18,536,333

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2020	Estimated Useful Lives
Land	$ 11,772,584	
Buildings and building improvements	68,846,929	15-25 years
Leasehold improvements	28,027,033	5-25 years
Furniture and equipment	20,486,423	3-10 years
Construction in progress	9,518,626	
	138,651,595	
Less: accumulated depreciation	(86,720,792)	
	$ 51,930,803	

Depreciation and amortization expenses amounted to $4,868,319 for the year ended June 30, 2020. Construction in progress consists of construction at new locations and various renovations with a combined additional estimated cost to complete of approximately $12 million and estimated completion dates in fiscal year 2021.

NOTE 7 – NOTES AND MORTGAGES PAYABLE

	2020
A. YAI has entered into various loan agreements with the Dormitory Authority of the State of New York. The loans carry interest rates ranging from 1.57% to 4.52% per annum, payable in semi-annual installments and have maturity dates ranging from August 2018 through June 2045. The loans are collateralized by YAI's underlying real property.	$ 30,582,008

NOTE 7 – NOTES AND MORTGAGES PAYABLE (Continued)

	2020
B. YAI has available a $14 million line of credit with a bank for the acquisition and renovation of program sites. Upon receipt of New York State prior property approvals, the funds drawn down on this line of credit are subsequently converted into notes. As of June 30, 2020, there were seven notes executed. The notes bear an interest rate of prime resulting in a rate of 3.25% as of June 30, 2020. The notes are collateralized by related property and mature in April 2022. The outstanding balance as of February 1, 2021 amounted to $7,467,955.	$ 9,546,359
C. The Agency has available a $28 million working capital line of credit with a bank carrying an interest rate of prime which as of June 30, 2020 was 3.25%. The loan is collateralized by YAI's accounts receivable and matures in April 2022. The outstanding balance as of February 1, 2021 amounted to $24,270,133.	25,389,077
D. MSA has a construction loan payable to a bank which bears interest at a fixed rate of 3.05% per annum and expires on October 1, 2021. The loan is collateralized by funds deposited and guaranteed by YAI.	498,037
	66,015,481
Less: unamortized debt issuance costs	(1,899,819)
Notes and mortgages payable, net	$ 64,115,662

Most of the loans have provisions for loan covenants. The Agency was in compliance with these covenants as of and during the year ended June 30, 2020. The unamortized debt issuance costs increased due to an addition of closing costs of $588,975 for new loans less non-cash interest expense of $233,231.

Required future annual principal payments are payable as follows for the years ending June 30:

2021	$ 2,291,052
2022	36,983,882
2023	2,519,634
2024	1,716,635
2025	2,079,088
Thereafter	18,525,371
	$ 64,115,662

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. The Agency has operating lease agreements, and annual future minimum rentals payable for real and personal property principally under long-term operating leases expiring at varying dates through 2061 as follows:

	Real Property	Vehicles and Equipment	Total
2021	$ 11,534,483	$ 1,785,916	$ 13,320,399
2022	10,940,388	1,333,592	12,273,980
2023	10,173,243	870,202	11,043,445
2024	9,752,332	203,402	9,955,734
2025	9,018,169	49,087	9,067,256
Thereafter	148,797,443	-	148,797,443
	$200,216,058	$ 4,242,199	$ 204,458,257

Included in real property above is an operating agreement for a condominium for the Agency's central office. The annual future minimum payments are calculated as the condominium's purchase price of approximately $26 million multiplied by an interest rate of 8% per annum and payable in monthly installments.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Rent expense amounted to the following for the year ended June 30:

	2020
Real property	$ 13,556,532
Vehicles and equipment	2,150,113

B. YAI has capital leases for computer and electronic equipment with maturities in 2025, and with the following annual payments:

2021	$ 675,436
2022	713,327
2023	753,569
2024	602,452
2025	111,350
	$ 2,856,134

C. The Agency believes it has no uncertain tax positions as of June 30, 2020 and 2019 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

D. The Agency receives a significant portion of its revenue for services provided from third-party reimbursement through government agencies and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Agency, when appropriate, records an estimated liability to governmental agencies for any excess reimbursement over allowable costs and underspending of interim rates. As of June 30, 2020, due to funding source represents overpayments from the 2012-2020 fiscal years for the Agency's programs. Such amounts are expected to be recouped by the funding sources.

E. The Agency is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of the Agency.

F. During the year ended June 30, 2020, YAI recorded the benefit obligation for a Supplemental Pension Plan and Trust and Life Insurance Plan and Trust in excess of the assets of the plan for certain previous employees. The liability amounted to approximately $6.4 million, and is included in other liabilities in the consolidated statement of financial position. The liability represents the present value of the future obligation calculated with a discount rate of 5.5% and social security life expectancy table.

G. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. COVID-19 disrupted operations of the Agency during the year ended June 30, 2020. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Agency's mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Agency cannot predict the extent to which its financial condition and results of operations will be affected. The Agency continues to monitor evolving economic and business conditions and the actual and potential impacts of COVID-19 on operations.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

The Agency's net assets with donor restrictions subject to expenditure for the specified purpose of the passage of time consist of the following as of June 30:

	2020
Grants and restricted funds	$ 1,484,341
Fund held in perpetuity	10,000
	$ 1,494,341

During the year ended June 30, 2020, the Agency released net assets with donor restriction of $336,276 by satisfying donor-imposed purpose, passage of time restrictions and appropriation of endowment earnings by the Board of Trustees.

NOTE 10 – CONCENTRATION

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash and short-term investment accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash and short-term investment accounts are insured up to $250,000 per depositor. As of June 30, 2020, there was approximately $7.5 million of cash and cash equivalents held by one bank that exceeded FDIC limits.

NOTE 11 – RETIREMENT PLAN

On January 1, 2019, the Agency adopted the YAI Network Affiliates 403(b) Plan. All common law employees are eligible to make salary reduction contributions into the plan. Employees who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year are eligible for employer matching contributions. The employer matching contribution will be equal to 50% of the first 6% of employee compensation deferral made to the plan for periods on or after July 1, 2019. For the year ended June 30, 2020 the employer matching contribution was $1,455,789.

NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts - The Agency receives Medicaid revenue from contracts with the New York State Office for People with Developmental Disabilities (OPWDD) to provide support and services to individuals with developmental and learning disabilities, from infants through the elderly, in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from OPWDD, third-party payors (Medicare), individuals (Client Fees) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Service revenue is derived from contracts with customers.

Tuition revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. Service revenue from tuition is recognized after the services are performed or after the Agency has completed its portion of the contract. Tuition is recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided. As of June 30, 2020, approximately $430,000 of deferred tuition is included in other liabilities in the consolidated statement of financial position.

Generally, the Agency bills OPWDD, third-party payors, tuition and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Performance Obligations - Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the OPWDD stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided.

For the year ended June 30, 2020, program service fees consist of revenues for the following programs:

	Medicaid	Medicare and Client Fees	Tuition	Total
Residential services	$ 96,733,949	$ 8,446,510	$ -	$ 105,180,459
Day and community services	53,773,814	1,722,738	-	55,496,552
Clinical services	18,930,047	2,907,716	-	21,837,763
Educational services	-	-	26,858,428	26,858,428
Employment services	1,074,401	-	-	1,074,401
	$ 170,512,211	$ 13,076,964	$ 26, 858,428	$ 210,447,603

NOTE 13 – CHANGE IN REPORTING ENTITY

Effective July 1, 2019, YAI became the sole corporate member of MSA and IHOPE, which resulted in a net increase in net assets as of July 1, 2019. Such increase is included in change in reporting entity of $4,719,285 in the consolidated statement of activities for the year ended June 30, 2020.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through February 1, 2021, the date the consolidated financial statements were available to be issued.

YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2020

	YAI	MSA	IHOPE	PHC	IIPD-PR	Consolidating Eliminations	Total 2020
ASSETS							
Cash and cash equivalents	$ 5,705,678	$ 657,279	$ 760,092	$ 249,174	$ -	$ -	$ 7,372,223
Short-term investments	15,665,753	-	-	-	-	-	15,665,753
Government receivable, net	34,942,038	-	-	2,558,961	-	-	37,500,999
Tuition receivables, net	-	6,161,135	15,119,461	-	-	-	21,280,596
Due from Network Agencies	7,708,889	519,887	-	-	-	(8,228,776)	-
Other receivables, net	9,415,052	-	38,686	36,115	-	-	9,489,853
Prepaid expenses and other assets	8,805,106	229,011	469,643	636,598	-	-	10,140,358
Property and equipment, net	49,246,310	1,473,710	217,230	993,553	-	-	51,930,803
Debt service reserve	2,870,580	-	-	-	-	-	2,870,580
TOTAL ASSETS	$ 134,359,406	$ 9,041,022	$ 16,605,112	$ 4,474,401	$ -	$ (8,228,776)	$ 156,251,165
LIABILITIES							
Accounts payable and accrued expenses	$ 14,796,048	$ 390,271	$ 248,612	$ 642,134	$ -	$ -	$ 16,077,065
Accrued salary	8,223,525	273,561	316,425	436,119	-	-	9,249,630
Accrued vacation	4,680,612	-	98,719	326,596	-	-	5,105,927
Accrued pension	1,222,329	65,667	89,102	78,691	-	-	1,455,789
Other liabilities	8,811,280	1,277,279	68,485	-	-	-	10,157,044
Due to funding sources	4,026,113	-	-	765,713	-	-	4,791,826
Notes and mortgages payable	54,074,087	3,489,340	4,000,000	2,552,235	-	-	64,115,662
Capital lease obligations	2,661,906	-	-	194,228	-	-	2,856,134
Due to related party	-	34,190	5,789,071	8,245,579	603,524	(14,672,364)	-
Deferred rent	1,265,750	1,338,594	71,281	470,802	-	-	3,146,427
TOTAL LIABILITIES	99,761,650	6,868,902	10,681,695	13,712,097	603,524	(14,672,364)	116,955,504
COMMITMENTS AND CONTINGENCIES							
NET ASSETS							
Net assets without donor restrictions							
Net invested in property and equipment	11,217,739	984,370	217,230	799,325	-	-	13,218,664
Available for operations	21,924,936	1,180,729	5,673,948	(10,037,021)	(603,524)	6,443,588	24,582,656
Total net assets without donor restrictions	33,142,675	2,165,099	5,891,178	(9,237,696)	(603,524)	6,443,588	37,801,320
Net assets with donor restrictions	1,455,081	7,021	32,239	-	-	-	1,494,341
TOTAL NET ASSETS	34,597,756	2,172,120	5,923,417	(9,237,696)	(603,524)	6,443,588	39,295,661
TOTAL LIABILITIES AND NET ASSETS	$ 134,359,406	$ 9,041,022	$ 16,605,112	$ 4,474,401	$ -	$ (8,228,776)	$ 156,251,165

See independent auditors' report.

YAI AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	YAI			Manhattan Star Academy			International Academy of Hope		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support									
Medicaid	$ 158,655,531	$ -	$ 158,655,531	$ -	$ -	$ -	$ -	$ -	$ -
Government grants	21,166,706	-	21,166,706	-	-	-	-	-	-
Medicare and client fees	10,950,071	-	10,950,071	-	-	-	-	-	-
Tuition	-	-	-	11,087,477	-	11,087,477	15,770,951	-	15,770,951
Other revenues	7,957,347	-	7,957,347	12,855	-	12,855	5,168	-	5,168
Contributions	1,566,130	1,006,636	2,572,766	10,645	7,381	18,026	32,582	-	32,582
Special events (net of direct costs of $257,835)	150,123	81,780	231,903	-	-	-	-	-	-
Investment activity	862,870	-	862,870	-	-	-	-	-	-
Net assets released from restrictions	335,544	(335,544)	-	360	(360)	-	372	(372)	-
Total Operating Revenue and Support	201,644,322	752,872	202,397,194	11,111,337	7,021	11,118,358	15,809,073	(372)	15,808,701
Operating Expenses:									
Program Services:									
Residential services	108,507,732	-	108,507,732	-	-	-	-	-	-
Day and community services	58,576,796	-	58,576,796	-	-	-	-	-	-
Clinical services	7,810,110	-	7,810,110	-	-	-	-	-	-
Educational services	-	-	-	8,863,364	-	8,863,364	11,247,749	-	11,247,749
Employment services	2,504,264	-	2,504,264	-	-	-	-	-	-
Total Program Services	177,398,902	-	177,398,902	8,863,364	-	8,863,364	11,247,749	-	11,247,749
Supporting Services:									
Management and general	25,019,849	-	25,019,849	1,599,360	-	1,599,360	1,835,708	-	1,835,708
Fundraising	476,831	-	476,831	-	-	-	4,626	-	4,626
Total Supporting Services	25,496,680	-	25,496,680	1,599,360	-	1,599,360	1,840,334	-	1,840,334
Total Operating Expenses	202,895,582	-	202,895,582	10,462,724	-	10,462,724	13,088,083	-	13,088,083
Change In Net Assets From Operations	(1,251,260)	752,872	(498,388)	648,613	7,021	655,634	2,720,990	(372)	2,720,618
Non-Operating:									
Contribution from acquisition	953,444	10,000	963,444	-	-	-	-	-	-
Benefit obligation in excess of plan assets	(392,418)	-	(392,418)	-	-	-	-	-	-
Total Non-Operating Activities	561,026	10,000	571,026	-	-	-	-	-	-
CHANGE IN NET ASSETS	(690,234)	762,872	72,638	648,613	7,021	655,634	2,720,990	(372)	2,720,618
Net Assets - beginning of year	33,832,909	692,209	34,525,118	-	-	-	-	-	-
Change in reporting entity	-	-	-	1,516,486	-	1,516,486	3,170,188	32,611	3,202,799
NET ASSETS - END OF YEAR	$ 33,142,675	$ 1,455,081	$ 34,597,756	$ 2,165,099	$ 7,021	$ 2,172,120	$ 5,891,178	$ 32,239	$ 5,923,417

	Premier Healthcare, Inc.		YAI/Rockland County Association for People with Disabilities			International Institute for People with Disabilities of Puerto Rico, Inc.			Consolidated Total		
	Without Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total	Consolidating Eliminations	Without Donor Restrictions	With Donor Restrictions	Total 2020
Operating Revenue and Support											
Medicaid	$ 11,856,680	$ 11,856,680	$ -	$ -	$ -	$ -	$ -	$ -	$ 170,512,211	$ -	$ 170,512,211
Government grants	561,415	561,415	-	-	-	-	-	-	21,728,121	-	21,728,121
Medicare and client fees	2,126,893	2,126,893	-	-	-	-	-	-	13,076,964	-	13,076,964
Tuition	-	-	-	-	-	-	-	-	26,858,428	-	26,858,428
Other revenues	-	-	-	-	-	-	-	(3,192,888)	4,782,482	-	4,782,482
Contributions	1,428	1,428	-	-	-	-	-	-	1,610,785	1,014,017	2,624,802
Special events (net of direct costs of $257,835)	-	-	-	-	-	-	-	-	150,123	81,780	231,903
Investment activity	-	-	-	-	-	-	-	-	862,870	-	862,870
Net assets released from restrictions	-	-	-	-	-	-	-	-	336,276	(336,276)	-
Total Operating Revenue and Support	14,546,416	14,546,416	-	-	-	-	-	(3,192,888)	239,918,260	759,521	240,677,781
Operating Expenses:											
Program Services:											
Residential services	-	-	-	-	-	-	-	-	108,507,732	-	108,507,732
Day and community services	-	-	-	-	-	-	-	-	58,576,796	-	58,576,796
Clinical services	13,482,262	13,482,262	-	-	-	-	-	-	21,292,372	-	21,292,372
Educational services	-	-	-	-	-	-	-	-	20,111,113	-	20,111,113
Employment services	-	-	-	-	-	-	-	-	2,504,264	-	2,504,264
Total Program Services	13,482,262	13,482,262	-	-	-	-	-	-	210,992,277	-	210,992,277
Supporting Services:											
Management and general	2,688,832	2,688,832	-	-	-	7,288	7,288	(3,192,888)	27,958,149	-	27,958,149
Fundraising	-	-	-	-	-	-	-	-	481,457	-	481,457
Total Supporting Services	2,688,832	2,688,832	-	-	-	7,288	7,288	(3,192,888)	28,439,606	-	28,439,606
Total Operating Expenses	16,171,094	16,171,094	-	-	-	7,288	7,288	(3,192,888)	239,431,883	-	239,431,883
Change In Net Assets From Operations	(1,624,678)	(1,624,678)	-	-	-	(7,288)	(7,288)	-	486,377	759,521	1,245,898
Non-Operating:											
Contribution from acquisition	-	-	(953,444)	(10,000)	(963,444)	-	-	-	-	-	-
Benefit obligation in excess of plan assets	-	-	-	-	-	-	-	-	(392,418)	-	(392,418)
Total Non-Operating Activities	-	-	(953,444)	(10,000)	(963,444)	-	-	-	(392,418)	-	(392,418)
CHANGE IN NET ASSETS	(1,624,678)	(1,624,678)	(953,444)		(963,444)	(7,288)	(7,288)	-	93,959	759,521	853,480
Net Assets - beginning of year	(7,613,018)	(7,613,018)	953,444	10,000	963,444	(596,236)	(596,236)	6,443,588	33,020,687	702,209	33,722,896
Change in reporting entity	-	-	-	-	-	-	-	-	4,686,674	32,611	4,719,285
NET ASSETS - END OF YEAR	$ (9,237,696)	$ (9,237,696)	$ -	$ -	$ -	$ (603,524)	$ (603,524)	$ 6,443,588	$ 37,801,320	$ 1,494,341	$ 39,295,661

See independent auditors' report.

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APPENDIX C

UNAUDITED FINANCIAL INFORMATION OF SERIES 2023 PARTICIPANTS

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APPENDIX C-I

CITIZENS OPTIONS UNLIMITED, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

AND

COMMUNITY SERVICES SUPPORT CORPORATION

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

AND

NASSAU COUNTY AHRC FOUNDATION, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

CITIZENS OPTIONS UNLIMITED, INC.

FINANCIAL STATEMENTS (Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

CITIZENS OPTIONS UNLIMITED INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2023
($000's)

	3/31/2023
	[Unaudited]
Assets	
Current:	
Cash and cash equivalents	7,387
Cash, restricted	1,041
Investments, at fair value	24
Accounts receivable, net	7,446
PHP pending rate adjustment balance	1,121
Other receivable, FMAP	45
Prepaid expenses and other assets	114
Total Current Assets	**17,179**
Right to Use assets	9,720
Assets held for specific purpose	171
Deferred charges	113
Fixed assets, net	4,756
Total Assets	**31,939**
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accrued expenses	1,442
Accrued salaries, payroll taxes & benefits	4,752
Finance lease liability, current portion	1,162
Grant advance (Nassau County)	60
Due to non-controlled affiliated organizations	593
Due to DOH: Healthcare Workers Bonus	10
FMAP Phase II	936
Due to New York State OPWDD	3,489
Total Current Liabilities	**12,443**
Deferred Compensation Payable	171
Finance Lease Liability	8,519
Reserve for potential liabilities	5,180
Total Liabilities	**26,313**
Net Assets (Deficit):	
Without donor restrictions	4,881
With donor restrictions	745
Total Net Assets	**5,626**
Total Liabilities and Net Assets	**31,939**

CITIZENS OPTIONS UNLIMITED, INC.
SUMMARIZED STATEMENT OF ACTIVITIES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
($000's)

	ACTUAL	BUDGET	OVER (UNDER) BUDGET	FULL YEAR BUDGET
REVENUES	$ 15,837	$ 15,693	$ 144	$ 69,868
EXPENSES:				
Salaries	$ 9,278	$ 9,093	$ 186	$ 36,560
Employer Fringe	2,601	2,705	(104)	10,969
Contracted Services	691	717	(26)	2,624
Other than Personal Services	4,623	4,824	(201)	19,696
TOTAL EXPENSES	$ 17,193	$ 17,339	$ (146)	$ 69,848
NET (LOSS) - OPERATIONS	$ (1,355)	$ (1,645)	$ 290	$ 20
Non-Operating Items				
DOH HWB				
Contribution Income	4	38	(33)	150
Interest & Investment Income	56	30	26	120
CHANGE IN NET ASSETS	$ (1,295)	$ (1,578)	$ 283	$ 290
	-	-		-

COMMUNITY SERVICES SUPPORT CORPORATION
("CSSC")

FINANCIAL STATEMENTS
[Unaudited]
March 31, 2023

COMMUNITY SERVICES SUPPORT CORPORATION

Statements of Financial Position

		March 31, 2023 [Unaudited]
Assets		
Current Assets:		
Cash and cash equivalents	$	637,715
Investments		386,082
Accounts receivable		35,983
Prepaid expenses and other current assets		31,101
Receivable from other organizations, current portion		321,709
Sales-type lease receivable, current portion		2,096,433
Total Current Assets		3,509,023
Receivable from other organizations		1,747,864
Assets held for specific purpose		433,962
Sales-type lease receivable, net of current portion		12,055,180
Fixed Assets, Net		2,603,243
Total Assets	$	20,349,272
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$	72,863
Bank lines of credit		3,643,147
Mortgages payable, current portion		102,273
Bonds payable, current portion		2,798,417
Total Current Liabilities		6,616,700
Subvention Loan Payable		1,958,541
Mortgages payable, net of current portion		110,402
Bonds payable, net of current portion and deferred financing costs		9,561,316
Total Liabilities		18,246,959
Net Assets:		
Unrestricted		2,102,313
Total Liabilities and Net Assets	$	20,349,272

COMMUNITY SERVICES
SUPPORT CORPORATION

Statements of Activities and Changes in Net Assets

For the Three Months ended March 31,	**2023**
	[Unaudited]
Revenues	
Rental income	$ 17,231
Right-of-use lease interest income	173,582
Investment income (loss)	8,106
Total Revenue	198,919
Expenses	
Program services - rental activities:	
Interest	184,712
Total Program Services	184,712
Supporting services:	
Management fee	18,052
Professional services	25,672
Total Supporting Services	43,724
Total Expenses	228,436
Changes in Net Assets, before gain on assets leased through sales-type leases	(29,517)
Loss on assets leased through sales-type leases	(214,019) **[1]**
Changes in Net Assets	(243,536)
Net Assets, beginning of year	2,345,849
Net Assets, end of period	$ 2,102,313

[1] *Amount consists of the application of lease accounting rules under ASU 2016-02--Leases (Topic 842) for 10 Village Drive, Medford in the following amount:*

10 Village Drive, Medford	(214,019)
Total	(214,019)

(Loss)/gain arises from the "conversion" of owned real properties (recorded at original cost) from "Fixed Assets" to "Sales-type lease receivable" (valued at the net present value of future cash flows from rental income). The difference between these two values yield an accounting gain or loss.

COMMUNITY SERVICES
SUPPORT CORPORATION

Statements of Cash Flows

For the Three Months ended March 31,		**2023**
Cash Flows from Operating Activities:		
Changes in net assets	$	(243,536)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Interest expense related to deferred financing costs		33,810
Unrealized loss (gain) on investments		(2,665)
Loss (gain) on assets leased through sales-type leases		214,019
Accrued interest payable on subvention loan payable		1,689
Decrease (increase) in operating assets:		
Prepaid expenses and other current assets		102,539
Receivable from other organizations		75,944
Sales-type lease receivable		(800,462)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		(34,300)
Net Cash Provided by Operating Activities		(652,962)
Cash Flows from Investing Activities:		
Purchase of fixed assets		(184,729)
Conversion of fixed assets to sales-type lease		1,273,231
Proceeds from sale of investments		-
Note receivable from Nassau County AHRC Foundation		
Net Cash Used in Investing Activities		1,088,502
Cash Flows from Financing Activities:		
Proceeds from long term debt		
Proceeds from line of credit		227,839
Principal payments on line of credit		-
Proceeds from Nassau County AHRC Foundation subvention loan		
Principal payments on mortgages payable		(25,295)
Deferred financing costs		
Proceeds from bonds payable		-
Principal payments on bonds payable		(670,592)
Change in assets held for specific purpose		-
Net Cash Used in Financing Activities		(468,048)
Net Increase in Cash and Cash Equivalents		(32,508)
Cash and Cash Equivalents, beginning of year		670,223
Cash and Cash Equivalents, end of year	$	637,715
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$	149,213

NASSAU COUNTY AHRC FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

Unaudited

NASSAU COUNTY AHRC FOUNDATION, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
March 31, 2023

	March 31, 2023 Unaudited
ASSETS	
Current	
Cash and cash equivalents	$ 11,684,670
Investments	35,036,440
Contributions receivable	-
Prepaid expenses and other assets	192,867
Current portion of loan receivable - Advantage Care	76,683
Assets held for specific purpose	209,618
Receivable from LCDX	-
Total Current Assets	47,200,278
Long-Term	
Deferred Start Up Costs (348 Wheatley Road)	124,163
Loan receivable - Advantage Care, net of current portion	431,228
Programmatic Investment, Net	1,025,842
Investment in Computer Software - managed care organization, Net	373,240
Due from Community Services Support Corporation ("CSSC")	1,958,540
Total Long-Term Assets	3,913,013
TOTAL ASSETS	**$ 51,113,291**
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accrued payroll and fringe benefits	$ 59,606
Accrued expenses and other liabilities	51,324
Due to other organizations	52,971
Deferred compensation payable	209,618
Contributions held for BCCS	50,389
Total Liabilities	423,908
NET ASSETS	
Total Unrestricted	50,250,909
Temporarily restricted	438,474
TOTAL NET ASSETS	50,689,383
TOTAL LIABILITIES AND NET ASSETS	**$ 51,113,291**

-

Nassau County AHRC Foundation, Inc.
Consolidating Results of Operations
For the Three Months Ended March 31, 2023

	Foundation
Revenue	
Contributions	$ 14,329
Service fees	
Special event revenue	9,230
Bequests	8,325
Contracted services income	42,141
	74,025
Revenue generated for other companies	(2,999)
Total Revenue	**71,026**
Expense	
Grants	**15,000**
General and Administrative:	
Salaries	68,188
Fringe expense	31,736
Consulting fees	-
Insurance	21,579
Management fee expense	31,913
Professional fees - legal and other	24,851
Depreciation expense	-
Other	3,506
Total General and Administrative Expense	**181,773**
Fundraising:	
Event catering/food	-
Event gifts and awards	-
Event expenses, other	775
Printing and graphic design	3,759
Other	961
Total Fundraising Expense	**5,495**
Total Expense	**202,268**
Income (Loss) from Operations	**(131,242)**
Other Income/(Loss):	
Investment income/(loss), net of fees	1,238,074
TRANSFER OF ASSETS FROM LCDX	57,425
Total Change in Net Assets	**$ 1,164,257**

NASSAU COUNTY AHRC FOUNDATION, INC. - STATEMENT OF ACTIVITIES

For the Three Months ended March 31, 2023

	Foundation	Walk	Roseball	Golf	Holiday Angels	Total	Contributions Received on Behalf of Others: Brookville Center Reach for the Stars	Contributions Received on Behalf of Others: Citizens, Inc.	Three Months ended March 31, 2023	Three Months ended March 31, 2022
REVENUE										
Contributions	$ 12,584				$ 1,745	$ 14,329			$ 14,329	$ 21,667
Special Event Revenue		$ 30	$ 3,500	$ 1,600		5,130	$ 4,100		9,230	40,100
Bequests	8,325					8,325			8,325	-
Contracted Services Income	42,141					42,141			42,141	67,190
Gross operating income	63,050	30	3,500	1,600	1,745	69,925	4,100	-	74,025	128,957
Less: Contributions Raised for Others						-	(2,999)		(2,999)	(20,473)
TOTAL REVENUE	$ 63,050	$ 30	$ 3,500	$ 1,600	$ 1,745	$ 69,925	$ 1,101	$ -	$ 71,026	108,484
EXPENSES										
Program Services										
Grant Expense	15,000					15,000			15,000	-
Total grant expense	15,000	-	-	-	-	15,000	-	-	15,000	-
Supporting Services - Management & General										
Salaries	68,188					68,188			68,188	62,179
Fringe Benefits	31,736					31,736			31,736	32,627
Management fee expense, net	31,913					31,913			31,913	39,306
Meetings, Subscriptions & Permits	1,564					1,564			1,564	812
Professional fees	24,851					24,851			24,851	9,534
Merchant/Bank Fees	1,250					1,250			1,250	1,054
Payroll Processing Fees	583					583			583	590
Insurance	21,579					21,579			21,579	-
Sponsorship/Contrib/Bereavement	109					109			109	87
Total management & general	181,773	-	-	-	-	181,773	-	-	181,773	146,189
Fundraising										
Postage & Mailing			775			775			775	-
Printing / Graphic Design	2,083	169	169	820		3,241	518		3,759	978
Supplies & Stationary	301					301	583		884	-
Employee Travel & Meetings	77					77			77	-
Photo & Film						-			-	-
Event Catering/Food						-			-	-
Event Entertainment						-			-	300
Event Gratuities						-			-	-
Event Advertising & Promotion						-			-	2,245
Event Gifts & Awards						-			-	-
Event Rentals						-			-	-
Event Raffle Prizes						-			-	-
Event Flowers and Decorations						-			-	-
Event Merchandise						-			-	-
Total fundraising	2,461	169	944	820	-	4,394	1,101	-	5,495	3,523
TOTAL EXPENSES	$ 199,234	$ 169	$ 944	$ 820	$ -	$ 201,167	$ 1,101	$ -	$ 202,268	$ 149,712
INCOME (LOSS) FROM OPERATIONS	$ (136,184)	$ (139)	$ 2,556	$ 780	$ 1,745	$ (131,242)	$ -	-	$ (131,242)	$ (41,228)
NON-OPERATING INCOME										
Interest and dividends	321,598					321,598			321,598	118,982
Realized gains (losses) on investments	162,113					162,113			162,113	1,701,791
Unrealized gains (losses) on investments	769,312					769,312			769,312	(3,473,732)
Investment Fees	(20,086)					(20,086)			(20,086)	(21,424)
Interest income (expense), net - MCO & Advantage	5,137					5,137			5,137	7,556
Investment income	1,238,074	-	-	-	-	1,238,074	-	-	1,238,074	(1,666,827)
TOTAL NON-OPERATING INCOME	1,238,074	-	-	-	-	1,238,074	-	-	1,238,074	(1,666,827)
CHANGE IN NET ASSETS BEFORE TRANSFER OF ASSETS FROM LCDX	1,101,890	(139)	2,556	780	1,745	1,106,832	-	-	1,106,832	(1,708,055)
TRANSFER OF ASSETS FROM LCDX	57,425					57,425			57,425	-
CHANGE IN NET ASSETS	$ 1,159,315	$ (139)	$ 2,556	$ 780	$ 1,745	$ 1,164,257	$ -	$ -	$ 1,164,257	$ (1,708,055)

2023 Total	2022 Total
$ 175,407	$ 63,886

Nassau County AHRC Foundation, Inc.
Joint Ownership Interest
March 31, 2023

Fund	Foundation/Advantage Care: Nassau Co Foundation %		Advantage Care %		FMV Total %
Clearbridge - Large Cap	$	10,488,875	$ 519,713	$	11,008,588
		95.3%	*4.7%*		*100.0%*
Vanguard S&P 500 Index		4,119,715	321,500		4,441,215
		92.8%	*7.2%*		*100.0%*
iShares Core Small Cap		2,475,459	195,492		2,670,951
		92.7%	*7.3%*		*100.0%*
Vanguard International Equity		-	-		-
		0.0%	*0.0%*		*0.0%*
Westwood		4,971,437	299,471		5,270,908
		97.4%	*2.6%*		*100.0%*
Fidelity Investments		11,182,466	285,505		11,467,971
		97.5%	*2.49%*		*100.0%*
Goldstein Capital		1,798,489	-		1,798,489
		100.0%	*0.0%*		*100.0%*
Total investment less cash/cash equivalents	$	35,036,440	$ 1,621,681	$	36,658,121
Cash and Cash Equivalents		6,605,600	708,196		7,313,796
		90.3%	*9.7%*		*100.0%*
Total Investment before Accrued Income	$	41,642,041	$ 2,329,876	$	43,971,917
Accrued income -		-	-		-
Totals	$	41,642,041	$ 2,329,876	$	43,971,917
		94.7%	5.3%		100.0%

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APPENDIX C-II

DEVELOPMENTAL DISABILITIES INSTITUTE, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

DEVELOPMENTAL DISABILITIES INSTITUTE, INC.

Financial Report for the period ending March 31, 2023

Developmental Disabilities Institute, Inc.

April 21, 2023

To the Finance Committee of the Board of Directors:

Enclosed are the Internal Financial Statements for Developmental Disabilities Institute, Inc. for the three months ended March 31, 2023.

During the month of March, the Agency generated an operating surplus of $728,987, inclusive of a decrease in net assets with donor restrictions of $24,435; the total surplus for the month, inclusive of prior period adjustments, was $735,330. The year-to-date total surplus is $751,022.

In March, there were 4 billable weeks in Children's Day Program (CDP) and Early Childhood Services (ECS), consistent with the prior month. Revenue was recognized at the 22/23 interim rates, inclusive of the 11% 22/23 trend.

CDP student FTEs were 1.5 under budget in March, resulting in reduced revenue compared to budget of $12,000. Year-to-date, total CDP School Age tuition revenue is under budget by $46,000 due to student enrollment lower than budget by 2 FTEs.

ECS preschool tuition-based student FTEs were 0.50 under budget in March, however, revenue was higher than budget by $7,000 due to the increased enrollment in the full-day integrated classes offset by the decrease in enrollment for the half-day integrated classes. Year-to-date, total ECS tuition-based revenue is under budget by approximately $78,000 due to student enrollment lower than budget in the self-contained classes through February. YTD Early Intervention services are approximately $24,000 over budget.

Revenue for the OPWDD programs was recognized at the 4/1/22 approved rates issued by DOH in December 2022 inclusive of 5.4% COLA. The 4/1/22 rates were higher than the 2023 budgeted rates, primarily due to additional COLA funding received. The additional revenue associated with the increase in the 4/1/22 rates related to the additional COLA funding approximates $51,000 MTD and $145,000 YTD.

The revenue in the Adult Service programs reflect 23 session days in March, compared to 19 days in February. Adult Day Service Medicaid revenue for the current month was higher than budget by $13,000, primarily due to an additional 124 Day Hab units, offset by the decrease in Prevoc services. Year-to-date, total ADS Medicaid revenue is over budget by $168,000 primarily related to 950 additional Day Hab units; the approved budget had projected 2 fewer session days in the first quarter due to snow closures; there were no snow closures in 2023.

The revenue in the residential programs reflects 31 billable days in the current month compared to 28 days in the prior month. There were no non-billable units in CRP in March. Year-to-date, CRP actual units are 134 higher than budget, as the non-billable units related to the transition of 6 aged-out individuals to the Chestnut IRA and the related backfills were budgeted for February; YTD actual revenue is higher than budget by approximately $57,000.

There were no non-billable days in the adult ICF programs during the current month. The 6-bed Chestnut IRA was budgeted to open February 1st; the actual opening date was April 17th. The YTD total budgeted revenue for Chestnut was approximately $194,000. Excluding the delay in Chestnut, there were 31 non-billable IRA units in March related to the vacancy at German, due to an individual who passed away in February. Excluding the delay in Chestnut, YTD IRA units are 36 higher than budget.

Based on recent guidance from the NYS Society of CPAs, the Healthcare Worker Bonus (HWB) should be classified as an agency transaction on the financial statements and recorded on the balance sheet only, as the agency has no variance power/discretion on how the amounts are to be paid. As such, the HWB salary expense of $1,041,500, the related FICA of $80,000, and the offsetting Other Income revenue recorded in February in the Other Programs column was reversed in March.

YTD fees for service professionals are over budget by $297,000 mainly due to direct care and quality assurance contracted staff in CRP and ARS. These expenses are partially offset by salary vacancies.

YTD program and recreation expenses are overbudget by $430,000 for additional instructional supply purchases for the ECS 9100 self-contained preschool classes, including the replacement of iPads for program use. These expenses were budgeted in the contingent spending line ($500,000 YTD).

The Cornhole event, held on March 25th, generated gross revenue of $27,800; net revenue for the event approximated $20,000.

Significant changes to the Balance Sheet as of March 31, 2023, are as follows:

Assets

The combined cash increased $3.5m for the month, mainly related to the OPWDD Workforce Stabilization Initiative Phase 2 funding received of $1.8m.

There was a net decrease of approximately $555,000 in overall receivables from the prior month. The decrease in Medicaid receivables of $510,000 pertains to an additional payment cycle received in the current month. County receivables remained relatively flat compared to the prior month. Subsequent to month-end, we collected $68,000 from Nassau County and received payment detail from Suffolk County approximating $1.4m for December tuition. Suffolk County continues to be behind on payment by approximately one month's tuition as compared to their pre-cyber-attack claim processing schedule.

The decrease in Grants Receivable of $140,000 primarily relates to 22/23 SEDCAR grant payments received.

The decrease in Prepaids of $224,000 is associated with the 22/23 insurance policy, as the premiums were paid in full to Berkshire Hathaway in January.

Fixed Assets had an overall net decrease of $50,000 from the prior month primarily due to the current month's depreciation expense. The increase in Construction in Progress of $116,000 mainly relates to the Chestnut IRA renovations.

The increase in Assets Limited to Use of $405,000 mainly relates to the transfer of monthly debt service reserve, offset by interest payments made.

Liabilities

The increase in Accrued Payroll of $679,000 is related to 3 additional days accrued at month end; there were 19 days accrued in March and 16 days accrued in February.

The increase in Deferred Revenue of $1.8m is related to the receipt of the OPWDD Workforce Stabilization Initiative Phase 2 funding for support and clinical staffing on 3/24/23. These funds must be distributed within 180 days of receipt (9/20/23) in accordance with an agency-specific distribution plan.

All other items were typical monthly changes or consistent from the prior month.

Covenants

The Debt Service Coverage Ratio is required by our debt holders on an annual basis as of December 31st, along with the year-end audited financials. For the rolling 12 months ended March 31, 2023, the Agency's Net Asset Roll Forward for the 12-month period was above the banks' required ratio of 1.0.

Respectfully Submitted,

Erica Razzano

Erica Razzano, Senior Director of Finance

Developmental Disabilities Institute, Inc.
Balance Sheet
March 31, 2023

		March 31, 2023
		Assets
Current Assets		
Cash	$	27,957,195
Restricted Cash - Workers Comp		181,212
Restricted Cash - Capital Campaign		140,156
Accounts Receivable (less allowance for doubtful accounts $490,303 and $490,303 respectively)		17,881,526
Grants Receivable		424,409
Contributions and Pledges Receivable		45,081
Inventory		20,996
Prepaid Expenses and Other Current Assets		823,495
Total Current Assets		47,474,070
Fixed Assets		
Land, Buildings and Improvements		65,685,490
Leasehold Improvements		2,018,661
Furniture, Fixtures and Equipment		10,523,046
Vehicles		4,295,295
		82,522,492
Less Accumulated Depreciation		(51,929,605)
Construction-In-Progress		1,877,722
Net Fixed Assets		32,470,609
Other Assets		
Assets Limited as to use		3,723,644
Right of Use Asset-Operating		7,474,079
Right of Use Asset-Finance		2,216,115
Other investments		22,323
Other Assets		13,436,161
Total Assets	**$**	**93,380,840**
		Liabilities And Net Assets
Current Liabilities		
Accounts Payable	$	2,211,345
Accrued Expenses		3,354,527
Interest Payable		92,132
Accrued Payroll		4,780,946
Accrued Related Benefits		927,825
Line of Credit		281,296
Deferred Revenue		3,267,725
Current portion of Operating Lease Liability		853,337
Current portion Mortgages and Notes Payable		411,747
Finance Lease Liability -Current		759,337
Current portion of Bonds Payable		2,436,356
Current portion of Due to Governmental Agencies		1,583,986
Total Current Liabilities		20,960,559
Long - Term Liabilities		
Deferred Revenue, less current		684,252
Operating Lease Liability, less current		7,051,310
Finance Lease Liability – Long-Term		1,477,048
Mortgages and Notes Payable, less current		3,067,096
Bonds Payable, less current		15,305,336
Long-Term Liabilities		27,585,042
Total Liabilities		**48,545,602**
Net Assets		
Without donor restrictions		44,440,991
With donor restrictions		394,247
Total Net Assets		44,835,238
Liabilities and Net Assets	**$**	**93,380,840**

Note: Effective 7/1/2022, the Irrevocable Letter of Credit issued to AIG relating to the worker's comp policy increased to $5,416,837 from $4,941,837; as of March 31, 2023 there were no draw downs on this Letter of Credit.

Developmental Disabilities Institute, Inc.
Statement of Cash Flows
For the Three Months Ended March 31, 2023

	March 31, 2023
Operating activities	
Excess of support and revenue over expenses	751,022
Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities:	
Depreciation	753,698
Amortization on Debt Issuance Costs	33,243
(Increase) decrease in:	
Accounts Receivable	4,431,503
Grants Receivable	302,027
Contributions and Pledges Receivable	8,110
PPE Inventory	940
Prepaid and Other Assets	389,062
Increase (decrease) in:	
Accounts Payable	(127,437)
Accrued Expenses	(233,312)
Interest Payable	(92,135)
Accrued Payroll	1,273,369
Accrued Related Benefits	(61,901)
Deferred Revenue	1,576,193
Due to Governmental Agencies	57,715
Net cash provided by operating activities	**9,062,097**
Investing activities	
Purchases of Property and Equipment	(1,009,116)
Net cash used in investing activities	(1,009,116)
Financing activities	
Right of Use Asset -Operating	382,831
Right of Use Asset -Finance(purchases)	192,732
Payments of Term Loan	(31,037)
Operating Lease Liability	(372,679)
Principal repayments on Finance Lease	(186,190)
Principal repayments on Mortgages and Notes Payable	(142,858)
Net cash used in financing activities	**(157,201)**
Net increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**7,895,780**
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, at December 31, 2022	24,106,427
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, at March 31, 2023	**$ 32,002,207**

Developmental Disabilities Institute, Inc.
Statement of Revenue and Functional Expenses
For the Month ended March 31, 2023
Summary of All Divisions

	Program Services											
	Children's Day Program	Early Childhood Services	Children's Residential Program	Adult Day Services	Adult ICF Services	Adult IRA Services	Self Direction	Other Programs	Fundraising	Subtotal	Admin	Grand Total
Change in Net Assets without donor restrictions												
Revenue												
SED/ EI	1,658,252	2,101,732	0	0	0	0	0	0	0	3,759,984	0	3,759,984
Medicaid	20,762	0	1,155,580	2,175,592	307,444	3,403,708	697,656	0	0	7,760,742	0	7,760,742
Grants	32,081	37,562	531	7,483	0	0	59	956	0	78,672	1,486	80,158
Capital Campaign	0	0	0	0	0	0	0	0	15,765	15,765	0	15,765
Special Events	0	0	0	0	0	0	0	0	27,754	27,754	0	27,754
Other Income	5,717	21,907	155	25,876	54	325,485	113,000	(1,075,973)	3,976	(579,803)	97,220	(482,583)
Total Revenue	**1,716,812**	**2,161,201**	**1,156,266**	**2,208,951**	**307,498**	**3,729,193**	**810,715**	**(1,075,017)**	**47,495**	**11,063,114**	**98,706**	**11,161,820**
Expenses												
Salary expenses												
Direct Care	604,306	707,177	445,106	713,040	138,448	1,921,615	304,463	(758,500)	0	4,075,655	0	4,075,655
Support	0	0	6,404	924	0	33,474	0	0	0	40,802	0	40,802
Clinical	379,205	392,546	91,906	136,103	11,030	176,389	21,740	(277,986)	1	930,934	6,310	937,244
Program Admin/Admin	64,443	85,663	42,615	41,520	4,572	63,668	14,085	(4,970)	17,328	328,924	355,226	684,150
Maintenance	38,624	51,911	21,106	21,734	4,603	64,824	536	5,447	238	209,023	9,838	218,861
Transportation	1,814	1,598	3,561	191,059	1,082	17,226	16	113	7	216,476	1,511	217,987
Employee Recruitment Salaries	0	0	0	(600)	0	300	0	0	0	(300)	0	(300)
Workmen's Comp Reimbursement	(5,016)	(4,391)	0	(401)	0	0	0	0	0	(9,808)	0	(9,808)
Total Salaries Expense	**1,083,376**	**1,234,504**	**610,698**	**1,103,379**	**159,735**	**2,277,496**	**340,840**	**(1,035,896)**	**17,574**	**5,791,706**	**372,885**	**6,164,591**
Fringe Benefits & OTPS												
Employee Benefits	340,484	384,602	132,231	302,795	47,947	627,546	56,840	(78,029)	1,093	1,815,509	111,554	1,927,063
Fees For Service Professionals	(111)	324	59,801	7,990	2,474	40,475	64,568	0	0	175,521	39,073	214,594
Telephone & Communications	9,134	13,298	5,917	21,013	1,106	18,641	268	837	61	70,275	6,186	76,461
Travel	1,168	1,608	650	1,600	178	2,713	16	109	7	8,049	1,258	9,307
Food & Household Supplies	2,433	4,801	53,578	3,992	6,847	90,892	8	2	3	162,556	141	162,697
Program & Recreation Expense	10,271	155,066	11,944	9,185	450	12,663	139	114	8,359	208,191	0	208,191
Supplies & Office Expense	10,686	11,400	4,800	5,989	1,063	10,343	16,741	25	2,087	63,134	96,675	159,809
Furniture & Equipment	81	202	990	814	(30)	1,609	17	2	177	3,862	2,930	6,792
Medical Expense	336	183	2,371	585	1,414	19,001	0	0	0	23,890	0	23,890
Staff Expenses	4,249	4,301	4,171	3,084	589	5,084	928	1,837	405	24,648	11,088	35,736
Vehicle Expense	867	260	1,975	41,291	2,465	25,070	3	19	1	71,951	320	72,271
Insurance Expense	13,265	15,365	13,497	45,021	3,809	55,566	2,816	327	113	149,779	5,062	154,841
Legal & Accounting	0	0	0	0	0	0	0	0	0	0	17,534	17,534
Admin Fees	142	118	35	74	6	183	14	0	0	572	65	637
Fuel & Utilities	17,034	19,598	14,118	26,470	4,175	36,990	217	5,516	99	124,217	4,498	128,715
Repairs & Maintenance	28,467	25,984	26,855	34,866	3,504	59,548	324	1,195	148	180,891	6,313	187,204
Medicaid Assessment Tax	0	0	59,342	0	16,029	0	0	0	0	75,371	0	75,371
Transportation Serv. Exp.	0	0	0	1,560	0	0	0	0	0	1,560	0	1,560
OTPS - Self Directed Reimbursement	0	0	0	0	0	0	180,884	0	0	180,884	0	180,884
Total Fringe Benefits & OTPS	**438,506**	**637,110**	**392,275**	**506,329**	**92,026**	**1,006,324**	**323,783**	**(68,046)**	**12,553**	**3,340,860**	**302,697**	**3,643,557**
Property												
Rent	119	55,209	44	91,401	15	214	1	23,390	1	170,394	1,882	172,276
Property Insurance	1,953	2,758	1,211	1,079	231	4,353	26	389	12	12,012	506	12,518
Property Interest	9,134	1,742	11,503	8,561	214	42,764	174	3,176	27	77,295	3,425	80,720
Depreciation & Capital Lease Amort.	28,166	25,168	45,980	66,852	4,291	116,918	816	3,906	4,909	297,006	17,441	314,447
Total Property	**39,372**	**84,877**	**58,738**	**167,893**	**4,751**	**164,249**	**21,306**	**30,861**	**4,949**	**576,996**	**23,254**	**600,250**
Total Functional Expenses	**1,561,254**	**1,956,491**	**1,061,711**	**1,777,601**	**256,512**	**3,448,069**	**685,929**	**(1,073,081)**	**35,076**	**9,709,562**	**698,836**	**10,408,398**
Allocation Of Central Admin Exp	116,456	143,218	76,749	123,177	19,265	251,282	50,858	(84,475)	2,305	698,836	(698,836)	0
Total Functional Exp After Allocations	**1,677,710**	**2,099,709**	**1,138,460**	**1,900,778**	**275,777**	**3,699,351**	**736,787**	**(1,157,556)**	**37,381**	**10,408,398**	**0**	**10,408,398**
Operating Surplus / Deficit	**39,102**	**61,492**	**17,806**	**308,173**	**31,721**	**29,842**	**73,928**	**82,539**	**10,114**	**654,716**	**98,706**	**753,422**
Prior Period Adjustment	0	5,289	(372)	100	0	1,326	0	0	0	6,343	0	6,343
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**39,102**	**66,781**	**17,434**	**308,273**	**31,721**	**31,168**	**73,928**	**82,539**	**10,114**	**661,059**	**98,706**	**759,765**
Change in Net Assets with donor restrictions												
Other Income with donor restrictions	0	0	0	0	0	0	0	0	1,754	1,754	0	1,754
Net Assets released from restrictions	0	0	0	(7,728)	0	0	0	0	(18,461)	(26,189)	0	(26,189)
Increase/Decrease in Net Assets with donor restrictions	**0**	**0**	**0**	**(7,728)**	**0**	**0**	**0**	**0**	**(16,707)**	**(24,435)**	**0**	**(24,435)**
Total Increase/Decrease in Net Assets	**39,102**	**66,781**	**17,434**	**300,545**	**31,721**	**31,168**	**73,928**	**82,539**	**(6,593)**	**636,624**	**98,706**	**735,330**
Fringe %	31.43%	31.15%	21.65%	27.44%	30.02%	27.55%	16.68%	7.53%	6.22%	31.35%	29.92%	31.26%
Admin Allocation	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%

Developmental Disabilities Institute, Inc.
Statement of Revenue and Functional Expenses
For the Three Months Ended March 31, 2023
Summary of All Divisions

	Program Services											
	Children's Day Program	Early Childhood Services	Children's Residential Program	Adult Day Services	Adult ICF Services	Adult IRA Services	Self Direction	Other Programs	Fundraising	Total	Admin	Grand Total
Change in Net Assets without donor restrictions												
Revenue												
SED/ EI	4,945,191	6,031,821	0	0	0	0	0	0	0	10,977,012	0	10,977,012
Medicaid	55,223	0	3,356,571	5,854,741	892,580	9,823,808	1,940,170	0	0	21,923,093	0	21,923,093
Grants	65,777	111,713	1,592	22,827	0	0	177	3,630	0	205,716	4,457	210,173
Capital Campaign	0	0	0	0	0	0	0	0	15,765	15,765	0	15,765
Special Events	0	0	0	0	0	0	0	0	27,754	27,754	0	27,754
Other Income	15,652	62,705	464	51,807	163	927,303	330,230	138,792	13,630	1,540,746	226,954	1,767,700
Total Revenue	**5,081,843**	**6,206,239**	**3,358,627**	**5,929,375**	**892,743**	**10,751,111**	**2,270,577**	**142,422**	**57,149**	**34,690,086**	**231,411**	**34,921,497**
Expenses												
Salary expenses												
Direct Care	1,739,583	2,012,665	1,356,479	2,127,334	425,598	5,889,405	848,185	0	0	14,399,249	0	14,399,249
Support	0	0	18,244	4,189	0	108,101	0	0	0	130,534	0	130,534
Clinical	1,084,886	1,143,191	276,201	374,858	34,779	509,884	61,715	14	1	3,485,529	18,658	3,504,187
Program Admin/Admin	191,521	251,480	124,622	128,396	13,245	184,162	40,813	30	29,678	963,947	1,023,548	1,987,495
Maintenance	107,914	142,988	59,488	62,242	13,644	191,211	1,430	15,875	655	595,447	25,603	621,050
Transportation	5,000	4,320	9,984	534,553	3,024	48,102	43	319	20	605,365	4,189	609,554
Employee Recruitment Salaries	2,507	2,985	1,260	4,552	674	7,777	1	11	(599)	19,168	633	19,801
Workmen's Comp Reimbursement	(5,016)	(4,391)	(1,826)	(401)	0	0	0	0	0	(11,634)	0	(11,634)
Total Salaries Expense	**3,126,395**	**3,553,238**	**1,844,452**	**3,235,723**	**490,964**	**6,938,642**	**952,187**	**16,249**	**29,755**	**20,187,605**	**1,072,631**	**21,260,236**
Fringe Benefits & OTPS												
Employee Benefits	1,031,827	1,137,400	423,331	911,736	146,355	1,908,137	163,542	4,715	7,183	5,734,226	312,757	6,046,983
Fees For Service Professionals	212	418	192,521	23,543	7,053	103,801	180,818	0	0	508,366	94,328	602,694
Telephone & Communications	26,302	42,617	16,731	67,638	3,048	53,088	733	2,275	384	212,816	17,445	230,261
Travel	4,911	6,613	2,822	4,346	698	10,105	65	481	30	30,071	2,741	32,812
Food & Household Supplies	5,695	10,699	150,221	11,690	23,818	301,869	54	161	26	504,233	1,009	505,242
Program & Recreation Expense	32,542	459,021	31,327	23,144	2,810	32,610	139	341	11,183	593,117	0	593,117
Supplies & Office Expense	33,558	35,273	13,187	19,053	1,980	26,854	49,034	152	13,785	192,876	277,574	470,450
Miscellaneous Expense	0	0	0	0	0	0	0	0	0	0	(5)	(5)
Furniture & Equipment	353	1,831	3,098	1,023	16	3,878	17	2	177	10,395	4,121	14,516
Medical Expense	1,898	4,207	8,025	1,716	3,263	51,887	0	0	0	70,996	4	71,000
Staff Expenses	11,507	13,800	14,544	9,932	1,261	16,345	1,902	1,846	1,229	72,366	23,048	95,414
Vehicle Expense	3,365	766	9,043	106,730	5,342	66,420	8	57	4	191,735	897	192,632
Insurance Expense	40,324	42,999	42,761	125,992	11,932	175,396	8,583	1,056	304	449,347	15,176	464,523
Legal & Accounting	0	0	14	54	3	44	28	0	0	143	59,013	59,156
Admin Fees	425	354	101	206	18	542	43	1	0	1,690	192	1,882
Fuel & Utilities	58,222	64,412	45,385	86,307	12,356	122,057	700	19,333	329	409,101	14,180	423,281
Repairs & Maintenance	78,005	77,946	79,538	101,362	11,999	175,531	950	4,014	445	529,790	18,935	548,725
Medicaid Assessment Tax	0	0	172,283	0	46,535	0	0	0	0	218,818	0	218,818
Transportation Serv. Exp.	0	0	0	4,156	0	0	0	0	0	4,156	0	4,156
OTPS - Self Directed Reimbursement	0	0	0	0	0	0	529,962	0	0	529,962	0	529,962
Total Fringe Benefits & OTPS	**1,329,146**	**1,898,356**	**1,204,932**	**1,498,628**	**278,487**	**3,048,564**	**936,578**	**34,434**	**35,079**	**10,264,204**	**841,415**	**11,105,619**
Property												
Rent	273	162,467	87	273,722	37	516	2	70,163	1	507,268	5,634	512,902
Property Insurance	5,924	8,267	3,633	3,237	696	13,063	75	1,166	35	36,096	1,453	37,549
Property Interest	29,341	5,447	36,139	26,786	690	130,119	536	9,895	82	239,035	12,127	251,162
Depreciation & Capital Lease Amort.	84,901	75,163	138,843	201,426	12,815	349,346	2,434	12,461	14,729	892,118	55,114	947,232
Total Property	**120,439**	**251,344**	**178,702**	**505,171**	**14,238**	**493,044**	**60,017**	**93,685**	**14,847**	**1,731,487**	**74,328**	**1,805,815**
Total Functional Expenses	**4,575,980**	**5,702,938**	**3,228,086**	**5,239,522**	**783,689**	**10,480,250**	**1,948,782**	**144,368**	**79,681**	**32,183,296**	**1,988,374**	**34,171,670**
Allocation Of Central Admin Exp	290,928	355,966	199,112	309,133	50,242	652,122	123,328	3,309	4,233	1,988,374	(1,988,374)	0
Total Functional Exp After Allocations	**4,866,908**	**6,058,904**	**3,427,198**	**5,548,655**	**833,931**	**11,132,372**	**2,072,110**	**147,677**	**83,914**	**34,171,670**	**0**	**34,171,670**
Operating Surplus / Deficit	**214,935**	**147,335**	**(68,571)**	**380,720**	**58,812**	**(381,261)**	**198,467**	**(5,255)**	**(26,765)**	**518,416**	**231,411**	**749,827**
Prior Period Adjustment	0	4,083	(1,872)	231	3	(861)	(310)	0	0	1,274	3	1,277
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**214,935**	**151,418**	**(70,443)**	**380,951**	**58,815**	**(382,122)**	**198,157**	**(5,255)**	**(26,765)**	**519,690**	**231,414**	**751,104**
Change in Net Assets with donor restrictions												
Other Income with donor restrictions	0	0	0	25,000	0	0	0	0	11,563	36,563	0	36,563
Special Events with Donor Restrictions	0	0	0	0	0	0	0	0	3,060	3,060	0	3,060
Net Assets released from restrictions	0	0	0	(14,155)	0	0	0	0	(25,550)	(39,705)	0	(39,705)
Increase/Decrease in Net Assets with donor restrictions	**0**	**0**	**0**	**10,845**	**0**	**0**	**0**	**0**	**(10,927)**	**(82)**	**0**	**(82)**
Total Increase/Decrease in Net Assets	**214,935**	**151,418**	**(70,443)**	**391,796**	**58,815**	**(382,122)**	**198,157**	**(5,255)**	**(37,692)**	**519,608**	**231,414**	**751,022**
Fringe %	33.%	32.01%	22.95%	28.18%	29.81%	27.5%	17.18%	29.02%	24.14%	28.4%	29.16%	28.44%
Admin Allocation	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%	6.53%

Developmental Disabilities Institute
Summary of All Divisions
For the Three Months Ended March 31, 2023

	MTD		MTD Variance		YTD		YTD Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor								
Revenue								
SED/ EI	3,759,984	3,738,900	21,084	0.56%	10,977,012	11,084,707	(107,695)	-0.97%
Medicaid	7,760,742	7,641,687	119,055	1.56%	21,923,093	21,473,438	449,654	2.09%
Grants	80,158	107,192	(27,035)	-25.22%	210,174	313,379	(103,205)	-32.93%
Capital Campaign	15,765	0	15,765	0.00%	15,765	0	15,765	0.00%
Special Events	27,754	0	27,754	0.00%	27,754	0	27,754	0.00%
Other Income	(482,583)	574,733	(1,057,316)	-183.97%	1,767,699	1,652,214	115,485	6.99%
Total Revenue	**11,161,820**	**12,062,512**	**(900,693)**	**-7.47%**	**34,921,497**	**34,523,738**	**397,758**	**1.15%**
Expenses								
Salary expenses								
Direct Care	4,075,655	4,799,645	(723,990)	-15.08%	14,399,249	13,874,987	524,262	3.78%
Support	40,802	89,126	(48,324)	-54.22%	130,534	255,549	(125,015)	-48.92%
Clinical	937,244	1,442,486	(505,242)	-35.03%	3,504,187	4,184,575	(680,389)	-16.26%
Program Admin/Admin	684,149	742,406	(58,257)	-7.85%	1,987,495	2,156,506	(169,012)	-7.84%
Maintenance	218,862	200,135	18,727	9.36%	621,052	579,518	41,534	7.17%
Transportation	217,987	193,044	24,945	12.92%	609,553	560,012	49,541	8.85%
Employee Recruitment Salaries	(300)	13,791	(14,091)	-102.18%	19,800	41,374	(21,574)	-52.14%
Workers Comp Reimbursement	(9,808)	0	(9,808)	0.00%	(11,634)	0	(11,634)	0.00%
Total Salaries Expense	**6,164,591**	**7,480,633**	**(1,316,040)**	**-17.59%**	**21,260,236**	**21,652,521**	**(392,287)**	**-1.81%**
Fringe Benefits & OTPS								
Employee Benefits	1,927,060	2,054,530	(127,470)	-6.20%	6,046,981	6,059,563	(12,582)	-0.21%
Fees For Service Professionals	214,594	101,910	112,684	110.57%	602,695	305,700	296,995	97.15%
Contingent Spending - Direct Care	0	166,667	(166,667)	-100.00%	0	500,000	(500,000)	-100.00%
Telephone & Communications	76,461	66,849	9,612	14.38%	230,262	200,100	30,162	15.07%
Travel	9,307	13,732	(4,426)	-32.23%	32,811	41,114	(8,303)	-20.20%
Food & Household Supplies	162,697	169,383	(6,687)	-3.95%	505,242	504,897	345	0.07%
Program & Recreation Expense	208,190	54,456	153,734	282.31%	593,117	162,806	430,311	264.31%
Supplies & Office Expense	159,812	176,221	(16,409)	-9.31%	470,453	528,432	(57,979)	-10.97%
Miscellaneous Expense	0	0	0	0.00%	(5)	0	(5)	0.00%
Furniture & Equipment	6,792	5,649	1,143	20.23%	14,516	16,843	(2,327)	-13.82%
Medical Expense	23,890	18,663	5,227	28.01%	71,000	55,515	15,485	27.89%
Staff Expenses	35,736	46,383	(10,647)	-22.95%	95,415	139,000	(43,585)	-31.36%
Vehicle Expense	72,271	79,809	(7,538)	-9.45%	192,632	238,735	(46,103)	-19.31%
Insurance Expense	154,842	156,267	(1,425)	-0.91%	464,523	467,252	(2,728)	-0.58%
Legal & Accounting	17,534	26,065	(8,531)	-32.73%	59,155	78,195	(19,040)	-24.35%
Admin Fees	638	578	60	10.38%	1,882	1,732	150	8.66%
Utilities	128,715	153,309	(24,594)	-16.04%	423,280	475,301	(52,021)	-10.94%
Repairs & Maintenance	187,204	172,462	14,742	8.55%	548,725	515,840	32,887	6.38%
Medicaid Assessment Tax	75,370	75,577	(207)	-0.27%	218,817	215,707	3,110	1.44%
Transportation Serv. Exp.	1,560	2,500	(940)	-37.60%	4,156	7,500	(3,344)	-44.59%
OTPS - Self Directed Reimbursement	180,884	164,349	16,535	10.06%	529,962	490,743	39,219	7.99%
Total Fringe Benefits & OTPS	**3,643,557**	**3,705,359**	**(61,804)**	**-1.67%**	**11,105,619**	**11,004,975**	**100,647**	**0.91%**
Property								
Rent	172,276	168,748	3,528	2.09%	512,902	505,783	7,120	1.41%
Property Insurance	12,518	12,585	(68)	-0.54%	37,549	37,663	(113)	-0.30%
Property Interest	80,720	80,346	376	0.47%	251,162	244,023	7,140	2.93%
Depreciation & Capital Lease Amort.	314,447	307,518	6,929	2.25%	947,232	916,628	30,599	3.34%
Property - Self Directed Reimbursement	20,289	13,870	6,419	46.28%	56,970	41,610	15,360	36.91%
Total Property	**600,250**	**583,067**	**17,184**	**2.95%**	**1,805,815**	**1,745,707**	**60,106**	**3.44%**
Total Functional Expenses	**10,408,398**	**11,769,059**	**(1,360,660)**	**-11.56%**	**34,171,670**	**34,403,203**	**(231,534)**	**-0.67%**
Allocation of Central Admin Exp								
Total Functional Exp After Allocations	**10,408,398**	**11,769,059**	**(1,360,660)**	**-11.56%**	**34,171,670**	**34,403,203**	**(231,534)**	**-0.67%**
Operating Surplus/Deficit	**753,422**	**293,453**	**459,967**	**156.74%**	**749,827**	**120,535**	**629,292**	**522.08%**
Prior Period Adjustment	6,343	0	6,344	0.00%	1,277	0	1,277	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**759,765**	**293,453**	**466,311**	**158.90%**	**751,104**	**120,535**	**630,569**	**523.14%**
Change in Net Assets with donor restrictions								
Other Income with donor restrictions	1,754	0	1,754	0.00%	36,563	0	36,563	0.00%
Special Events with Donor Restrictions	0	0	0	0.00%	3,060	0	3,060	0.00%
Net Assets released from restrictions	(26,189)	0	(26,188)	0.00%	(39,705)	0	(39,704)	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets with donor restrictions)	**(24,435)**	**0**	**(24,434)**	**0.00%**	**(82)**	**0**	**(81)**	**0.00%**
Total Increase/Decrease in Net Assets	**735,330**	**293,453**	**441,877**	**150.58%**	**751,022**	**120,535**	**630,488**	**523.07%**

Children's Day Program
For the Three Months Ended March 31, 2023

	MTD		Variance		YTD		Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
SED/ EI	1,658,252	1,660,009	(1,757)	-0.11%	4,945,191	4,974,626	(29,435)	-0.59%
Medicaid	20,762	19,016	1,746	9.18%	55,223	51,078	4,145	8.12%
Grants	32,081	53,372	(21,291)	-39.89%	65,777	160,115	(94,338)	-58.92%
Other Income	5,717	4,217	1,500	35.57%	15,652	12,392	3,260	26.31%
Total Revenue	**1,716,812**	**1,736,614**	**(19,802)**	**-1.14%**	**5,081,843**	**5,198,211**	**(116,368)**	**-2.24%**
Expenses								
Salary Expenses								
Direct Care	604,306	565,876	38,430	6.79%	1,739,583	1,643,757	95,826	5.83%
Clinical	379,205	409,001	(29,796)	-7.29%	1,084,886	1,187,424	(102,538)	-8.64%
Program Admin/Admin	64,443	67,173	(2,730)	-4.06%	191,521	195,019	(3,498)	-1.79%
Maintenance	38,624	33,250	5,374	16.16%	107,914	96,532	11,382	11.79%
Transportation	1,814	1,822	(8)	-0.44%	5,000	5,290	(290)	-5.48%
Employee Recruitment Salaries	0	1,478	(1,478)	-100.00%	2,507	4,433	(1,926)	-43.45%
Workers Comp Reimbursement	(5,016)	0	(5,016)	0.00%	(5,016)	0	(5,016)	0.00%
Total Salaries Expense	**1,083,376**	**1,078,600**	**4,776**	**0.44%**	**3,126,395**	**3,132,455**	**(6,060)**	**-0.19%**
Fringe Benefits & OTPS								
Employee Benefits	340,484	342,153	(1,669)	-0.49%	1,031,827	1,017,337	14,490	1.42%
Fees for Service Professionals	(111)	100	(211)	-211.00%	212	300	(88)	-29.33%
Telephone & Communications	9,134	8,337	797	9.56%	26,302	25,010	1,292	5.17%
Travel	1,168	1,488	(320)	-21.51%	4,911	4,463	448	10.04%
Food & Household Supplies	2,433	17	2,416	14,211.76%	5,695	50	5,645	11,290.00%
Program & Recreation Expense	10,271	10,916	(645)	-5.91%	32,542	32,750	(208)	-0.64%
Supplies & Office Expense	10,686	13,068	(2,382)	-18.23%	33,558	39,202	(5,644)	-14.40%
Furniture & Equipment	81	423	(342)	-80.85%	353	1,268	(915)	-72.16%
Medical Expense	336	667	(331)	-49.63%	1,898	2,002	(104)	-5.19%
Staff Expenses	4,249	5,502	(1,253)	-22.77%	11,507	16,505	(4,998)	-30.28%
Vehicle Expense	867	805	62	7.70%	3,365	2,414	951	39.40%
Insurance Expense	13,265	12,847	418	3.25%	40,324	38,539	1,785	4.63%
Legal & Accounting	0	833	(833)	-100.00%	0	2,500	(2,500)	-100.00%
Admin Fees	142	114	28	24.56%	425	342	83	24.27%
Fuel & Utilities	17,034	16,219	815	5.02%	58,222	48,658	9,564	19.66%
Repairs & Maintenance	28,467	25,703	2,764	10.75%	78,005	77,110	895	1.16%
Total Fringe Benefits and OTPS	**438,506**	**439,192**	**(686)**	**-0.16%**	**1,329,146**	**1,308,450**	**20,696**	**1.58%**
Property								
Rent	119	112	7	6.25%	273	335	(62)	-18.51%
Property Insurance	1,953	1,989	(36)	-1.81%	5,924	5,966	(42)	-0.70%
Property Interest	9,134	9,484	(350)	-3.69%	29,341	28,583	758	2.65%
Depreciation & Capital Lease Amort.	28,166	28,472	(306)	-1.07%	84,901	85,413	(512)	-0.60%
Total Property	**39,372**	**40,057**	**(685)**	**-1.71%**	**120,439**	**120,297**	**142**	**0.12%**
Total Functional Expenses	**1,561,254**	**1,557,849**	**3,405**	**0.22%**	**4,575,980**	**4,561,202**	**14,778**	**0.32%**
Allocation of Central Admin exp	116,456	108,117	8,339	7.71%	290,928	319,011	(28,083)	-8.80%
Total functional exp after Allocations	**1,677,710**	**1,665,966**	**11,744**	**0.70%**	**4,866,908**	**4,880,213**	**(13,305)**	**-0.27%**
Operating Surplus/Deficit	**39,102**	**70,648**	**(31,546)**	**-44.65%**	**214,935**	**317,998**	**(103,063)**	**-32.41%**
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**39,102**	**70,648**	**(31,546)**	**-44.65%**	**214,935**	**317,998**	**(103,063)**	**-32.41%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**39,102**	**70,648**	**(31,546)**	**-44.65%**	**214,935**	**317,998**	**(103,063)**	**-32.41%**

Early Childhood Services

For the Three Months Ended March 31, 2023

	MTD		Variance		YTD		Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
SED/ EI	2,101,732	2,078,891	22,841	1.10%	6,031,821	6,110,080	(78,259)	-1.28%
Grants	37,562	40,686	(3,124)	-7.68%	111,713	122,059	(10,346)	-8.48%
Other Income	21,907	21,559	348	1.61%	62,705	66,009	(3,304)	-5.01%
Total Revenue	**2,161,201**	**2,141,136**	**20,065**	**0.94%**	**6,206,239**	**6,298,148**	**(91,909)**	**-1.46%**
Expenses								
Salary Expenses								
Direct Care	707,177	673,866	33,311	4.94%	2,012,665	1,956,384	56,281	2.88%
Clinical	392,546	379,642	12,904	3.40%	1,143,191	1,102,187	41,004	3.72%
Program Admin/Admin	85,663	87,856	(2,193)	-2.50%	251,480	255,067	(3,587)	-1.41%
Maintenance	51,911	45,269	6,642	14.67%	142,988	131,425	11,563	8.80%
Transportation	1,598	1,411	187	13.25%	4,320	4,098	222	5.42%
Employee Recruitment Salaries	0	1,640	(1,640)	-100.00%	2,985	4,919	(1,934)	-39.32%
Workers Comp Reimbursement	(4,391)	0	(4,391)	0.00%	(4,391)	0	(4,391)	0.00%
Total Salaries Expense	**1,234,504**	**1,189,684**	**44,820**	**3.77%**	**3,553,238**	**3,454,080**	**99,158**	**2.87%**
Fringe Benefits & OTPS								
Employee Benefits	384,602	376,593	8,009	2.13%	1,137,400	1,107,703	29,697	2.68%
Fees for Service Professionals	324	417	(93)	-22.30%	418	1,250	(832)	-66.56%
Contingent Spending -Direct Care	0	166,667	(166,667)	-100.00%	0	500,000	(500,000)	-100.00%
Telephone & Communications	13,298	9,256	4,042	43.67%	42,617	27,767	14,850	53.48%
Travel	1,608	2,065	(457)	-22.13%	6,613	6,196	417	6.73%
Food & Household Supplies	4,801	2,249	2,552	113.47%	10,699	6,750	3,949	58.50%
Program & Recreation Expense	155,066	4,459	150,607	3,377.60%	459,021	13,375	445,646	3,331.93%
Supplies & Office Expense	11,400	12,508	(1,108)	-8.86%	35,273	37,522	(2,249)	-5.99%
Furniture & Equipment	202	337	(135)	-40.06%	1,831	1,010	821	81.29%
Medical Expense	183	834	(651)	-78.06%	4,207	2,502	1,705	68.15%
Staff Expenses	4,301	5,398	(1,097)	-20.32%	13,800	16,196	(2,396)	-14.79%
Vehicle Expense	260	257	3	1.17%	766	772	(6)	-0.78%
Insurance Expense	15,365	13,971	1,394	9.98%	42,999	41,913	1,086	2.59%
Admin Fees	118	107	11	10.28%	354	320	34	10.63%
Fuel & Utilities	19,598	20,954	(1,356)	-6.47%	64,412	62,861	1,551	2.47%
Repairs & Maintenance	25,984	27,122	(1,138)	-4.20%	77,946	81,367	(3,421)	-4.20%
Total Fringe Benefits and OTPS	**637,110**	**643,194**	**(6,084)**	**-0.95%**	**1,898,356**	**1,907,504**	**(9,148)**	**-0.48%**
Property								
Rent	55,209	52,143	3,066	5.88%	162,467	156,428	6,039	3.86%
Property Insurance	2,758	2,758	0	0.00%	8,267	8,273	(6)	-0.07%
Property Interest	1,742	1,550	192	12.39%	5,447	4,653	794	17.06%
Depreciation & Capital Lease Amort.	25,168	24,866	302	1.21%	75,163	74,595	568	0.76%
Total Property	**84,877**	**81,317**	**3,560**	**4.38%**	**251,344**	**243,949**	**7,395**	**3.03%**
Total Functional Expenses	**1,956,491**	**1,914,195**	**42,296**	**2.21%**	**5,702,938**	**5,605,533**	**97,405**	**1.74%**
Allocation of Central Admin exp	143,218	130,562	12,656	9.69%	355,966	385,148	(29,182)	-7.58%
Total functional exp after Allocations	**2,099,709**	**2,044,757**	**54,952**	**2.69%**	**6,058,904**	**5,990,681**	**68,223**	**1.14%**
Operating Surplus/Deficit	**61,492**	**96,379**	**(34,887)**	**-36.20%**	**147,335**	**307,467**	**(160,132)**	**-52.08%**
Prior Period Adjustment	5,289	0	5,289	0.00%	4,083	0	4,083	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**66,781**	**96,379**	**(29,598)**	**-30.71%**	**151,418**	**307,467**	**(156,049)**	**-50.75%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**66,781**	**96,379**	**(29,598)**	**-30.71%**	**151,418**	**307,467**	**(156,049)**	**-50.75%**

Developmental Disabilities Institute
Children's Residential Program
For the Three Months Ended March 31, 2023

	MTD		Variance		YTD		Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Medicaid	1,155,580	1,160,303	(4,723)	-0.41%	3,356,571	3,299,099	57,472	1.74%
Grants	531	531	0	0.00%	1,592	1,592	0	0.00%
Other Income	155	155	0	0.00%	464	464	0	0.00%
Total Revenue	**1,156,266**	**1,160,989**	**(4,723)**	**-0.41%**	**3,358,627**	**3,301,155**	**57,472**	**1.74%**
Expenses								
Salary Expenses								
Direct Care	445,106	419,645	25,461	6.07%	1,356,479	1,218,324	138,155	11.34%
Support	6,404	9,078	(2,674)	-29.46%	18,244	26,357	(8,113)	-30.78%
Clinical	91,906	160,878	(68,972)	-42.87%	276,201	467,066	(190,865)	-40.86%
Program Admin/Admin	42,615	48,333	(5,718)	-11.83%	124,622	140,320	(15,698)	-11.19%
Maintenance	21,106	21,467	(361)	-1.68%	59,488	62,324	(2,836)	-4.55%
Transportation	3,561	3,415	146	4.28%	9,984	9,916	68	0.69%
Employee Recruitment Salaries	0	1,829	(1,829)	-100.00%	1,260	5,488	(4,228)	-77.04%
Workers Comp Reimbursement	0	0	0	0.00%	(1,826)	0	(1,826)	0.00%
Total Salaries Expense	**610,698**	**664,645**	**(53,947)**	**-8.12%**	**1,844,452**	**1,929,795**	**(85,343)**	**-4.42%**
Fringe Benefits & OTPS								
Employee Benefits	132,231	149,765	(17,534)	-11.71%	423,331	443,888	(20,557)	-4.63%
Fees for Service Professionals	59,801	24,167	35,634	147.45%	192,521	72,500	120,021	165.55%
Telephone & Communications	5,917	6,419	(502)	-7.82%	16,731	19,258	(2,527)	-13.12%
Travel	650	1,129	(479)	-42.43%	2,822	3,385	(563)	-16.63%
Food & Household Supplies	53,578	44,334	9,244	20.85%	150,221	133,000	17,221	12.95%
Program & Recreation Expense	11,944	10,960	984	8.98%	31,327	32,881	(1,554)	-4.73%
Supplies & Office Expense	4,800	3,556	1,244	34.98%	13,187	10,667	2,520	23.62%
Furniture & Equipment	990	435	555	127.59%	3,098	1,305	1,793	137.39%
Medical Expense	2,371	2,668	(297)	-11.13%	8,025	8,004	21	0.26%
Staff Expenses	4,171	5,428	(1,257)	-23.16%	14,544	16,287	(1,743)	-10.70%
Vehicle Expense	1,975	3,394	(1,419)	-41.81%	9,043	10,182	(1,139)	-11.19%
Insurance Expense	13,497	13,637	(140)	-1.03%	42,761	40,913	1,848	4.52%
Legal & Accounting	0	0	0	0.00%	14	0	14	0.00%
Admin Fees	35	25	10	40.00%	101	76	25	32.89%
Fuel & Utilities	14,118	18,868	(4,750)	-25.17%	45,385	60,369	(14,984)	-24.82%
Repairs & Maintenance	26,855	20,466	6,389	31.22%	79,538	61,400	18,138	29.54%
Medicaid Assessment tax	59,342	59,595	(253)	-0.42%	172,283	169,306	2,977	1.76%
Total Fringe Benefits and OTPS	**392,275**	**364,846**	**27,429**	**7.52%**	**1,204,932**	**1,083,421**	**121,511**	**11.22%**
Property								
Rent	44	48	(4)	-8.33%	87	143	(56)	-39.16%
Property Insurance	1,211	1,210	1	0.08%	3,633	3,631	2	0.06%
Property Interest	11,503	11,624	(121)	-1.04%	36,139	36,480	(341)	-0.93%
Depreciation & Capital Lease Amort.	45,980	43,455	2,525	5.81%	138,843	130,362	8,481	6.51%
Total Property	**58,738**	**56,337**	**2,401**	**4.26%**	**178,702**	**170,616**	**8,086**	**4.74%**
Total Functional Expenses	**1,061,711**	**1,085,828**	**(24,117)**	**-2.22%**	**3,228,086**	**3,183,832**	**44,254**	**1.39%**
Allocation of Central Admin exp	76,749	73,334	3,415	4.66%	199,112	216,454	(17,342)	-8.01%
Total functional exp after Allocations	**1,138,460**	**1,159,162**	**(20,702)**	**-1.79%**	**3,427,198**	**3,400,286**	**26,912**	**0.79%**
Operating Surplus/Deficit	**17,806**	**1,827**	**15,979**	**874.66%**	**(68,571)**	**(99,131)**	**30,560**	**-30.83%**
Prior Period Adjustment	(372)	0	(372)	0.00%	(1,872)	0	(1,872)	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**17,434**	**1,827**	**15,607**	**854.30%**	**(70,443)**	**(99,131)**	**28,688**	**-28.94%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**17,434**	**1,827**	**15,607**	**854.30%**	**(70,443)**	**(99,131)**	**28,688**	**-28.94%**

Developmental Disabilities Institute
Adult Day Services
For the Three Months Ended March 31, 2023

	MTD				YTD			
			Variance				Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Medicaid	2,175,592	2,162,242	13,350	0.62%	5,854,741	5,686,791	167,950	2.95%
Grants	7,483	8,595	(1,112)	-12.94%	22,827	16,850	5,977	35.47%
Other Income	25,876	25,436	440	1.73%	51,807	69,505	(17,698)	-25.46%
Total Revenue	**2,208,951**	**2,196,273**	**12,678**	**0.58%**	**5,929,375**	**5,773,146**	**156,229**	**2.71%**
Expenses								
Salary Expenses								
Direct Care	713,040	694,443	18,597	2.68%	2,127,334	2,016,126	111,208	5.52%
Support	924	1,625	(701)	-43.14%	4,189	4,717	(528)	-11.19%
Clinical	136,103	211,419	(75,316)	-35.62%	374,858	613,796	(238,938)	-38.93%
Program Admin/Admin	41,520	58,779	(17,259)	-29.36%	128,396	170,650	(42,254)	-24.76%
Maintenance	21,734	24,994	(3,260)	-13.04%	62,242	72,563	(10,321)	-14.22%
Transportation	191,059	167,530	23,529	14.04%	534,553	486,376	48,177	9.91%
Employee Recruitment Salaries	(600)	2,058	(2,658)	-129.15%	4,552	6,173	(1,621)	-26.26%
Workers Comp Reimbursement	(401)	0	(401)	0.00%	(401)	0	(401)	0.00%
Total Salaries Expense	**1,103,379**	**1,160,848**	**(57,469)**	**-4.95%**	**3,235,723**	**3,370,401**	**(134,678)**	**-4.00%**
Fringe Benefits & OTPS								
Employee Benefits	302,795	306,405	(3,610)	-1.18%	911,736	904,054	7,682	0.85%
Fees for Service Professionals	7,990	0	7,990	0.00%	23,543	0	23,543	0.00%
Telephone & Communications	21,013	17,188	3,825	22.25%	67,638	51,565	16,073	31.17%
Travel	1,600	2,575	(975)	-37.86%	4,346	7,726	(3,380)	-43.75%
Food & Household Supplies	3,992	3,407	585	17.17%	11,690	10,225	1,465	14.33%
Program & Recreation Expense	9,185	9,698	(513)	-5.29%	23,144	29,095	(5,951)	-20.45%
Supplies & Office Expense	5,989	7,791	(1,802)	-23.13%	19,053	23,370	(4,317)	-18.47%
Furniture & Equipment	814	1,027	(213)	-20.74%	1,023	3,082	(2,059)	-66.81%
Medical Expense	585	944	(359)	-38.03%	1,716	2,832	(1,116)	-39.41%
Staff Expenses	3,084	5,824	(2,740)	-47.05%	9,932	17,472	(7,540)	-43.15%
Vehicle Expense	41,291	46,185	(4,894)	-10.60%	106,730	138,556	(31,826)	-22.97%
Insurance Expense	45,021	45,533	(512)	-1.12%	125,992	136,599	(10,607)	-7.77%
Legal & Accounting	0	0	0	0.00%	54	0	54	0.00%
Admin Fees	74	82	(8)	-9.76%	206	246	(40)	-16.26%
Fuel & Utilities	26,470	27,402	(932)	-3.40%	86,307	84,261	2,046	2.43%
Repairs & Maintenance	34,866	39,213	(4,347)	-11.09%	101,362	117,638	(16,276)	-13.84%
Transportation Serv. Exp.	1,560	2,500	(940)	-37.60%	4,156	7,500	(3,344)	-44.59%
Total Fringe Benefits and OTPS	**506,329**	**515,774**	**(9,445)**	**-1.83%**	**1,498,628**	**1,534,221**	**(35,593)**	**-2.32%**
Property								
Rent	91,401	90,464	937	1.04%	273,722	271,391	2,331	0.86%
Property Insurance	1,079	1,057	22	2.08%	3,237	3,170	67	2.11%
Property Interest	8,561	7,941	620	7.81%	26,786	24,126	2,660	11.03%
Depreciation & Capital Lease Amort.	66,852	58,044	8,808	15.17%	201,426	174,131	27,295	15.67%
Total Property	**167,893**	**157,506**	**10,387**	**6.59%**	**505,171**	**472,818**	**32,353**	**6.84%**
Total Functional Expenses	**1,777,601**	**1,834,128**	**(56,527)**	**-3.08%**	**5,239,522**	**5,377,440**	**(137,918)**	**-2.56%**
Allocation of Central Admin exp	123,177	119,431	3,746	3.14%	309,133	352,322	(43,189)	-12.26%
Total functional exp after Allocations	**1,900,778**	**1,953,559**	**(52,781)**	**-2.70%**	**5,548,655**	**5,729,762**	**(181,107)**	**-3.16%**
Operating Surplus/Deficit	**308,173**	**242,714**	**65,459**	**26.97%**	**380,720**	**43,384**	**337,336**	**777.57%**
Prior Period Adjustment	100	0	100	0.00%	231	0	231	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**308,273**	**242,714**	**65,559**	**27.01%**	**380,951**	**43,384**	**337,567**	**778.10%**
Change in Net Assets with donor restrictions								
Other Income with donor restrictions	0	0	0	0.00%	25,000	0	25,000	0.00%
Net Assets released from restrictions	(7,728)	0	(7,728)	0.00%	(14,155)	0	(14,155)	0.00%
Increase/Decrease in Net Assets with donor restrictions	**(7,728)**	**0**	**(7,728)**	**0.00%**	**10,845**	**0**	**10,845**	**0.00%**
Total Increase/Decrease in Net Assets	**300,545**	**242,714**	**57,831**	**23.83%**	**391,796**	**43,384**	**348,412**	**803.10%**

Developmental Disabilities Institute
Adult ICF Services
For the Three Months Ended March 31, 2023

	MTD		MTD Variance		YTD		YTD Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Medicaid	307,444	306,575	869	0.28%	892,580	890,055	2,525	0.28%
Other Income	54	54	0	0.00%	163	162	1	0.62%
Total Revenue	**307,498**	**306,629**	**869**	**0.28%**	**892,743**	**890,217**	**2,526**	**0.28%**
Expenses								
Salary Expenses								
Direct Care	138,448	133,151	5,297	3.98%	425,598	386,567	39,031	10.10%
Support	0	5,084	(5,084)	-100.00%	0	14,759	(14,759)	-100.00%
Clinical	11,030	15,825	(4,795)	-30.30%	34,779	45,945	(11,166)	-24.30%
Program Admin/Admin	4,572	4,291	281	6.55%	13,245	12,457	788	6.33%
Maintenance	4,603	3,893	710	18.24%	13,644	11,301	2,343	20.73%
Transportation	1,082	999	83	8.31%	3,024	2,900	124	4.28%
Employee Recruitment Salaries	0	568	(568)	-100.00%	674	1,705	(1,031)	-60.47%
Total Salaries Expense	**159,735**	**163,811**	**(4,076)**	**-2.49%**	**490,964**	**475,634**	**15,330**	**3.22%**
Fringe Benefits & OTPS								
Employee Benefits	47,947	42,790	5,157	12.05%	146,355	126,549	19,806	15.65%
Fees for Service Professionals	2,474	151	2,323	1,538.41%	7,053	455	6,598	1,450.11%
Telephone & Communications	1,106	843	263	31.20%	3,048	2,529	519	20.52%
Travel	178	252	(74)	-29.37%	698	756	(58)	-7.67%
Food & Household Supplies	6,847	7,380	(533)	-7.22%	23,818	22,141	1,677	7.57%
Program & Recreation Expense	450	1,045	(595)	-56.94%	2,810	3,134	(324)	-10.34%
Supplies & Office Expense	1,063	489	574	117.38%	1,980	1,469	511	34.79%
Furniture & Equipment	(30)	65	(95)	-146.15%	16	194	(178)	-91.75%
Medical Expense	1,414	873	541	61.97%	3,263	2,618	645	24.64%
Staff Expenses	589	714	(125)	-17.51%	1,261	2,142	(881)	-41.13%
Vehicle Expense	2,465	2,069	396	19.14%	5,342	6,207	(865)	-13.94%
Insurance Expense	3,809	3,817	(8)	-0.21%	11,932	11,451	481	4.20%
Legal & Accounting	0	0	0	0.00%	3	0	3	0.00%
Admin Fees	6	6	0	0.00%	18	17	1	5.88%
Fuel & Utilities	4,175	5,420	(1,245)	-22.97%	12,356	17,733	(5,377)	-30.32%
Repairs & Maintenance	3,504	3,365	139	4.13%	11,999	10,095	1,904	18.86%
Medicaid Assessment tax	16,029	15,983	46	0.29%	46,535	46,401	134	0.29%
Total Fringe Benefits and OTPS	**92,026**	**85,262**	**6,764**	**7.93%**	**278,487**	**253,891**	**24,596**	**9.69%**
Property								
Rent	15	14	1	7.14%	37	42	(5)	-11.90%
Property Insurance	231	233	(2)	-0.86%	696	700	(4)	-0.57%
Property Interest	214	244	(30)	-12.30%	690	766	(76)	-9.92%
Depreciation & Capital Lease Amort.	4,291	4,526	(235)	-5.19%	12,815	13,574	(759)	-5.59%
Total Property	**4,751**	**5,017**	**(266)**	**-5.30%**	**14,238**	**15,082**	**(844)**	**-5.60%**
Total Functional Expenses	**256,512**	**254,090**	**2,422**	**0.95%**	**783,689**	**744,607**	**39,082**	**5.25%**
Allocation of Central Admin exp	19,265	17,742	1,523	8.58%	50,242	52,405	(2,163)	-4.13%
Total functional exp after Allocations	**275,777**	**271,832**	**3,945**	**1.45%**	**833,931**	**797,012**	**36,919**	**4.63%**
Operating Surplus/Deficit	**31,721**	**34,797**	**(3,076)**	**-8.84%**	**58,812**	**93,205**	**(34,393)**	**-36.90%**
Prior Period Adjustment	0	0	0	0.00%	3	0	3	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**31,721**	**34,797**	**(3,076)**	**-8.84%**	**58,815**	**93,205**	**(34,390)**	**-36.90%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**31,721**	**34,797**	**(3,076)**	**-8.84%**	**58,815**	**93,205**	**(34,390)**	**-36.90%**

Adult IRA Services
For the Three Months Ended March 31, 2023

	MTD				YTD			
			Variance				Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Medicaid	3,403,708	3,422,707	(18,999)	-0.56%	9,823,808	9,847,978	(24,170)	-0.25%
Other Income	325,485	324,704	781	0.24%	927,303	911,885	15,418	1.69%
Total Revenue	**3,729,193**	**3,747,411**	**(18,218)**	**-0.49%**	**10,751,111**	**10,759,863**	**(8,752)**	**-0.08%**
Expenses								
Salary Expenses								
Direct Care	1,921,615	2,061,235	(139,620)	-6.77%	5,889,405	5,923,871	(34,466)	-0.58%
Support	33,474	73,340	(39,866)	-54.36%	108,101	209,716	(101,615)	-48.45%
Clinical	176,389	226,923	(50,534)	-22.27%	509,884	655,523	(145,639)	-22.22%
Program Admin/Admin	63,668	60,865	2,803	4.61%	184,162	175,843	8,319	4.73%
Maintenance	64,824	55,891	8,933	15.98%	191,211	160,748	30,463	18.95%
Transportation	17,226	16,397	829	5.06%	48,102	47,166	936	1.98%
Employee Recruitment Salaries	300	6,048	(5,748)	-95.04%	7,777	18,145	(10,368)	-57.14%
Total Salaries Expense	**2,277,496**	**2,500,699**	**(223,203)**	**-8.93%**	**6,938,642**	**7,191,012**	**(252,370)**	**-3.51%**
Fringe Benefits & OTPS								
Employee Benefits	627,546	659,831	(32,285)	-4.89%	1,908,137	1,935,195	(27,058)	-1.40%
Fees for Service Professionals	40,475	2,152	38,323	1,780.81%	103,801	6,423	97,378	1,516.08%
Telephone & Communications	18,641	17,478	1,163	6.65%	53,088	51,987	1,101	2.12%
Travel	2,713	3,604	(891)	-24.72%	10,105	10,729	(624)	-5.82%
Food & Household Supplies	90,892	111,994	(21,102)	-18.84%	301,869	332,731	(30,862)	-9.28%
Program & Recreation Expense	12,663	15,294	(2,631)	-17.20%	32,610	45,321	(12,711)	-28.05%
Supplies & Office Expense	10,343	7,089	3,254	45.90%	26,854	21,037	5,817	27.65%
Furniture & Equipment	1,609	1,015	594	58.52%	3,878	2,939	939	31.95%
Medical Expense	19,001	12,677	6,324	49.89%	51,887	37,556	14,331	38.16%
Staff Expenses	5,084	10,144	(5,060)	-49.88%	16,345	30,283	(13,938)	-46.03%
Vehicle Expense	25,070	26,752	(1,682)	-6.29%	66,420	79,565	(13,145)	-16.52%
Insurance Expense	55,566	57,876	(2,310)	-3.99%	175,396	172,082	3,314	1.93%
Legal & Accounting	0	0	0	0.00%	44	0	44	0.00%
Admin Fees	183	154	29	18.83%	542	462	80	17.32%
Fuel & Utilities	36,990	54,346	(17,356)	-31.94%	122,057	171,173	(49,116)	-28.69%
Repairs & Maintenance	59,548	49,445	10,103	20.43%	175,531	146,789	28,742	19.58%
Total Fringe Benefits and OTPS	**1,006,324**	**1,029,851**	**(23,527)**	**-2.28%**	**3,048,564**	**3,044,272**	**4,292**	**0.14%**
Property								
Rent	214	655	(441)	-67.33%	516	1,506	(990)	-65.74%
Property Insurance	4,353	4,444	(91)	-2.05%	13,063	13,240	(177)	-1.34%
Property Interest	42,764	41,710	1,054	2.53%	130,119	125,805	4,314	3.43%
Depreciation & Capital Lease Amort.	116,918	120,986	(4,068)	-3.36%	349,346	357,026	(7,680)	-2.15%
Total Property	**164,249**	**167,795**	**(3,546)**	**-2.11%**	**493,044**	**497,577**	**(4,533)**	**-0.91%**
Total Functional Expenses	**3,448,069**	**3,698,345**	**(250,276)**	**-6.77%**	**10,480,250**	**10,732,861**	**(252,611)**	**-2.35%**
Allocation of Central Admin exp	251,282	251,493	(211)	-0.08%	652,122	735,249	(83,127)	-11.31%
Total functional exp after Allocations	**3,699,351**	**3,949,838**	**(250,487)**	**-6.34%**	**11,132,372**	**11,468,110**	**(335,738)**	**-2.93%**
Operating Surplus/Deficit	**29,842**	**(202,427)**	**232,269**	**-114.74%**	**(381,261)**	**(708,247)**	**326,986**	**-46.17%**
Prior Period Adjustment	1,326	0	1,326	0.00%	(861)	0	(861)	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**31,168**	**(202,427)**	**233,595**	**-115.40%**	**(382,122)**	**(708,247)**	**326,125**	**-46.05%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**31,168**	**(202,427)**	**233,595**	**-115.40%**	**(382,122)**	**(708,247)**	**326,125**	**-46.05%**

Self Direction
For the Three Months Ended March 31, 2023

	MTD				YTD			
			Variance				Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Medicaid	697,656	570,844	126,812	22.21%	1,940,170	1,698,436	241,734	14.23%
Grants	59	59	0	0.00%	177	177	0	0.00%
Other Income	113,000	105,055	7,945	7.56%	330,230	314,049	16,181	5.15%
Total Revenue	**810,715**	**675,958**	**134,757**	**19.94%**	**2,270,577**	**2,012,662**	**257,915**	**12.81%**
Expenses								
Salary Expenses								
Direct Care	304,463	251,430	53,033	21.09%	848,185	729,958	118,227	16.20%
Clinical	21,740	24,760	(3,020)	-12.20%	61,715	71,882	(10,167)	-14.14%
Program Admin/Admin	14,085	14,507	(422)	-2.91%	40,813	42,118	(1,305)	-3.10%
Maintenance	536	537	(1)	-0.19%	1,430	1,560	(130)	-8.33%
Transportation	16	17	(1)	-5.88%	43	49	(6)	-12.24%
Employee Recruitment Salaries	0	0	0	0.00%	1	0	1	0.00%
Total Salaries Expense	**340,840**	**291,251**	**49,589**	**17.03%**	**952,187**	**845,567**	**106,620**	**12.61%**
Fringe Benefits & OTPS								
Employee Benefits	56,840	47,334	9,506	20.08%	163,542	139,675	23,867	17.09%
Fees for Service Professionals	64,568	53,716	10,852	20.20%	180,818	161,147	19,671	12.21%
Telephone & Communications	268	256	12	4.69%	733	769	(36)	-4.68%
Travel	16	23	(7)	-30.43%	65	68	(3)	-4.41%
Food & Household Supplies	8	0	8	0.00%	54	0	54	0.00%
Program & Recreation Expense	139	0	139	0.00%	139	0	139	0.00%
Supplies & Office Expense	16,741	16,002	739	4.62%	49,034	48,007	1,027	2.14%
Furniture & Equipment	17	0	17	0.00%	17	0	17	0.00%
Staff Expenses	928	784	144	18.37%	1,902	2,350	(448)	-19.06%
Vehicle Expense	3	3	0	0.00%	8	9	(1)	-11.11%
Insurance Expense	2,816	2,514	302	12.01%	8,583	7,541	1,042	13.82%
Legal & Accounting	0	0	0	0.00%	28	0	28	0.00%
Admin Fees	14	12	2	16.67%	43	36	7	19.44%
Fuel & Utilities	217	183	34	18.58%	700	550	150	27.27%
Repairs & Maintenance	324	244	80	32.79%	950	731	219	29.96%
OTPS - Self Directed Reimbursement	180,884	164,349	16,535	10.06%	529,962	490,743	39,219	7.99%
Total Fringe Benefits and OTPS	**323,783**	**285,420**	**38,363**	**13.44%**	**936,578**	**851,626**	**84,952**	**9.98%**
Property								
Rent	1	1	0	0.00%	2	4	(2)	-50.00%
Property Insurance	26	25	1	4.00%	75	74	1	1.35%
Property Interest	174	173	1	0.58%	536	532	4	0.75%
Depreciation & Capital Lease Amort.	816	702	114	16.24%	2,434	2,105	329	15.63%
Property - Self Directed Reimbursement	20,289	13,870	6,419	46.28%	56,970	41,610	15,360	36.91%
Total Property	**21,306**	**14,771**	**6,535**	**44.24%**	**60,017**	**44,325**	**15,692**	**35.40%**
Total Functional Expenses	**685,929**	**591,442**	**94,487**	**15.98%**	**1,948,782**	**1,741,518**	**207,264**	**11.90%**
Allocation of Central Admin exp	50,858	41,078	9,780	23.81%	123,328	121,917	1,411	1.16%
Total functional exp after Allocations	**736,787**	**632,520**	**104,267**	**16.48%**	**2,072,110**	**1,863,435**	**208,675**	**11.20%**
Operating Surplus/Deficit	**73,928**	**43,438**	**30,490**	**70.19%**	**198,467**	**149,227**	**49,240**	**33.00%**
Prior Period Adjustment	0	0	0	0.00%	(310)	0	(310)	0.00%
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**73,928**	**43,438**	**30,490**	**70.19%**	**198,157**	**149,227**	**48,930**	**32.79%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**73,928**	**43,438**	**30,490**	**70.19%**	**198,157**	**149,227**	**48,930**	**32.79%**

Other Programs
For the Three Months Ended March 31, 2023

	MTD		Variance		YTD		Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Grants	956	2,464	(1,508)	-61.20%	3,630	8,130	(4,500)	-55.35%
Other Income	(1,075,973)	47,065	(1,123,038)	-2,386.14%	138,792	140,746	(1,954)	-1.39%
Total Revenue	**(1,075,017)**	**49,529**	**(1,124,546)**	**-2,270.48%**	**142,422**	**148,876**	**(6,454)**	**-4.34%**
Expenses								
Salary Expenses								
Direct Care	(758,500)	0	(758,500)	0.00%	0	0	0	0.00%
Clinical	(277,986)	0	(277,986)	0.00%	14	0	14	0.00%
Program Admin/Admin	(4,970)	0	(4,970)	0.00%	30	0	30	0.00%
Maintenance	5,447	5,549	(102)	-1.84%	15,875	16,110	(235)	-1.46%
Transportation	113	117	(4)	-3.42%	319	339	(20)	-5.90%
Employee Recruitment Salaries	0	5	(5)	-100.00%	11	15	(4)	-26.67%
Total Salaries Expense	**(1,035,896)**	**5,671**	**(1,041,567)**	**-18,366.55%**	**16,249**	**16,464**	**(215)**	**-1.31%**
Fringe Benefits & OTPS								
Employee Benefits	(78,029)	2,287	(80,316)	-3,511.85%	4,715	6,692	(1,977)	-29.54%
Telephone & Communications	837	1,530	(693)	-45.29%	2,275	4,589	(2,314)	-50.42%
Travel	109	157	(48)	-30.57%	481	470	11	2.34%
Food & Household Supplies	2	0	2	0.00%	161	0	161	0.00%
Program & Recreation Expense	114	2,083	(1,969)	-94.53%	341	6,250	(5,909)	-94.54%
Supplies & Office Expense	25	74	(49)	-66.22%	152	220	(68)	-30.91%
Furniture & Equipment	2	0	2	0.00%	2	1	1	100.00%
Staff Expenses	1,837	853	984	115.36%	1,846	2,558	(712)	-27.83%
Vehicle Expense	19	21	(2)	-9.52%	57	64	(7)	-10.94%
Insurance Expense	327	326	1	0.31%	1,056	978	78	7.98%
Admin Fees	0	0	0	0.00%	1	1	0	0.00%
Fuel & Utilities	5,516	6,134	(618)	-10.07%	19,333	18,402	931	5.06%
Repairs & Maintenance	1,195	1,888	(693)	-36.71%	4,014	5,665	(1,651)	-29.14%
Total Fringe Benefits and OTPS	**(68,046)**	**15,353**	**(83,399)**	**-543.21%**	**34,434**	**45,890**	**(11,456)**	**-24.96%**
Property								
Rent	23,390	23,428	(38)	-0.16%	70,163	70,284	(121)	-0.17%
Property Insurance	389	389	0	0.00%	1,166	1,166	0	0.00%
Property Interest	3,176	3,270	(94)	-2.87%	9,895	9,876	19	0.19%
Depreciation & Capital Lease Amort.	3,906	3,748	158	4.22%	12,461	11,247	1,214	10.79%
Total Property	**30,861**	**30,835**	**26**	**0.08%**	**93,685**	**92,573**	**1,112**	**1.20%**
Total Functional Expenses	**(1,073,081)**	**51,859**	**(1,124,940)**	**-2,169.23%**	**144,368**	**154,927**	**(10,559)**	**-6.82%**
Allocation of Central Admin exp	(84,475)	1,498	(85,973)	-5,740.66%	3,309	4,479	(1,170)	-26.12%
Total functional exp after Allocations	**(1,157,556)**	**53,357**	**(1,210,913)**	**-2,269.47%**	**147,677**	**159,406**	**(11,729)**	**-7.36%**
Operating Surplus/Deficit	**82,539**	**(3,828)**	**86,367**	**-2,256.41%**	**(5,255)**	**(10,530)**	**5,275**	**-50.09%**
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**82,539**	**(3,828)**	**86,367**	**-2,256.41%**	**(5,255)**	**(10,530)**	**5,275**	**-50.09%**
Change in Net Assets with donor restrictions								
Total Increase/Decrease in Net Assets	**82,539**	**(3,828)**	**86,367**	**-2,256.41%**	**(5,255)**	**(10,530)**	**5,275**	**-50.09%**

Fundraising

For the Three Months Ended March 31, 2023

	MTD		Variance		YTD		Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor restrictions								
Revenue								
Capital Campaign	$15,765	$0	$15,765	0.00%	$15,765	$0	$15,765	0.00%
Special Events	27,754	0	27,754	0.00%	27,754	0	27,754	0.00%
Other Income	3,976	18,750	(14,774)	-78.79%	13,630	56,250	(42,620)	-75.77%
Total Revenue	**47,495**	**18,750**	**28,745**	**153.31%**	**57,149**	**56,250**	**899**	**1.60%**
Expenses								
Salary Expenses								
Clinical	1	0	1	0.00%	1	0	1	0.00%
Program Admin/Admin	17,328	20,636	(3,308)	-16.03%	29,678	61,907	(32,229)	-52.06%
Maintenance	238	259	(21)	-8.11%	655	751	(96)	-12.78%
Transportation	7	8	(1)	-12.50%	20	23	(3)	-13.04%
Employee Recruitment Salaries	0	0	0	0.00%	(599)	0	(599)	0.00%
Total Salaries Expense	**17,574**	**20,903**	**(3,329)**	**-15.93%**	**29,755**	**62,681**	**(32,926)**	**-52.53%**
Fringe Benefits & OTPS								
Employee Benefits	1,093	4,990	(3,897)	-78.10%	7,183	15,010	(7,827)	-52.15%
Fees for Service Professionals	0	250	(250)	-100.00%	0	750	(750)	-100.00%
Telephone & Communications	61	61	0	0.00%	384	184	200	108.70%
Travel	7	94	(87)	-92.55%	30	282	(252)	-89.36%
Food & Household Supplies	3	0	3	0.00%	26	0	26	0.00%
Program & Recreation Expense	8,359	0	8,359	0.00%	11,183	0	11,183	0.00%
Supplies & Office Expense	2,087	3,971	(1,884)	-47.44%	13,785	11,911	1,874	15.73%
Furniture & Equipment	177	42	135	321.43%	177	125	52	41.60%
Staff Expenses	405	221	184	83.26%	1,229	662	567	85.65%
Vehicle Expense	1	2	(1)	-50.00%	4	5	(1)	-20.00%
Insurance Expense	113	198	(85)	-42.93%	304	594	(290)	-48.82%
Fuel & Utilities	99	87	12	13.79%	329	262	67	25.57%
Repairs & Maintenance	148	116	32	27.59%	445	347	98	28.24%
Total Fringe Benefits and OTPS	**12,553**	**10,032**	**2,521**	**25.13%**	**35,079**	**30,132**	**4,947**	**16.42%**
Property								
Rent	1	1	0	0.00%	1	2	(1)	-50.00%
Property Insurance	12	12	0	0.00%	35	35	0	0.00%
Property Interest	27	28	(1)	-3.57%	82	82	0	0.00%
Depreciation & Capital Lease Amort.	4,909	4,902	7	0.14%	14,729	14,704	25	0.17%
Total Property	**4,949**	**4,943**	**6**	**0.12%**	**14,847**	**14,823**	**24**	**0.16%**
Total Functional Expenses	**35,076**	**35,878**	**(802)**	**-2.24%**	**79,681**	**107,636**	**(27,955)**	**-25.97%**
Allocation of Central Admin exp	2,305	2,204	102	4.62%	4,233	6,667	(2,434)	-36.50%
Total functional exp after Allocations	**37,381**	**38,082**	**(700)**	**-1.84%**	**83,914**	**114,303**	**(30,389)**	**-26.59%**
Operating Surplus/Deficit	**10,114**	**(19,332)**	**29,445**	**-152.32%**	**(26,765)**	**(58,053)**	**31,288**	**-53.90%**
Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**10,114**	**(19,332)**	**29,445**	**-152.32%**	**(26,765)**	**(58,053)**	**31,288**	**-53.90%**
Change in Net Assets with donor restrictions								
Other Income with donor restrictions	1,754	0	1,754	0.00%	11,563	0	11,563	0.00%
Special Events with Donor Restrictions	0	0	0	0.00%	3,060	0	3,060	0.00%
Net Assets released from restrictions	(18,461)	0	(18,461)	0.00%	(25,550)	0	(25,550)	0.00%
Increase/Decrease in Net Assets with donor restrictions	**(16,707)**	**0**	**(16,707)**	**0.00%**	**(10,927)**	**0**	**(10,927)**	**0.00%**
Total Increase/Decrease in Net Assets	**(6,593)**	**(19,332)**	**12,738**	**-65.89%**	**(37,692)**	**(58,053)**	**20,361**	**-35.07%**

Admin

For the Three Months Ended March 31, 2023

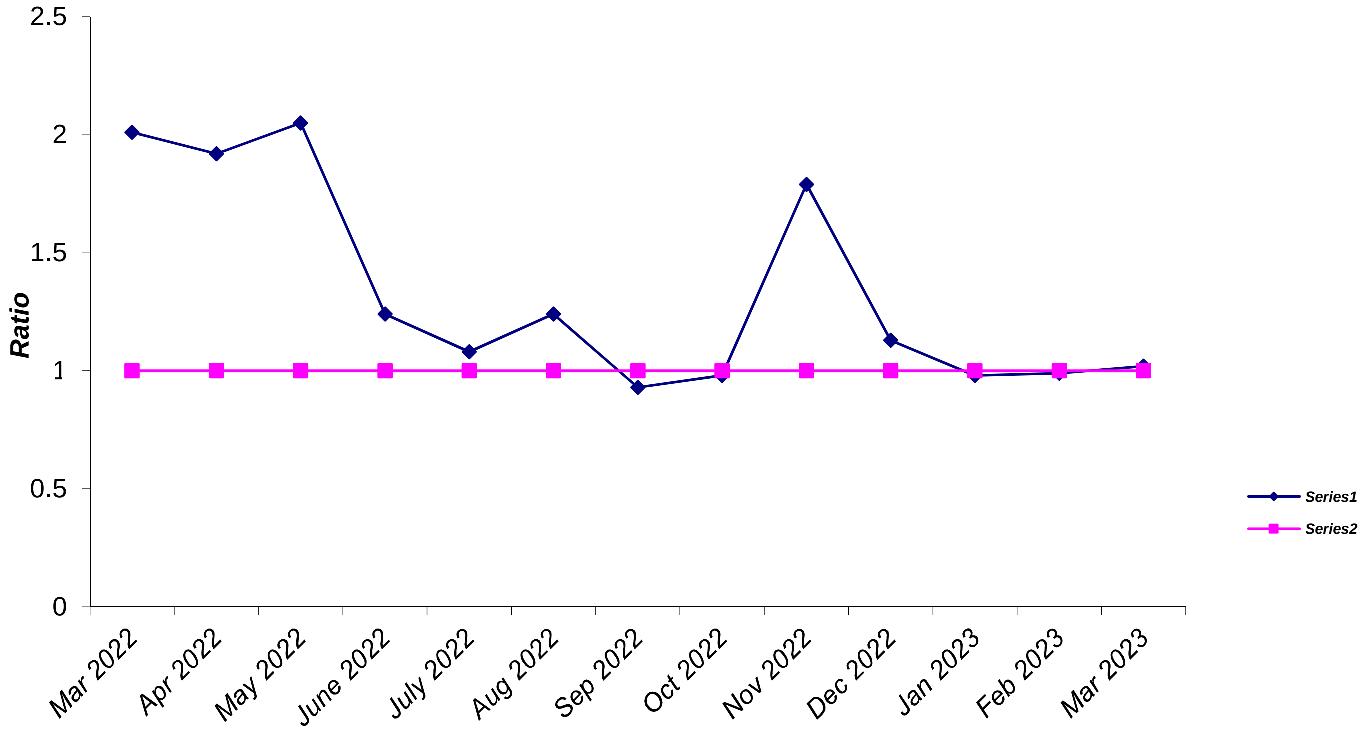
	MTD				YTD			
			Variance				Variance	
	Actual	Budget	$	%	Actual	Budget	$	%
Change in Net Assets without donor								
Revenue								
Grants	1,486	1,486	0	0.00%	4,457	4,457	0	0.00%
Other Income	97,220	27,738	69,482	250.49%	226,954	80,753	146,201	181.05%
Total Revenue	**98,706**	**29,224**	**69,482**	**237.76%**	**231,411**	**85,210**	**146,201**	**171.58%**
Expenses								
Salary Expenses								
Clinical	6,310	14,037	(7,727)	-55.05%	18,658	40,753	(22,095)	-54.22%
Prgm Admin/Admin	355,226	379,965	(24,739)	-6.51%	1,023,548	1,103,125	(79,577)	-7.21%
Maintenance	9,838	9,026	812	9.00%	25,603	26,204	(601)	-2.29%
Transportation	1,511	1,328	183	13.78%	4,189	3,855	334	8.66%
Employee Recruitment Salaries	0	165	(165)	-100.00%	633	496	137	27.62%
Total Salaries Expense	**372,885**	**404,521**	**(31,636)**	**-7.82%**	**1,072,631**	**1,174,433**	**(101,802)**	**-8.67%**
Fringe Benefits & OTPS								
Employee Benefits	111,554	122,384	(10,830)	-8.85%	312,757	363,457	(50,700)	-13.95%
Fees For Service Professionals	39,073	20,958	18,115	86.43%	94,328	62,875	31,453	50.02%
Telephone & Communications	6,186	5,481	705	12.86%	17,445	16,443	1,002	6.09%
Travel	1,258	2,346	(1,088)	-46.38%	2,741	7,037	(4,296)	-61.05%
Food & Household Supplies	141	0	141	0.00%	1,009	0	1,009	0.00%
Supplies & Office Expense	96,675	111,678	(15,003)	-13.43%	277,574	335,032	(57,458)	-17.15%
Miscellanous Expense	0	0	0	0.00%	(5)	0	(5)	0.00%
Furniture & Equipment	2,930	2,306	624	27.06%	4,121	6,919	(2,798)	-40.44%
Medical Expense	0	1	(1)	-100.00%	4	2	2	100.00%
Staff Expenses	11,088	11,513	(425)	-3.69%	23,048	34,541	(11,493)	-33.27%
Vehicle Expense	320	321	(1)	-0.31%	897	964	(67)	-6.95%
Insurance Expense	5,062	5,548	(486)	-8.76%	15,176	16,642	(1,466)	-8.81%
Legal & Accounting	17,534	25,232	(7,698)	-30.51%	59,013	75,695	(16,682)	-22.04%
Admin Fees	65	77	(12)	-15.58%	192	231	(39)	-16.88%
Utilities	4,498	3,695	803	21.73%	14,180	11,032	3,148	28.54%
Repairs & Maintenance	6,313	4,900	1,413	28.84%	18,935	14,701	4,234	28.80%
Total Fringe Benefits and OTPS	**302,697**	**316,440**	**(13,743)**	**-4.34%**	**841,415**	**945,571**	**(104,156)**	**-11.02%**
Property								
Rent	1,882	1,883	(1)	-0.05%	5,634	5,650	(16)	-0.28%
Property Insurance	506	470	36	7.66%	1,453	1,410	43	3.05%
Property Interest	3,425	4,323	(898)	-20.77%	12,127	13,118	(991)	-7.55%
Depreciation & Capital Lease Amort.	17,441	17,824	(383)	-2.15%	55,114	53,473	1,641	3.07%
Total Property	**23,254**	**24,500**	**(1,246)**	**-5.09%**	**74,328**	**73,651**	**677**	**0.92%**
Total Functional Expenses	**698,836**	**745,461**	**(46,625)**	**-6.25%**	**1,988,374**	**2,193,655**	**(205,281)**	**-9.36%**
Reversal Of Central Admin Exp	(698,836)	(745,461)	46,625	-6.25%	(1,988,374)	(2,193,655)	205,281	-9.36%
Operating Surplus / Deficit	**98,706**	**29,224**	**69,482**	**237.76%**	**231,411**	**85,210**	**146,201**	**171.58%**
Prior Year Adjustment	0	0	0	0.00%	3	0	3	0.00%
Total Net Surplus/Deficit (Increase/Decrease in Net Assets without donor restrictions)	**98,706**	**29,224**	**69,482**	**237.76%**	**231,414**	**85,210**	**146,204**	**171.58%**
Total Increase/Decrease in Net Assets	**98,706**	**29,224**	**69,482**	**237.76%**	**231,414**	**85,210**	**146,204**	**171.58%**

Developmental Disabilities Institute, Inc.
Debt Service Coverage Ratio
Twelve months change March '23 to March '22

Change in Net Assets	$	(8,658)	**{A}**
Depreciation & Amortization Expense		3,686,003	
Interest Expense		898,741	
Total	**$**	**4,576,086**	
Current portion of Bonds Payable	$	2,436,356	
Current portion Mortgages and Notes Payable		411,747	
Finance Lease Liability -Current		759,337	
Interest Expense		898,741	
Total	**$**	**4,506,181**	
Ratio		**1.02**	
Previous Month's Ratio		0.99	
Previous Year's Ratio		4.58	
Bank Ratio		1.00: 1.00	

{A} change in Net Assets includes only "without donor restriction" amounts

DEVELOPMENTAL DISABILITIES INSTITUTE, INC.
Debt Service Coverage 2023



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APPENDIX C-III

GENERAL HUMAN OUTREACH IN THE COMMUNITY INCORPORATED

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

GENERAL HUMAN OUTREACH
IN THE COMMUNITY
UNAUDITED BALANCE SHEET
FOR MARCH 31, 2023

Assets

Current Assets		
Cash & Cash Equivalents	$	1,395,864
Investments		3,896,171
Accounts Receivable (Programs & Other)		3,790,227
Prepaid expenses and current assets		38,134
Security Deposit		70,284
Consumer Funds		41,502
Total Current Assets	$	9,232,182
Non Current Assets		
Property Plant and equipment, net of accumulated depreciation	$	6,500,717
Operating lease	$	497,694
Limited use assets		71,708
Total Non Current Assets	$	7,070,119
Total Assets	$	16,302,301

Liabilities

Current Liabilities		
Current portion of bonds payable	$	35,934
Accounts payable and accrued expenses		1,163,285
Payroll - related accruals		789,133
Deferred Revenue		3,264
Due to government agencies		438,414
Consumer funds		41,502
Total Current Assets	$	2,471,532
Non Current Liabilities		
Bonds payable, Loan payable net of current portion due	$	3,252,234
Total Non Current Liabilities	$	5,723,766
Total Liabilities		5,765,268
Net Assets		
Unrestricted	$	9,532,735
Restricted (Board designated)		1,004,298
Total Net Assets	$	10,537,033
Total Net Assets & Liabilities	$	16,302,301

GENERAL HUMAN OUTREACH
IN THE COMMUNITY
UNAUDITED INCOME STATEMENT
FOR MARCH 31, 2023

Revenue & Support:		
Fee for Services	$	9,596,421
Investment Income		13,045
Unrealized Loss Investment		(6,989)
Other Income	$	102,299
Total Revenue & Support	$	9,704,776
Expenses		
Program Services		
Community habilitation services	$	635,501
Individual residential alternatives		5,146,067
Family support services		142,743
Day habilitation services		1,225,821
Supported employment services		185,843
Community Based Pervoational services	$	125,259
Total programs expenses	$	7,461,234
Supporting Services:		
Management & general		1,532,334
Total Program and Management & general)	$	8,993,568
Change in Net Assets	$	711,208
Beginning of year 7/1/0222	$	9,825,825
Net Assets as 3/31/2023	$	10,537,033

GENERAL HUMAN OUTREACH
IN THE COMMUNITY
UNAUDITED STATEMENT OF CASH FLOW
FOR MARCH 31, 2023

(1) CASH FLOW FORM OPERATING ACTIVIES		
Add: Change in Net Assets	$	711,208
Adjustment to reconcile change in net assets to cash net Cash provided by operating activities		
Add: Depreciation and amortization		231,275
Add: Unrealized Loss		6,989
Changes in assets and Liabilities		-
Accounts Receivable		(2,887,744)
Prepaid expenses		(5,326)
Security Deposit		(4,594)
Accounts Payable & accrued expenses		33,990
Payroll accrual		71,966
Deferred Revenue		(7,986)
Due to Government agencies		53,974
Net Cash Flow from Operating Activities	$	(1,796,248)
(2) CASH FLOW FORM INVESTING ACTVTITIES:		
Less: Purchased of property & Equipment	$	(34,836)
Less: Purchases of investment		(765,471)
Add: sale of investment		0
Net Cash Flow from Investing Activities	$	(800,307)
(3) CASH FLOW FROM FINANCING ACTIVIES		
Increase in Loan	$	130,125
Net Cash Flow from financing Activities	$	130,125
Net Change in Statement of Cash Flow	$	(2,466,430)
Beginning Balance of cash 7/1/22		3,862,294
Ending Balance of Cash as of 3/31/2023	$	1,395,864

APPENDIX C-IV

HASC CENTER, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

HASC CENTER, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2023

ASSETS

Current Assets		**March 31, 2023**
Cash and Cash Equivalents	$	4,297,625
Cash-JP Morgan Annuity		1,521,477
Investments		18,969,596
Accounts Receivable (Less $4,000 Allowance)		9,543,718
Medicaid and Grants Receivable		14,579,826
Prepaid Expenses		1,392,583
Prepaid Interest		10,880
Total Current Assets	**$**	**50,315,705**
Fixed Assets		
Land	$	2,881,500
Building		32,447,331
Leasehold Improvements		4,679,086
Machinery & Equipment		1,932,951
Furniture & Fixtures		678,983
Accumulated Depreciation		(20,989,629)
Total Fixed Assets	**$**	**21,630,222**
Other Assets		
Due From Blanche Kahn Family Health Center		2,316,011
Reserve Funds		574,891
Security Deposits		126,301
Retirement Trust Fund		1,808,006
Bond Closing Costs (Net of Amortization of $440,845)		574,969
Total Other Assets	**$**	**5,400,178**
TOTAL ASSETS	**$**	**77,346,105**

HASC CENTER, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2023

LIABILITIES AND NET ASSETS

Current Liabilities		**March 31, 2023**
Accounts Payable	$	2,842,004
Accrued Wages & Taxes		1,170,403
Accrued Expenses		184,828
Loans & Leases Payable		2,183,021
Advances from OPWDD		216,549
Due to Employees- HCA		415,507
Mortgages Payable		702,465
Other Liabilities		34,824
Total Current Liabilities	**$**	**7,749,601**
Other Liabilities		
Loans Payable	$	7,655,476
Advances From OPWDD		250,218
Mortgages Payable		4,985,384
Retirement Fund Payable		1,808,006
Other Liabilities		101,570
Total Other Liabilities	**$**	**14,800,654**
TOTAL LIABILITIES	**$**	**22,550,255**
Net Assets		
Unrestricted Net Assets	$	52,691,605
Board Designated Net Assets		2,104,245
Total Net Assets	**$**	**54,795,850**
TOTAL LIABILITIES AND NET ASSETS	**$**	**77,346,105**

HASC CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED MARCH 31, 2023

		March 31, 2023
REVENUE		
Program Services Fees .		65,799,348
Management Income		16,500
Other Income		2,061,149
Investment Income		818,837
TOTAL REVENUE	**$**	**68,695,834**
EXPENSES		
Program Services	$	61,921,331
General & Administrative		3,376,362
TOTAL EXPENSES	**$**	**65,297,693**
Surplus	**$**	**3,398,141**
Net Assets- Beginning		49,293,464
NET ASSETS - ENDING	**$**	**52,691,605**

APPENDIX C-V

HEARTSHARE HUMAN SERVICES OF NEW YORK

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

HEARTSHARE HUMAN SERVICES
BALANCE SHEET
MARCH 31, 2023

		UNAUDITED 03/31/2023
ASSETS		
CURRENT ASSETS		
CASH AND EQUIVALENTS	$	14,831,609
ACCOUNTS RECEIVABLE - GOV (NET OF $1,100,000)		13,460,102
ACCOUNTS RECEIVABLE - OTHER (NET OF $1,763,119)		1,047,115
ACCOUNTS RECEIVABLE - OTHER - DUE FROM HSVS		500,000
PREPAID EXPENSES		1,884,001
OTHER CURRENT ASSETS		450,271
TOTAL CURRENT ASSETS	$	32,173,099
FIXED ASSETS - AT COST (NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION OF $43,242,280)	$	27,958,411
DUE FROM HEC		774,285
DUE FROM ST. VINCENT'S SERVICES, INC.		11,319,703
RIGHT-OF-USE ASSETS		57,364,170
OTHER NONCURRENT ASSETS		563,278
TOTAL ASSETS	**$**	**130,152,946**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$	7,333,445
ACCRUED SALARIES AND VACATIONS PAYABLE		6,419,253
DEFERRED FICA EXPENSE		-
INTERCOMPANY PAYABLE (DUE TO WELLNESS)		500,000
DUE TO GOVERNMENT AGENCIES		2,191,996
CURRENT PORTION OF LONG-TERM DEBT		1,539,599
BRIDGE LINE / WORKING CAPITAL		-
REFUNDABLE ADVANCES		2,432,696
DEFERRED REVENUE		1,999,234
CURRENT PORTION OF OPERATING LEASE LIABILITIES		5,670,603
OTHER LIABILITIES		5,482,669
TOTAL CURRENT LIABILITIES	$	33,569,495
LONG-TERM LIABILITIES		
DUE TO WELLNESS	$	769,267
LONG-TERM DEBT		11,824,068
BRIDGE LINE		3,373,484
DUE TO GOVERNMENT AGENCIES		3,362,795
POST RETIREMENT BENEFIT OBLIGATION		518,610
OPERATING LEASE LIABILITIES		57,340,496
ALLOWANCE FOR POTENTIAL RATE ADJUSTMENTS		8,072,153
TOTAL LONG-TERM LIABILITIES	$	85,260,873
TOTAL LIABILITIES	**$**	**118,830,368**
NET ASSETS	$	11,322,578
TOTAL LIABILITIES AND NET ASSETS	**$**	**130,152,946**

HEARTSHARE HUMAN SERVICES
STATEMENTS OF ACTIVITIES
PERIOD ENDED 03/31/2023

	HSHS Total
Revenue, Gains and Other Support	
Contributions and Bequests	578,444
Special Events Rev. Net of Direct Costs to Donors $261,536	473,233
Fee & grants from government agencies	81,606,062
Client fees	3,793,671
Interest Income	834
Rental Income	-
Other Revenue	364,139
Total Revenue, Gains and Other Support	**86,816,383**
Expenses	
Salaries	41,149,766
Payroll taxes and employee benefits	10,039,475
Food	1,368,527
Clothing	54,738
Foster boarding home payments	-
Transportation	4,869,200
Supplies	847,222
Professional fees and contract service payments	3,062,034
Camp fees and other children's activities	278,202
Dues	8,689
Minor equipment acquisitions	164,872
Occupancy	7,169,560
Repairs and maintenance	1,398,154
Equipment rental	546,898
Interest	634,426
Insurance	2,175,390
Medical supplies	561,156
New York State health care facility assessment	145,855
Bad debts	705,397
Depreciation and amortization	1,884,756
Miscellaneous	119,040
Total Program Services	**77,183,357**
Supporting Services:	
Management and general	14,294,632
Management elimination	(5,872,319)
Fundraising	413,983
Total Expenses	**86,019,653**
Surplus / (Deficit)	**796,730**

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APPENDIX C-VI

OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

Ohel Children's Home and Family Services, Inc.
Not Including Camp Kaylie
Statement of Financial Position (unaudited)

In '000s		3/31/2023
ASSET		
CASH	$	4,627
Program Receivables		4,322
PLEDGES RECEIVABLE		3,580
GRANTS RECEIVABLE		1,249
INVESTMENTS/ RESTRICTED INVESTMENTS		1,550
Prepaid expenses and other assets		557
Client Custodial Funds		932
Mortgage Receivable		392
OTHER RECEIVABLE		5,339
DEBT RESERVE FUND		870
Property and equipment, net of accumulated depreciation		56,958
ASSET Total	**$**	**80,377**
LIABILITIES		
Accounts Payable and accrued Expenses	$	2,372
Accrued salaries and fringes		2,939
Bank Line of Credit Payable		2,500
MORTGAGES PAYABLE		19,239
NOTES PAYABLE		3,425
Compensated Absence Payable		1,551
Due to Governmental Agencies		2,475
OTHER LIABILITIES		1,124
DEFERRED REVENUE		1,456
Client Custodial Funds		926
LEASES PAYABLE		100
deferred compensation payable		324
LIABILITIES Total	**$**	**38,432**
EQUITY		
FUND BALANCE		40,758
Current Year to date Surplus		1,187
EQUITY Total	**$**	**41,945**
LIABILITIES and EQUITY Total	**$**	**80,377**

Ohel Children's Home and Family Services, Inc.
Not Including Camp Kaylie
Statement of Activities (unaudited)

In '000s		3/31/2023
Revenues		
Program Services Fees	$	45,608
Contributions and Operating Grants		11,242
Special Events (less Direct Costs)		1,426
Rental and Other income, net		743
Revenues total		**59,019**
Expenses		
Personnel		41,538
OTPS		8,837
Property		7,456
Expenses total		**57,831**
Change in Net Assets	**$**	**1,188**

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APPENDIX C-VII

YOUNG ADULT INSTITUTE, INC.

UNAUDITED FINANCIAL INFORMATION

(AS OF MARCH 31, 2023)

YAI Consolidated Statement of Financial Position
As of March 31, 2023

	YAI ONLY	YAI Consolidated
Assets:		
Cash & Cash Equivalents	2,138,048	3,395,947
Investments	11,405,622	11,405,622
Accounts & Tuition Receivable	33,492,168	64,953,860
Due from Network Agencies	8,480,158	
Other Receivables	2,150,107	2,210,328
Prepaid expenses and other receivables	5,250,141	6,834,560
Lease right to use asset	104,415,448	136,088,348
Property and equipment	54,887,734	58,948,562
Debt Service Reserve	3,432,884	3,432,884
Total Assets	**225,652,311**	**287,270,111**
Liabilities:		
Accounts payable and accrued expenses	13,806,319	15,339,110
Accrued Pension	2,071,263	2,454,202
Accrued Salary	7,975,410	9,575,760
Accrued Vacation	3,071,002	3,627,437
Capital lease obligations	933,814	961,441
Due to Funding Sources	665,856	914,580
Other Liabilities	108,213,108	13,437,082
Lease Liability	-	142,435,637
Notes and mortgages payable	65,611,940	71,164,174
Total Liabilities	**215,770,504**	**259,909,424**
Net Assets		
Net assets with donor restrictions	1,494,340	1,615,492
Net assets without donor restrictions	8,387,466	25,745,196
Total Net Assets	**9,881,806**	**27,360,688**
Total Liabilities & Net Assets	**225,652,310**	**287,270,111**

YAI Consolidated Statement of Activities
For the nine months ended March 31, 2023

	YAI Only			YAI Consolidated		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Actuals as of March 31, 2023
Revenue and Support:						
Medicaid & Medicare	126,313,061		126,313,061	136,641,063	-	136,641,063
Government Contracts	41,856,392		41,856,392	42,064,390	-	42,064,390
Tuition Income	-		-	28,237,803	-	28,237,803
Client Fees	7,864,146		7,864,146	8,724,028	-	8,724,028
Other Revenues	5,891,532		5,891,532	3,577,844	-	3,577,844
Contributions	514,305	207,320	721,625	538,238	336,570	874,807
Net Assets Released from Restriction	75,989	(75,989)	-	127,580	(127,580)	-
Total Revenue and Support	**182,515,426**	**131,331**	**182,646,757**	**219,910,945**	**208,990**	**220,119,934**
Expenses:						
Salary	114,543,685	-	114,543,685	135,209,522	-	135,209,522
Fringe Benefits	23,970,799		23,970,799	27,767,056	-	27,767,056
OTPS	35,932,895	-	35,932,895	42,347,959	-	42,347,959
Property	15,297,259		15,297,259	19,015,247	-	19,015,247
Total Expenses	**189,744,638**	**-**	**189,744,638**	**224,339,784**	**-**	**224,339,784**
Change in Net Assets	**(7,229,212)**	**131,331**	**(7,097,880)**	**(4,428,839)**	**208,990**	**(4,219,850)**
Beginning Balance Net Assets	15,616,678	1,363,009	16,979,687	30,174,035	1,406,502	31,580,537
Ending Balance Net Assets	**8,387,466**	**1,494,340**	**9,881,807**	**25,745,196**	**1,615,492**	**27,360,687**

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APPENDIX D

CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Resolution, the Series 2023A Resolution or the Loan Agreements and used in this Official Statement.

Account means each account created and established in any fund under the Resolution as created and established pursuant to the Applicable Series Resolution, including each Project Loan Account and each Debt Service Account.

Accounts Receivable means, with reference to a Participant, all of a Participant's accounts receivable derived from the use or operation of any of its properties, including the Project Property, but excluding Pledged Revenues.

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law), as amended from time to time, including but not limited to, Chapter 471 of the Laws of 2009, Chapter 299 of the Laws of 2017, the Health Care Financing Consolidation Act and as incorporated thereby the New York State Medical Care Facilities Finance Act, being Chapter 392 of the Laws of New York 1973, as amended, McKinney's Unconsolidated Laws, Sections 7411 to 7432, inclusive.

Administration Agreement means the Administration Agreement, dated as of July 1, 2023, among DASNY, the Program Facilitator and the Series Participants.

Allocable Portion means with respect to a Series of Bonds, an Applicable Participant's proportionate share of certain obligations arising under such Series of Bonds from time to time and under the Applicable Loan Agreement, particularly with respect to the Debt Service Reserve Fund Requirement, if any, the Arbitrage Rebate Fund and Costs of Issuance, in each case corresponding to the principal amount of the Applicable Loan made to such Participant by DASNY with proceeds of such Series of Bonds and determined by the Applicable Series Resolution or Applicable Bond Series Certificate; provided, however, that with respect to the payment of principal, Sinking Fund Installments and Redemption Price, if any, of and interest on such Series of Bonds, Allocable Portion shall mean that portion of each such payment designated in Exhibit D attached to the Applicable Loan Agreement as being allocable to such Participant, as the same may be adjusted from time to time to reflect any prepayments of the Applicable Loan by or on behalf of such Participant.

Annual Administrative Fee means the annual fee for the general administrative expenses of DASNY in the amount or percentage stated in each of the Loan Agreements relating to the Loans made thereunder.

Applicable means:

(i) with respect to a particular Loan or Project referred to in the Resolution, the Loan and the Project established and undertaken with respect to a particular Participant and particular Project as described in a particular Loan Agreement;

(ii) with respect to any Account, the Account established with respect to a particular Participant in connection with such Participant's Allocable Portion of a particular Series of Bonds;

(iii) with respect to any Series Resolution, the Series Resolution relating to a particular Projects or Projects and/or a particular Series of Bonds;

(iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project or Projects for the particular Participant or Participants;

(v) with respect to any Loan Agreement, the Loan Agreement entered into by and between a particular Participant and DASNY, relating to a particular Project or Projects for such Participant financed or refinanced with such Participant's Allocable Portion of a particular Series of Bonds;

(vi) with respect to a Bond Series Certificate, such certificate authorized pursuant to a particular Series Resolution;

(vii) with respect to any Supplemental Resolution, any such Resolution supplementing a particular Series Resolution;

(viii) with respect to a Participant, the Participant undertaking the obligations set forth in the Applicable Loan Agreement;

(ix) with respect to a Paying Agent, the Paying Agent accepting the responsibility to perform the obligations set forth therefor with respect to a particular Series of Bonds;

(x) with respect to Revenues, the Revenues pledged to the payment of a particular Series of Bonds pursuant to the Resolution and an Applicable Series Resolution;

(xi) with respect to Pledged Revenues, the Pledged Revenues pledged by the Participants as security for their respective obligations under the Applicable Loan Agreements; and

(xii) with respect to a Facility Provider, the Facility Provider that has provided a Reserve Fund Facility with respect to a particular Series of Bonds.

Applicable State Agency means OPWDD, OMH, OASAS or any other division, department, office or agency of the State that is a source of Pledged Revenues of a Participant whether as PPA Revenues or Non-PPA Revenues.

Arbitrage Rebate Fund means the fund so designated and established by a Series Resolution pursuant to the Resolution.

Authorized Newspaper means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by DASNY.

Authorized Officer means (i) in the case of DASNY, the Chair, the Vice Chair, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction, the General Counsel, the Secretary and any Assistant Secretary, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of DASNY to perform such act or execute such document; (ii) in the case of any Participant, the person or persons authorized by a resolution or the by-laws of such Participant to perform any act or execute any document; (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Trustee or the by-laws of such

Trustee; and (iv) in the case of any Insurer, the person or persons authorized by a resolution or bylaws of the Insurer to perform any act or execute any document.

Balloon Indebtedness means, with reference to any Participant, (i) long-term Indebtedness, or short-term Indebtedness which is intended to be refinanced upon or prior to its maturity (and which short-term Indebtedness is subject to a commercially reasonable binding commitment for such refinancing) so that such short-term Indebtedness will be outstanding, in the aggregate, for more than one year as certified in a certificate of an Authorized Officer of such Participant delivered to DASNY and the Trustee, twenty-five percent (25%) or more of the initial principal amount of which matures (or is payable at the option of the holder) in any twelve month period, or (ii) long-term Indebtedness, or short-term Indebtedness which is intended to be refinanced upon or prior to its maturity (and which short-term Indebtedness is subject to a commercially reasonable binding commitment for such refinancing) so that such short-term Indebtedness will be outstanding, in the aggregate, for more than one year as certified in a certificate of an Authorized Officer of such Participant delivered to DASNY and the Trustee, twenty-five percent (25%) or more of the initial principal amount of which is payable at the option of the holder in any twelve month period, if such twenty-five percent (25%) or more is not to be amortized to below twenty-five percent (25%) by mandatory redemption prior to such twelve month period, or (iii) any portion of an issue of long-term Indebtedness which, if treated as a separate issue of Indebtedness would meet the test set forth in clause (i) of this definition and which Indebtedness is designated as Balloon Indebtedness in a certificate of an Authorized Officer of such Participant delivered to DASNY and the Trustee stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

Bond or **Bonds** means the InterAgency Council Pooled Loan Program Revenue Bonds and any of the bonds of DASNY authorized pursuant to the Resolution and issued pursuant to an Applicable Series Resolution.

Bond Counsel means an attorney or a law firm, appointed by DASNY with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Series Certificate means a certificate of an Authorized Officer of DASNY fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so under a Series Resolution.

Bond Year means, unless otherwise provided in an Applicable Series Resolution or Applicable Bond Series Certificate, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

Bondholder, Holder of Bonds, Owner or **Holder** or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Outstanding Bonds of such Series.

Book Entry Bond means any Bond issued hereunder in book entry form pursuant to the Resolution.

Business Day means, unless otherwise defined with respect to Bonds of a Series in an Applicable Series Resolution or Applicable Bond Series Certificate, any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

Comptroller means the Comptroller of the State of New York.

Contract Documents means any general contract or agreement for the construction of a Project Property, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of a Participant relating to the construction of a Project Property, and any amendments to the foregoing.

Contribution Amounts means amounts received by a Participant and deposited in the Applicable Project Loan Account of the Project Loan Fund or the Applicable Debt Service Account of the Debt Service Fund pursuant to the Applicable Loan Agreement, which amounts shall constitute Revenues.

Cost or Costs of Issuance means the item or items of expense incurred in connection with the authorization, sale and issuance of Bonds authorized under the Resolution, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for Municipal Bond Insurance Policies for such Bonds or for Mortgage Insurance Policies, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of DASNY, in connection with the foregoing.

Cost or Costs of the Project means, with respect to an Applicable Project or any portion thereof, costs and expenses or the refinancing of costs and expenses determined by DASNY to be necessary in connection therewith, including, but not limited to, (i) costs and expenses of the acquisition of the title to (including premiums and other charges in connection with obtaining title insurance) or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen for the acquisition, construction, reconstruction, rehabilitation, renovation, repair and improvement of such Project, (iii) the cost of surety bonds and insurance of all kinds that may be required or necessary prior to completion of such Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of such Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Applicable Participant shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the Applicable Participant or DASNY for advances made by either of them for any of the above items or for other costs incurred and for work done by either of them in connection with such Project (including interest on moneys borrowed from parties other than such Applicable Participant), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement or equipping of such Project, and (ix) fees, expenses and liabilities of DASNY incurred in connection with such Project or pursuant to the Resolution, to the Applicable Series Resolution or to any Applicable Loan or Applicable Loan Agreement.

DASNY means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of DASNY.

DASNY Fee means a fee payable to DASNY upon the issuance of any Series of Bonds authorized under the Resolution in an amount set forth in the Applicable Series Resolution, unless otherwise provided in the Applicable Series Resolution or Applicable Bond Series Certificate.

Debt Service Account means each of the respective accounts so designated, created and established in the Applicable Debt Service Fund pursuant to the Applicable Series Resolution.

Debt Service Fund means the fund so designated, created and established for a Series of Bonds by an Applicable Series Resolution pursuant to the Resolution.

Debt Service Reserve Fund means a reserve fund, if any, for the payment of the principal and Sinking Fund Installments of and interest on a Series of Bonds, so designated, created and established by DASNY by or pursuant to an Applicable Series Resolution.

Debt Service Reserve Fund Requirement means the amount of moneys required to be deposited in the Debt Service Reserve Fund, if any, established with respect to a Series of Bonds as determined in accordance with the Applicable Series Resolution or Applicable Bond Series Certificate.

Defaulted Allocable Portion means with respect to an event of default on a particular Series of Bonds pursuant to the Resolution, that portion of each maturity of such Series of Bonds then Outstanding that corresponds to a principal installment on a defaulting Participant's Applicable Loan under the terms of the Applicable Loan Agreement, in each case as determined by the Trustee in the manner set forth in the Resolution.

Defeasance Security means:

(i) a Government Obligation of the type described in clauses (i), (ii) or (iii) of the definition of Government Obligation;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligation; and

(iii) an Exempt Obligation, provided such Exempt Obligation (a) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, (c) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (a) above, and (d) is rated by at least two nationally recognized statistical rating services in the highest rating category for such Exempt Obligation;

provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

Excess Earnings means, with respect to an Applicable Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

Exempt Obligation means:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a "specified private activity bond" within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, no lower than the second highest rating category for such obligation by at least two Rating Services; and

(ii) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1940, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of $1.00 and which, at the time such investment is rated, no lower than the second highest rating category for such obligation by at least two Rating Services.

Facility Provider means the issuer of a Reserve Fund Facility.

Federal Agency Obligation means:

(i) an obligation issued by any federal agency or instrumentality rated no lower than the second highest rating category for such obligation by at least two Rating Services;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency or instrumentality, and which is rated no lower than the second highest rating category for such obligation by at least two Rating Services;

(iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing; and

(iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of $1.00.

Fiscal Year means, with reference to a Participant, the duly adopted fiscal year of the Participant.

Fitch means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

Government Obligation means:

(i) a direct obligation of the United States of America;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;

(iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing; and

(iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of $1.00.

Governmental Requirements means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to any Project or any Project Property, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over any Project or any Project Property or any part of either.

Gross Proceeds means, with respect to an Applicable Series of Bonds, unless inconsistent with the provisions of the Code, (i) amounts received by DASNY from the sale of such Series of Bonds (other than amounts used to pay underwriters' fees and other expenses of issuing such Series of Bonds), (ii) amounts treated as transferred proceeds of such Series of Bonds in accordance with the Code, (iii) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds, including any necessary allocation between two or more Series of Bonds in the manner required by the Code, (iv) amounts in the Debt Service Reserve Fund, if any, established with respect to such Series of Bonds, (v) securities or obligations pledged by DASNY or the Participant as security for payment of debt service on such Bonds, (vi) amounts received with respect to obligations acquired with Gross Proceeds, (vii) amounts used to pay debt service on such Series of Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds at a yield equal to or less than the yield on such Series of Bonds as such yield is determined in accordance with the Code.

Indebtedness means, with respect to a Participant, without duplication, (i) all obligations of such Participant recorded or required to be recorded as liabilities on the balance sheets thereof for the payment of moneys incurred or assumed by such Participant as determined in accordance with generally accepted accounting principles consistently applied (exclusive of reserves such as those established for deferred taxes) and (ii) all contingent obligations in respect of, or to purchase or otherwise acquire or service, indebtedness of other persons, including but not limited to guarantees and endorsements (other than for purposes of collection in the ordinary course of business) of indebtedness of other persons, obligations to reimburse issuers of letters of credit or equivalent instruments for the benefit of any person, and contingent obligations to repurchase property theretofore sold by such contingent obligor. For the purposes of calculating Indebtedness for any period with respect to any Balloon Indebtedness, the Participant may, at its option, by a certificate of an Authorized Officer of such Participant delivered to DASNY and the Trustee at the end of each Fiscal Year, direct that such Indebtedness may be calculated assuming that (i) the principal of such Indebtedness that is not amortized is amortized on a level debt service basis from the date of calculation thereof over a term not to exceed thirty (30) years, and (ii) interest is calculated at (A) the actual rate (if such rate is not variable or undeterminable) or (B) if such rate is variable or undeterminable, an assumed rate derived from The Bond Buyer Thirty-year Revenue

Bond Index published immediately prior to the date of calculation, as certified in a certificate of an Authorized Officer of such Participant delivered to DASNY and the Trustee; provided that if such index is at such time not being published a comparable index reasonably acceptable to DASNY and the Trustee may be used.

Insurance Consultant means, with reference to a Participant, a person or firm which is qualified to survey risks and to recommend insurance coverage for a Participant's facilities and services and organizations engaged in like operations and which is selected by the Applicable Participant.

Intercept Agreement means, when used with respect to a Participant, any agreement or agreements between the Participant and an Applicable State Agency or Agencies or a letter or letters from the Participant to an Applicable State Agency, as acknowledged by the Applicable State Agency, dated or effective the date of the issuance of the Series 2023A Bonds, as may be amended and supplemented from time to time, regarding the deduction, withholding and/or payment of Public Funds, in an amount required by the Loan Agreement to DASNY or the Trustee.

Investment Agreement means an agreement for the investment of moneys with a Qualified Financial Institution.

Letter of Credit means, with respect to an Applicable Series of Bonds, an irrevocable letter of credit, or as appropriate, a confirmation or confirming letter of credit, issued in favor of DASNY or the Trustee, as the case may be, in form and substance satisfactory to DASNY, and the Applicable Insurer, if any, or the Trustee, as the case may be, which is issued by a Qualified Financial Institution, and is accompanied by a legal opinion or opinions addressing the enforceability thereof.

Loan means each loan made by DASNY to the Participants pursuant to the provisions of the Resolution, the Applicable Series Resolution and the Applicable Loan Agreement relating thereto in an amount equal to the Participant's Allocable Portion of the principal amount of a Series of Bonds. Each Loan shall relate to a particular Project or Projects for a particular Participant including amounts required to pay such Participant's Allocable Portion of the Costs of Issuance, Costs of the Project related to such Loan and the Debt Service Reserve Fund Requirement, if any, established for such Series of Bonds.

Loan Agreement or **Loan Agreements** mean each of the Loan Agreements or other agreement, between DASNY and the Applicable Participant in connection with each Loan made under the Resolution, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

Loan Repayments means the scheduled monthly payments of principal of and interest on the Loan paid by a Participant pursuant to the Applicable Loan Agreement.

Management Consultant means, with reference to a Participant, a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing operations of organizations similar to the Participants, acceptable to DASNY.

Moody's means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

Mortgage means, collectively, any fee or leasehold mortgage or mortgages granted by any of the Participants, or a party related to any Participant, to DASNY in connection with the granting of a particular Loan under the Resolution, in form and substance satisfactory to DASNY, on the Mortgaged Property mortgaged in connection therewith, as security for the performance of said Participants' obligations under the Applicable Loan Agreement, as such Mortgage may be amended or modified as provided in such Loan Agreement.

Mortgaged Property means the land or interest therein described in any Mortgage and the buildings and improvements thereon or thereafter erected thereon and the fixtures, furnishings and equipment owned by the Applicable Participant and now or hereafter located therein or thereon.

Non-PPA Expenses means, with reference to a Participant, all operating and nonoperating expenses of such Participant other than PPA Expenses.

Non-PPA Facility means, with reference to a Participant, any Project Property of such Participant or portion thereof which is, or was, not subject to the Prior Property Approval process incorporated in New York State Codes, Rules and Regulations, Title 14, Parts 681, 686 and 690, as amended from time to time.

Non-PPA Indebtedness means, with reference to a Participant, any Indebtedness incurred by such Participant to finance, in whole or in part, a Non-PPA Facility. Indebtedness incurred by such Participant with respect to a Project Property only a portion of which constitutes a Non-PPA Facility shall constitute Non-PPA Indebtedness to the extent such Indebtedness financed the Non-PPA Facility portion of such Project Property.

Non-PPA Revenues means, with reference to a Participant, all operating and nonoperating revenues of such Participant other than PPA Revenues.

OASAS means the New York State Office of Addiction Services and Supports (formerly known as the New York State Office of Alcoholism and Substance Abuse Services), any successor or assign.

Official Statement means an official statement or other offering document relating to and in connection with the sale of any Bonds of a Series.

OMH means the New York State Office of Mental Health, any successor or assign.

OPWDD means the New York State Office for People with Developmental Disabilities (formerly known as the New York State Office of Mental Retardation and Developmental Disabilities), any successor or assign.

Outstanding, when used in reference to an Applicable Series of Bonds means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under the Applicable Series Resolution except: (i) any such Bond cancelled by the Trustee at or before such date; (ii) any such Bond or Bonds deemed to have been paid in accordance with the Resolution; and (iii) any such Bond or Bonds in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to the Resolution.

Participant or **Participants** collectively means each or all of the not-for-profit members of the Program Facilitator for whose benefit DASNY shall have issued Bonds under the Resolution and with whom DASNY shall have executed one or more Loan Agreements as particularly defined in the Applicable Series Resolution.

Paying Agent means, with respect to a Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of the Applicable Series Resolution, the Applicable Bond Series Certificate or any other resolution of DASNY adopted prior to authentication and delivery of such Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Permitted Collateral means:

(i) Government Obligations described in clauses (i) or (ii) of the definition of Government Obligations;

(ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations;

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category;

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company (a) that has an equity capital of at least $125,000,000, (b) is rated by Bests Insurance Guide or a nationally recognized statistical rating service in the highest rating category, and (c) which regularly deals in such agreements, bonds or instruments; and

(v) bankers' acceptances that (a) mature within three hundred sixty-five (365) days after its date of issuance, and (b) are issued by a bank rated in the highest short term rating category by at least one Rating Service.

Permitted Encumbrances means with respect to a Participant, (i) the Applicable Loan Agreement; (ii) the Resolutions; (iii) the Mortgage, if any; (iv) any instrument recorded pursuant to the Loan Agreement; (v) any encumbrances or matters set forth in the Applicable Loan Agreement, including matters referred to in any title insurance policy described in the Loan Agreement and accepted by DASNY; (vi) any mortgage or other lien or encumbrance in connection with any additional Bonds issued under the Resolution approved in writing by DASNY; (vii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not in default; (viii) with respect to each Participant, utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the Participant's use of its Project Property; (ix) as to any Project Property, such minor defects, irregularities, encumbrances, easements, rights-of-way (including agreements with any railroad the purpose of which is to service a railroad siding) and clouds on title as normally exist with respect to property similar in character to the Project Property and as do not, in the opinion of counsel acceptable to DASNY, either singly or in the aggregate, materially impair the property affected thereby for the purpose for which it was acquired and operated under the Loan Agreement; (x) any mechanics', workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien or right in respect thereof if payment is not yet due and payable, all if and to the extent permitted by the Mortgage, if any; (xi) with respect to each Participant, any subordinate mortgage granted as security for bonds issued by DASNY or another issuer of bonds after the date of issuance of the Bonds, up to an amount approved by OPWDD, OMH or OASAS, as applicable, for the purpose of financing the cost of renovating, constructing, equipping or completing a Project or a Project Property, and any loan agreement, or any related company lease and installment sale agreement between the Participant and the issuer of such bonds leasing or selling such Project Property, any indenture of trust between such issuer and a trustee with respect to such bonds, or any building loan agreement among the Issuer of such bonds, the Participant and a trustee, in each case in connection with such financing; and (xii) any other encumbrances or matters approved in writing by DASNY after the date of delivery of the Bonds.

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

(iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;

(v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than $125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized statistical rating service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

(vi) Investment Agreements that are fully collateralized by Permitted Collateral; and

(vii) Permitted Collateral of the type described in clauses (iii) and (v) of the definition of Permitted Collateral.

Person means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Pledged Revenues means, with reference to a Participant, the revenues of the Participant constituting the Public Funds attributable to the Applicable Project or the Project Property.

PPA Expenses means, with reference to a Participant, all operating and nonoperating expenses properly incurred by such Participant with respect to a PPA Facility in accordance with the Prior Property Approval received by such Participant with respect to such PPA Facility.

PPA Facility means, with reference to a Participant, any facility of such Participant which was, or will be, approved by OPWDD pursuant to the Prior Property Approval process incorporated in New York State Codes, Rules and Regulations, Title 14, Parts 681, 686 and 690, as amended from time to time.

PPA Revenues means, with reference to a Participant, revenues received by such Participant with respect to a PPA Facility intended to amortize the PPA Expenses incurred with respect to such PPA Facility.

Prior Pledges means, with reference to the Pledged Revenue of a Participant, any liens, pledges, charges, encumbrances and security interests made and given by a Participant to secure prior obligations of such Participant as described in such Loan Agreement, and any replacement of any credit facility referenced in such Loan Agreement which does not exceed the total amount available to the Participant under such existing credit facility.

Prior Property Approval or **PPA** means the pre-approval by OPWDD of a Project Property of a Participant for reimbursement of amounts calculated to be sufficient to pay the principal and interest costs incurred by the Participant in connection with its financing or refinancing of the acquisition, renovation and furnishing, as applicable, of such Project Property, in each case subject to annual appropriation by the State Legislature and so long as the Participant operates the Project Property in accordance with certain defined standards.

Program Facilitator means Interagency Council of Developmental Disabilities Agencies, Inc., as program facilitator under the Administration Agreement, and its successors in such capacity.

Project or **Projects** means, with respect to each Participant and each Loan under the Resolution, the acquisition, financing, refinancing, construction, reconstruction, renovation, development, improvement, expansion and equipping of certain educational, administrative, clinical, day program and residential facilities to be located in the State, which may include more than one part, financed in whole or in part from the proceeds of the sale of an Applicable Series of Bonds or any portion thereof, as more particularly described and designated the Applicable Series Resolution.

Project Loan Account means each of the respective accounts or subaccounts so designated, created and established in the Applicable Project Loan Fund by an Applicable Series Resolution.

Project Loan Fund means the fund so designated and established for a Series of Bonds by an Applicable Series Resolution.

Project Property or **Series 2023A Facility** means the administrative, educational, clinical, day program and residential facilities and other attendant and related facilities owned or leased by a Participant and used in furtherance of the Participant's corporate purposes, including real property constituting the sites of such facilities and personal property located thereat, that are the subject of a Project described in the Applicable Loan Agreement. In the event that such Applicable Loan Agreement describes two or more Projects, depending on the context, the property that is the subject of one of the Projects or the properties that are the subject of all of the Projects (also referred to herein as the "Project Properties").

Public Funds means, with reference to a Participant, all moneys appropriated, apportioned or otherwise payable to a Participant by the Federal government, any agency thereof, the State, any agency of the State, a political subdivision, as defined in Section 100 of the General Municipal Law, any social services district in the State or any other governmental entity, including any Applicable State Agency.

Purchased Bonds means Bonds of a Series purchased by or at the direction of an Applicable Participant pursuant to the provisions of the Applicable Series Resolution or Applicable Bond Series Certificate as authorized by the Resolution.

Qualified Financial Institution means any of the following entities that has an equity capital of at least $125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least $125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America, whose unsecured long term debt or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, is, at the time an investment with it is made, rated by at least one Rating Service no lower than in the second highest rating category;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or which is a subsidiary of a foreign insurance company, whose senior unsecured long term debt or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, is, at the time an investment with it is made, rated by at least one Rating Service no lower than in the second highest rating category;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, the Student Loan Marketing Association or any successor thereto, or any other federal agency or instrumentality approved by DASNY; or

(v) a corporation whose obligations, including any investments of any moneys held hereunder purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above.

Rating Service means each of Fitch, Moody's and S&P, in each case, which has assigned a rating to Outstanding Bonds of the Applicable Series at the request of DASNY, or their respective successors and assigns.

Record Date means, unless otherwise defined with respect to Bonds of a Series in an Applicable Series Resolution or Applicable Bond Series Certificate, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Redemption Price means, when used with respect to a Series of Bonds, the principal amount of such Bonds plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution or to the Applicable Series Resolution or Applicable Bond Series Certificate; provided, however, when used with respect to an extraordinary mandatory redemption of a Defaulted Allocable Portion of a Series of Bonds, Redemption Price shall have the meaning set forth in the Resolution.

Refunding Bonds means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

Reserve Fund Facility means a surety bond, insurance policy or Letter of Credit authorized by or pursuant to a Series Resolution establishing a Debt Service Reserve Fund to be delivered in lieu of or substitution of all or a portion of the moneys otherwise required to be held in such Debt Service Reserve Fund.

Resolution means the InterAgency Council Pooled Loan Program Revenue Bond Resolution, as the same may be from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions hereof.

Revenues mean, with respect to a particular Series of Bonds, all payments received or receivable by DASNY (including Contribution Amounts and Public Funds) pursuant to each of the Applicable Loan Agreements, which payments are to be paid to the Trustee, except (i) payments to such Trustee for the administrative costs and expenses or fees of such Trustee, (ii) payments to such Trustee for deposit to the Arbitrage Rebate Fund, and (iii) the Annual Administrative Fee.

S&P means Standard & Poor's Ratings Service, a division of The McGraw Hill Corporation, a corporation organized and existing under the laws of the State, and its successors and assigns.

Serial Bonds means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate.

Series means all of the Bonds authenticated and delivered on original issuance and pursuant the Resolution and an Applicable Series Resolution, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series Participants means the Participants and each other member of the Program Facilitator which borrows from DASNY a portion of the proceeds of the Bonds.

Series Resolution means a resolution of the members of DASNY authorizing the issuance of a Series of Bonds, adopted by DASNY pursuant to the Resolution.

Series 2023A Resolution means DASNY's Series 2023A Resolution Authorizing Up To $28,000,000 InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A, adopted by DASNY on May 10, 2023, as the same may be amended, supplemented or otherwise modified pursuant to the terms thereof.

Sinking Fund Installment means, with respect to any Series or Subseries of Bonds, as of any date of calculation and with respect to any Bonds of such Series or Subseries, so long as any such Bonds are Outstanding, the amount of money required by the Applicable Series Resolution or the Applicable Bond Series Certificate to be paid on a single future July 1 for the retirement of any Outstanding Bonds of such Series which mature after such future July 1, but does not include any amount payable by DASNY by reason only of the maturity of such Bond, and such future July 1 is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

State means the State of New York.

Subseries means the grouping of Bonds of a Series established by DASNY pursuant to the Applicable Series Resolution or the Applicable Bond Series Certificate.

Supplemental Resolution means any resolution of the members of DASNY amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution.

Term Bonds means, with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments.

Total Debt Service Coverage Ratio means, with reference to a Participant, the ratio for the applicable Fiscal Year of Total Net Revenues Available for Debt Service of the Participant to its Total Maximum Annual Debt Service.

Total Maximum Annual Debt Service means, with reference to a Participant, the greatest amount required in the then current or any future Fiscal Year to pay the debt service on any outstanding Indebtedness of such Participant; *provided, however*, that any short-term Indebtedness for the Participant's working capital purposes secured solely by a security interest in up to 90% of the Participant's Accounts Receivable shall not be included in "Indebtedness" for the purposes of this definition; *provided further* that the debt service for the final year of amortization of any Indebtedness shall not be included for purposes of this definition to the extent that such debt service is payable from any funded reserve(s) established with and held by a Person other than such Participant.

Total Net Revenues Available for Debt Service means, with reference to a Participant, for any Fiscal Year, the excess of Revenues, including the proceeds of business interruption insurance, over the Expenses accrued or paid by such Participant for such Fiscal Year as determined and reported by the independent certified public accountants of such Participant in its most recently audited financial statements. For purposes of this definition, as determined in accordance with generally accepted accounting principles, consistently applied, (i) extraordinary items shall be excluded from Revenues and Expenses, (ii) depreciation, amortization and current interest expenses shall be excluded from Expenses, and (iii) if the Indebtedness to be incurred or guaranteed is with respect to the refinancing of a Project Property, then "current interest expenses" for purposes of clause (ii) above and such Participant's additional Indebtedness covenant set forth in the Applicable Loan Agreement shall include the bona fide loan payments made by such Participant with respect to such Project Property in the Fiscal Year for which the determination is made.

Trustee means a bank or trust company appointed as Trustee for a Series of Bonds pursuant to an Applicable Series Resolution or an Applicable Bond Series Certificate delivered hereunder and having the duties, responsibilities and rights provided for herein with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2023 LOAN AGREEMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2023 LOAN AGREEMENTS

The following is a brief summary of certain provisions of one Series 2023 Loan Agreement (or "Loan Agreement"), and the summarized provisions are identical to each Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreements for full and complete statements of such and all provisions. Defined terms used herein shall have the meaning ascribed to them in Appendix D.

Duration of the Loan Agreement

The Loan Agreement shall remain in full force and effect until the Participants' Allocable Portion of the Bonds is no longer Outstanding, the Applicable Loan made under the Loan Agreement is no longer outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Participants shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the Participants under the Loan Agreement shall nevertheless survive any such termination. Upon such termination, DASNY shall promptly deliver such documents as may be reasonably requested by the Participants to evidence such termination and the discharge of each Participant's duties under the Loan Agreement, including the release or surrender of any security interests granted by any Participant to DASNY pursuant to the Loan Agreement.

(Section 48)

Construction of the Project Property

Each Participant agrees that, if the Project Property has not been completed, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Series Resolution and under the Loan Agreement, the Participant shall complete or cause the completion of the acquisition, design, construction, reconstruction, rehabilitation, renovation and improving or otherwise providing and furnishing and equipping of the Project Property, substantially in accordance with the Contract Documents related to such Project Property. Subject to the conditions of the Loan Agreement, DASNY will, to the extent of moneys available in the Applicable Project Loan Account of the Project Loan Fund, cause a Participant to be reimbursed for, or pay, any costs and expenses incurred by the Participant which constitute Costs of the Project, provided such costs and expenses are approved by DASNY, which approval shall not be unreasonably withheld.

(Section 5)

Amendment of Project; Sale or Conveyance of Project Property; Assignment of Loan Agreement; Cost Increases; Additional Bonds

The Project may be amended by agreements supplementing the Loan Agreement by and between DASNY and the Participants, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project Property which DASNY is authorized to undertake.

Except for Permitted Encumbrances, each Participant covenants that it shall not (nor permit any other Person to) transfer, sell, encumber or convey any interest in the Project or the Project Property or any part thereof or interest therein, including development rights, without the prior written consent of DASNY, which consent shall be accompanied by (i) an agreement by the Participants to comply with all terms and conditions of such consent and (ii) an opinion of Bond Counsel stating that the change will not have an effect on the tax-exempt status with respect to interest on the Subseries 2023A-1 Bonds or any portion thereof the proceeds of which have been applied to make the Applicable Loan under the Loan Agreement for federal income taxation purposes. As a condition to such approval, DASNY may require that the Participants pay to the Trustee for deposit in the Applicable Debt Service Account of the Debt Service Fund an amount not to exceed the principal amount of the Applicable Loan outstanding relating to a Project Property at the date of such transfer, sale or conveyance, as such amount is determined by DASNY based upon the applicable amortization schedule set forth in the Loan Agreement. Notwithstanding the foregoing, the Participants may remove equipment, furniture or fixtures in the Project Property or which comprise a part of the Project Property provided that the Participants substitute equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

Each Participant covenants that it shall not sell, assign or transfer, nor shall it be released from, any of its obligations under the Loan Agreement without the prior written consent of DASNY, which consent shall be accompanied by (i) an agreement by the Participant and the assignee to comply with all terms and conditions of such consent and (ii) an opinion of Bond Counsel stating that the assignment will not have an effect on the tax-exempt status with respect to interest on the Subseries 2023A-1 Bonds or any portion thereof the proceeds of which have been applied to make the Applicable Loan under the Loan Agreement for federal income taxation purposes. In connection with any such assignment and assumption, such Participant and assignee shall execute and deliver such documents, certificates and agreements as may be required by DASNY, including but not limited to documents, certificates and agreements regarding the deduction, withholding and/or payment of Pledged Revenues in the amount required by the Loan Agreement.

Notwithstanding any other provision of the Loan Agreement, so long as there exists no Event of Default under the Loan Agreement, nor any event which upon the giving of notice or the passage of time or both, would constitute an Event of Default, in the event that the Project Property consists of two or more separate and distinct facilities, a Participant may, upon written notice to DASNY and the Trustee and compliance with the following, effect the release of a Project Property from the Loan Agreement and, if a Mortgaged Property, the lien of the Mortgage. Upon receipt of such notice, DASNY and the Trustee shall, at the sole cost and expense of the Participants, execute and deliver any and all instruments necessary or appropriate to so release and remove such Project Property from the Loan Agreement and if a Mortgaged Property, the lien of the Mortgage; provided, that, no such release shall be effected unless (i) the Participants shall cause Bonds allocable to such Project Property to cease to be Outstanding (either through the redemption or the defeasance provisions of the Resolution) and (ii) there shall be delivered to DASNY an opinion of Bond Counsel stating that such release will not have an effect on the tax-exempt status with respect to interest on the Subseries 2023A-1 Bonds or any portion thereof the proceeds of which have been applied to make the Applicable Loan under the Loan Agreement for federal income taxation purposes.

Notwithstanding any other provision of the Loan Agreement, so long as there exists no Event of Default under the Loan Agreement, nor any event which upon the giving of notice or the passage of time or both, would constitute an Event of Default, in the event that (y) the Project Property consists of two or more separate and distinct facilities, and (z) the Participants shall have paid in full the Bonds allocable to a Project Property according to the applicable amortization schedule attached to the Loan Agreement, a Participant may, upon written notice to DASNY and the Trustee, effect the release of such fully amortized Project Property from the Loan Agreement and, if a Mortgaged Property, the lien of the Mortgage. Upon receipt of such notice, DASNY and the Trustee shall, at the sole cost and expense of the Participants, execute and deliver any and all instruments necessary or appropriate to so release and remove such Project Property from the Loan Agreement and if a Mortgaged Property, the lien of the Mortgage.

The Participants shall provide such moneys or an irrevocable letter of credit or other security in such form as may be acceptable to DASNY as in the reasonable judgment of DASNY may be required to pay the cost of completing the Project in excess of the moneys, letter of credit or other security in the Applicable Project Loan Account of the Project Loan Fund established for such Project. Such moneys, letter of credit or other security shall be paid or be available to the Trustee for deposit in the Applicable Project Loan Account of the Project Loan Fund within thirty (30) days of receipt of notice from DASNY that such moneys or other security are required.

No Contract Documents shall be entered into after the date of execution and delivery of the Loan Agreement and no material modification, addition or amendment to the Contract Documents shall be made after the date of the execution and delivery of the Loan Agreement, including without limitation change orders materially affecting the scope or nature of the Project Property or where the cost of implementing the change exceeds $50,000, without the prior written approval of DASNY, which approval shall not be unreasonably withheld. The Participants agree to furnish or cause to be furnished to DASNY copies of all change orders regardless of amount, upon the request of DASNY therefor.

DASNY, upon request of the Participants, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the Applicable Project Loan Account of the Project Loan Fund. Nothing contained in the Loan Agreement or in the Resolutions shall be construed as creating any obligation upon DASNY to issue Bonds for such purpose, it being the intent to reserve to DASNY full and complete discretion to decline to issue such Bonds. The proceeds of any additional Bonds shall be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

(Section 6)

Financial Obligations of the Participants; General and Unconditional Obligation; Voluntary Payments

Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or under the Loan Agreement, including, without limitation, moneys in the Applicable Debt Service Account of the Debt Service Fund, but excluding moneys from the Participants' Allocable Portion of the Debt Service Reserve Fund (except as set forth in the Loan Agreement) and excluding interest accrued but unpaid on investments held in the Applicable Debt Service Account of the Debt Service Fund, each Participant unconditionally agrees to pay, or cause to be paid, so long as the Loan is outstanding, to or upon the order of DASNY or, with respect to paragraph (d) below, the Program Facilitator from its general funds or any other moneys legally available to it:

(a) On or before the date of delivery of the Bonds, DASNY Fee in the amount set forth in the Loan Agreement;

(b) On or before the date of delivery of the Bonds, such amount, if any, as in the reasonable judgment of DASNY is necessary to pay the Participants' Allocable Portion of the Costs of Issuance of such Bonds, and the Participants' Allocable Portion of the other costs in connection with the issuance of such Bonds;

(c) The Participants shall make Loan Repayments on the dates and in the amounts as set forth in the Loan Agreement; provided, however, if moneys on deposit in the Participants' Applicable Debt Service Account of the Debt Service Fund and in the Participant's Allocable Portion of the Debt Service Reserve Fund are in an amount sufficient to pay the principal of and interest on the Participants' Allocable Portion of the Bonds Outstanding, no further Loan Repayments need be made by the Participants;

(d) The fees of the Program Facilitator to be paid by the Participants pursuant to the Administration Agreement;

(e) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased is to be paid exclusive of Bonds to be redeemed or purchased pursuant to Sinking Fund Installments, the Participants' Allocable Portion of the amount required to pay the Redemption Price or purchase price of such Bonds;

(f) The Annual Administrative Fee, through the final maturity date of the Bonds or until such Bonds are no longer Outstanding, as set forth in the Loan Agreement;

(g) Promptly after notice from DASNY, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to DASNY (i) for the Participants' Allocable Portion of DASNY Fee then unpaid, (ii) to reimburse DASNY for payments made by it pursuant to the penultimate paragraph under this heading and any expenses or liabilities incurred by DASNY pursuant to provisions of the Loan Agreement as described under the headings "Covenant as to Insurance" and "Taxes and Assessments" below and other provisions of the Loan Agreement relating to indemnity by the Participant, (iii) to reimburse DASNY for the Participants' Allocable Portion of any external costs or expenses incurred by it attributable to the issuance of the Bonds of a Series, (iv) to reimburse DASNY for any external costs or expenses incurred by it attributable to the financing or construction of the Project Property, including, but not limited to, costs and expenses of insurance and auditing, (v) for the costs and expenses incurred by DASNY to compel full and punctual performance by the Participants of all the provisions of the Loan Agreement, of an Intercept Agreement, of the Resolution or of the Series Resolution in accordance with the terms of the Loan Agreement and thereof, and (vi) for the Participants' Allocable Portion of the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution or the Series Resolution;

(h) Promptly upon demand by DASNY (a copy of which demand shall be furnished to the Trustee), all amounts required to be paid by the Participants as a result of an acceleration pursuant to the Loan Agreement; and

(i) Promptly upon demand by DASNY, the difference between the amount on deposit in the Participants' Allocable Portion of the Arbitrage Rebate Fund or otherwise available therefor under the Resolution for the payment of any rebate required by the Code to be made and the Participants' Allocable Portion of the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds, and any fees or expenses incurred by DASNY in connection therewith including those of any rebate analyst or consultant engaged by DASNY.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Participants shall receive a credit against the amount required to be paid by the Participants during a Bond Year pursuant to paragraph (c) above on account of a Sinking Fund Installment if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through a Sinking Fund Installment payable on the next succeeding July 1, a Participant delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

DASNY directs the Participants, and each Participant agrees, to make or cause to be made the payments required by paragraphs (c), (e) and (h) above directly to the Trustee for deposit in the

Applicable Debt Service Account of the Debt Service Fund and application in accordance with the Resolution or the Series Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in the Applicable Project Loan Account of the Project Loan Fund or other fund established under the Resolution or the Series Resolution, as directed by DASNY, the payments required by paragraph (i) above directly to the Trustee for deposit in the Arbitrage Rebate Fund, and the payments required by paragraphs (a), (f) and (g) above directly to DASNY.

Notwithstanding the foregoing, to the extent DASNY shall have received payment of Pledged Revenues of a Participant on account of the payments required by paragraphs (c), (e), (h) and (i) above, such amounts received shall be credited against any payments due from the Participants with respect to its obligations under the Loan Agreement and are Revenues which shall be paid by DASNY to the Trustee. To the extent DASNY shall have received Pledged Revenues on account of the payments required by paragraphs (a), (f) and (g) above, such amounts received shall be credited against any payments due from the Participants with respect to its obligations under the Loan Agreement, and shall be retained by DASNY.

Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in provisions described under this heading), (i) all moneys paid by the Participants to the Trustee pursuant to paragraphs (c), (e) and (h) above (other than moneys received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for DASNY in satisfaction of the Participants' indebtedness to DASNY with respect to the interest on and principal or Redemption Price of the Bonds to the extent of such payment and (ii) the transfer by the Trustee of any moneys (other than moneys described in clause (i) of this subdivision) held by it in the Applicable Project Loan Account of the Project Loan Fund to the Applicable Debt Service Account of the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by DASNY from the Participants of a payment in satisfaction of the Participants' indebtedness to DASNY with respect to the Participants' Applicable Portion of the Redemption Price of the Bonds to the extent of the amount of moneys transferred. Immediately after receipt or transfer of such moneys, as the case may be, by the Trustee, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or payment date of any payment to the Bondholders, except in respect to the payment to the Participants by the Trustee as provided for in the Resolution.

The obligations of each Participant to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Participant may otherwise have against DASNY, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Participants to complete the Project Property or the completion thereof with defects, failure of the Participants to occupy or use the Project Property, any declaration or finding that the Bonds of any Series are or the Resolution or the Series Resolution is invalid or unenforceable or any other failure or default by DASNY or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release DASNY from the performance of any agreements on its part therein contained or any of its other duties or obligations, and in the event DASNY shall fail to perform any such agreement, duty or obligation, any Participant may institute such action as it may deem necessary to compel performance or recover damages for nonperformance.

If there is more than one Participant, each Participant shall be jointly and severally liable under the Loan Agreement.

Notwithstanding the foregoing, DASNY shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse any Participant for, or to pay, the Costs of the Project beyond the extent of moneys in the Applicable Project Loan Account of the Project Loan Fund established for such Project.

The Loan Agreement and the obligation of the Participants to make payments thereunder are general obligations of the Participants.

DASNY, for the convenience of the Participants, shall furnish to the Participants statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided thereby.

DASNY shall have the right in its sole discretion to make on behalf of the Participants any payment required pursuant to the provisions of the Loan Agreement as described under this heading which has not been made by the Participants when due; provided, that notice of such payment is immediately made to the Participants. No such payment by DASNY shall limit, impair or otherwise affect the rights of DASNY under the provisions of the Loan Agreement described under the heading "Defaults and Remedies" below arising out of the Participants' failure to make such payment and no payment by DASNY shall be construed to be a waiver of any such right or of the obligation of the Participants to make such payment.

The Participants, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the written directions of DASNY in the Applicable Debt Service Account of the Debt Service Fund or held by the Trustee for the payment of Bonds or portions thereof in accordance with the Resolution. Upon any voluntary payment by the Participants or any deposit in the Applicable Debt Service Account of the Debt Service Fund made as described in the fifth paragraph above, DASNY agrees to direct the Trustee in writing to purchase or redeem Bonds or portions thereof in accordance with the Resolution or to give the Trustee irrevocable written instructions in accordance with defeasance provisions of the Resolution; provided, however, that in the event such voluntary payment is in the sole judgment of DASNY sufficient to prepay the Loan under the Loan Agreement and to pay all other amounts then due thereunder, and to purchase or redeem the Participants' Allocable Portion of the Bonds Outstanding, or to pay or provide for the payment of the Participants' Allocable Portion of the Bonds Outstanding in accordance with defeasance provisions of the Resolution, DASNY agrees, in accordance with the instructions of the Participants, to direct the Trustee in writing to purchase or redeem the Participants' Allocable Portion of the Bonds Outstanding, or to cause the Participants' Allocable Portion of the Bonds Outstanding to be paid or to be deemed paid in accordance with defeasance provisions of the Resolution.

Notwithstanding anything in the Loan Agreement or in the Resolution to the contrary, the Participant's Loan Repayment schedule set forth in the Loan Agreement may be amended from time to time by the Participant and DASNY to reflect changes in the Participants' Allocable Portion of the Bonds Outstanding caused by voluntary payments by the Participants, early redemptions, legal defeasances or otherwise. At the time of any such amendment, the Participants' Loan Repayments set forth in the amended schedule will be recalculated in the same manner as when the Bonds were originally issued while accounting for the change to the Participants' Allocable Portion of the Bonds Outstanding.

(Section 9)

Debt Service Reserve Fund

The Participants agree to maintain on deposit in the Debt Service Reserve Fund an amount at least equal to the Participants' Allocable Portion of the Debt Service Reserve Fund Requirement as set forth in the Loan Agreement, provided that the Participants shall be required to deliver moneys or Permitted Investments to the Trustee for deposit in the Debt Service Reserve Fund as a result of a deficiency in such Fund within (5) days after the notice required by the Series Resolution is received.

Any Participant may deliver to the Trustee a Reserve Fund Facility for all or any part of the Participants' Allocable Portion of the Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Series Resolution. Whenever a Reserve Fund Facility has been delivered to the Trustee and the Participants are required to restore the Participants' Allocable Portion of the Debt Service Reserve Fund Requirement, the Participants shall reimburse directly, or pay to DASNY an amount sufficient to reimburse, the Facility Provider in order to cause the Reserve Fund Facility provided by the Participants or Participants' Allocable Portion of the Reserve Fund Facility to be restored to the amount of the Participants' Allocable Portion of the Debt Service Reserve Fund Requirement or shall then deliver additional moneys or Permitted Investments necessary to restore the Debt Service Reserve Fund to the Participants' Allocable Portion of the Debt Service Reserve Fund Requirement.

The delivery to the Trustee of Permitted Investments or Reserve Fund Facility from time to time made by the Participants pursuant to the Loan Agreement as described under this heading shall constitute a pledge thereof, and shall create a security interest therein, for the benefit of DASNY to secure performance of the Participants' obligations under the Loan Agreement and for the benefit of the Trustee to secure the performance of the obligations of DASNY under the Resolution. The Participants authorize DASNY pursuant to the Resolution to pledge such Permitted Investments or Reserve Fund Facility to secure payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Bonds, whether at maturity, upon acceleration or otherwise, and the fees and expenses of the Trustee, and to make provision for and give directions with respect to the custody, reinvestment and disposition thereof in any manner not inconsistent with the terms of the Loan Agreement and of the Resolution or the Series Resolution.

All Permitted Investments deposited with the Trustee pursuant to the Loan Agreement as described under this heading, other than United States Treasury Certificates of Indebtedness State and Local Government Series ("SLGs") (subject to provisions for registration thereof), and the principal thereof and the interest, dividends or other income payable with respect thereto shall be payable to bearer or to the registered owner. All such Permitted Investments in registered form shall be registered in the name of the Trustee (in its fiduciary capacity) or its nominee. Record ownership of all such Permitted Investments shall be transferred promptly following their delivery to the Trustee into the name of the Trustee (in its fiduciary capacity) or its nominee. The Participants appoint the Trustee its lawful attorney-in-fact for the purpose of effecting such registrations and transfers.

Each Participant agrees that upon each delivery by it to the Trustee of Permitted Investments, whether initially or upon later delivery or substitution, the Participant shall deliver to DASNY and the Trustee a certificate of an Authorized Officer of the Participant to the effect that the Participant warrants and represents that the Permitted Investments delivered by the Participant (i) are on the date of delivery thereof free and clear of any lien, pledge, charge, security interest or other encumbrance or any statutory, contractual or other restriction that would be inconsistent with or interfere with or prohibit the pledge, application or disposition thereof as contemplated by the Loan Agreement, by the Series Resolution or by the Resolution and (ii) are pledged under the Loan Agreement pursuant to appropriate corporate action of the Participant duly had and taken.

Prior to the initial delivery of Permitted Investments (other than moneys) to the Trustee pursuant to the Loan Agreement as described under this heading, and upon any later delivery or substitution, the Participants will, at their cost and expense, provide to DASNY and the Trustee a written opinion of counsel satisfactory to DASNY to the effect that the delivering Participant has full corporate power and authority to pledge such Permitted Investments as security in accordance with the Loan Agreement, such Permitted Investments have been duly delivered by such Participant to the Trustee, such delivery creates a valid and binding pledge and security interest therein in accordance with the terms thereof and of the Resolution, and nothing has come to the attention of such counsel that would lead it to believe that the Permitted Investments delivered by the Participant are not free and clear of all liens, pledges, encumbrances and security interests or are subject to any statutory, contractual or other restriction which would invalidate or render unenforceable the pledge and security interest therein, or the application or disposition thereof, contemplated by the Loan Agreement or by the Resolution.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Participants pursuant to the Loan Agreement, each Participant does continuously pledge, grant a security interest in, and assign to DASNY the Pledged Revenues, together with the Participant's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant of a security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

Each Participant represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Participant's performance thereunder. Each Participant agrees that it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement as described under this heading.[1]

(Section 11)

Collection of Pledged Revenues

Commencing on the date on which the Bonds are first issued and continuing until the Loan is no longer outstanding, each Participant shall deliver (or cause to be delivered) to the Trustee for deposit in the Applicable Debt Service Account of the Debt Service Fund all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Participant's receipt thereof unless and until there is on deposit in the Applicable Debt Service Account of the Debt Service Fund an amount at least equal to the Participants' Loan Repayment in the amount and on the date set forth in the Loan Agreement. In the event that, pursuant to remedies provision of the Loan Agreement, DASNY notifies the Participants that account debtors are to make payments directly to DASNY or to the Trustee, such payments shall be so made notwithstanding anything contained in the Loan Agreement as described in this paragraph, but each Participant shall continue to deliver to the Trustee for deposit in the Applicable

[1] DASNY has agreed in the Series 2023A Loan Agreement for General Human Outreach in the Community Incorporated to allow General Human Outreach in the Community Incorporated to secure a working capital lien of receivables, including Public Funds, prior to the lien on Pledge Revenues created in its respective Series 2023A Loan Agreement.

Debt Service Account of the Debt Service Fund any payments received by the Participant with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges).

Notwithstanding anything to the contrary in the paragraph above, in the event that, on or prior to the tenth (10th) day of any month, any Participant makes a payment to or upon the order of the Trustee, from its general funds or from any other money legally available to it for such purpose, for deposit in Applicable Debt Service Account of the Debt Service Fund in the amount which the Participants are required to pay to the Trustee pursuant to the Loan Agreement regarding Loan Repayments, no Participant shall not be required solely by virtue of the Loan Agreement as described in the paragraph above, to deliver Pledged Revenues to the Trustee for deposit in the Applicable Debt Service Account of the Debt Service Fund with respect to the amount due to be paid on the tenth (10th) day of such month; provided that, nothing contained in this paragraph shall abrogate the obligations of the Participants under the Loan Agreement as described in the last two paragraphs under this heading.

Any Pledged Revenues collected by a Participant that are not required to be paid to the Trustee pursuant to the Loan Agreement as described under this heading or under the remedies provisions of the Loan Agreement, including any amounts to make up any deficiencies in any funds or accounts established pursuant to the Resolution or the Series Resolution, shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Participant for any of its corporate purposes provided that (a) no Event of Default, or event which with the passage of time or giving of notice, or both, would become an Event of Default, has occurred and is continuing or (b) there has not occurred a drawing of funds from the Debt Service Reserve Fund that has not been repaid by the Participants as required by the Loan Agreement or the Series Resolution.

Each Participant agrees to direct the payment of Pledged Revenues, otherwise payable to the Participant, to DASNY for deposit in the Debt Service Fund. Pursuant to the Act and an Intercept Agreement, each Participant has assigned and pledged to DASNY such Pledged Revenues subject to the Prior Pledges. In addition to an Intercept Agreement, each Participant agrees to execute and deliver, from time to time, such additional documents, if any, as may be required by DASNY, the Trustee, any Applicable State Agency, the Comptroller, the State, a political subdivision (as defined in Section 100 of the General Municipal Law), or any social services district in the State, to authorize or implement such payment of Pledged Revenues to DASNY or the Trustee in an amount sufficient to pay all amounts required to be paid under the Loan Agreement. Each Participant further acknowledges that all State and local officers are authorized and required to pay any such Pledged Revenues so assigned and pledged to DASNY in accordance with the Loan Agreement. DASNY may periodically file a certificate with any Applicable State Agency, the Comptroller, the State, a political subdivision (as defined in Section 100 of the General Municipal Law), or any social services district in the State setting forth the amount of Pledged Revenues required to be paid to satisfy the obligations of the Participants under the Loan Agreement, which certificate may be amended by DASNY from time to time. Copies of said certificate and any amendments thereto filed pursuant to this paragraph shall be delivered to the Trustee and the Participants.

Unless and until an Event of Default described in the Loan Agreement or an event which with the passage of time or giving of notice, or both, would become an Event of Default shall have occurred or there shall have occurred a drawing of funds from the Debt Service Reserve Fund that has not been repaid by the Participants as required by the Loan Agreement or the Series Resolution, shall have occurred, DASNY waives its right to collect those amounts payable to DASNY pursuant to the Loan Agreement as described in the paragraph above. Upon the occurrence of an event described in the preceding sentence, DASNY may, in addition to all other remedies available to it pursuant to the Loan Agreement, cause the Pledged Revenues (subject to the Prior Pledges) to be deducted, withheld or paid directly to DASNY or the Trustee, as appropriate, in an amount sufficient to make all payments required to be made by the Participants under the Loan Agreement.

(Section 12)

Mortgage; Lien on Fixtures and Equipment

With respect to each Project Property which is owned by a Participant[1], at or before the delivery by DASNY of the Bonds, such Participant shall execute and deliver to DASNY the Mortgage, in recordable form, mortgaging the Mortgaged Property to DASNY, subject only to Permitted Encumbrances. As further security for the obligations and liabilities of such Participant under the Loan Agreement, the Participant shall grant DASNY a security interest in such fixtures, furnishings and equipment owned by the Participant which then are or thereafter will be located in or on any Mortgaged Property, together with all proceeds thereof and substitutions therefor. Such security interest in such fixtures, furnishings and equipment shall be subject only to Permitted Encumbrances.

With respect to each Project Property which is leased by a Participant, such Participant grants by the Loan Agreement DASNY a security interest in all furnishings and equipment located in or on or used or to be used in connection with the Project Property, excepting and excluding therefrom any furnishings and equipment held or used by the Participant as a lessee and any furnishings and equipment during the time when such furnishings and equipment are covered by perfected purchase money security interests in third parties. With respect to such furnishings and equipment in which a security interest is granted by the Loan Agreement, the Loan Agreement constitutes a "security agreement" within the meaning of the Uniform Commercial Code. Upon the occurrence of an Event of Default under the Loan Agreement, DASNY, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code.

With respect to each Project Property which is a manufactured home owned by a Participant, such Participant hereby grants DASNY a security interest in such manufactured home and all furnishings and equipment located in or on or used or to be used in connection with the Project Property, excepting and excluding therefrom any furnishings and equipment held or used by the Participant as a lessee and any furnishings and equipment during the time when such furnishings and equipment are covered by perfected purchase money security interests in third parties. With respect to such manufactured home and furnishings and equipment in which a security interest is granted hereby, the Loan Agreement constitutes a "security agreement" within the meaning of the Uniform Commercial Code. Upon the occurrence of an Event of Default under the Loan Agreement, DASNY, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code.[2]

Prior to any assignment of a Mortgage to the Trustee in accordance with the terms of the Resolution, DASNY, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures or equipment located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as DASNY may reasonably require. Notwithstanding the foregoing, a

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[1] DASNY has agreed in the Series 2023A Loan Agreement for Developmental Disabilities Institute, Inc. that there will be no Mortgage on the Project Properties owned by the Developmental Disabilities Institute, Inc. located at 18 Alvord Court, Greenlawn, New York and 1407-09 Middle Road, Calverton, New York.

[2] This paragraph shall only be included in the Series 2023A Loan Agreement for Developmental Disabilities Institute, Inc.; it shall not be included in the Series 2023A Loan Agreements for the other Participants.

Participant that granted a Mortgage may remove fixtures or equipment from the Mortgaged Property provided that such Participant shall replace such fixtures or equipment with fixtures or equipment having equivalent value and utility.

(Section 13)

Warranty as to Title; Encumbrances; Title Insurance

Each Participant that owns one or more of the Project Properties warrants and represents to DASNY that (i) the Participant has good and marketable title to all such Project Properties, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Participant's programs and (ii) the Participant has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from all such Project Properties, for proper operation and utilization of such Project Properties and for utilities required to serve such Project Properties, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Participants of each such Project Property.

The Participants covenant that title to all Project Properties shall be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances.

The Participants warrant, represent and covenant that (i) the Project and all Project Properties are and shall be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation), and (ii) to the extent applicable, such Project and each Project Property shall have its own separate and independent means of access, apart from any other property owned by any Participant or others. Such access, however, may be through common roads or walks owned by a Participant used also for other parcels owned by such Participant.

(Section 14)

Consent to Pledge and Assignment by DASNY

Each Participant consents to and authorizes the assignment, transfer or pledge by DASNY to the Trustee of DASNY's rights to receive the payments required to be made pursuant to the Loan Agreement as described in paragraphs (c), (e), and (h) under the heading "Financial Obligations of the Participant; General and Unconditional Obligations; Voluntary Payments" above, any or all security interests granted by the Participant under the Loan Agreement, including without limitation the security interest in the Pledged Revenues and the Permitted Investments delivered pursuant to the Loan Agreement and all funds and accounts established by the Resolution (other than the Arbitrage Rebate Fund) and pledged under the Resolution in each case to secure any payment or the performance of any obligation of the Participants under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by DASNY to the Trustee. Each Participant further agrees that DASNY may pledge and assign to the Trustee any and all of DASNY's rights and remedies under the Loan Agreement. Upon any pledge and assignment by DASNY to the Trustee authorized by the Loan Agreement, the Trustee shall be fully vested with all of the rights of DASNY so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor thereby or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Participants' obligations to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Participants thereunder. Any realization upon any pledge made or security interest granted by the Loan

Agreement shall not, by operation of law or otherwise, result in cancellation or termination thereof or the obligations of the Participants thereunder.

Each Participant covenants, warrants and represents that it is duly authorized by all applicable laws, its charter or certificate of incorporation and by-laws to enter into the Loan Agreement, to incur the indebtedness contemplated by the Loan Agreement, to pledge, grant a security interest in and assign to DASNY and the Trustee, for the benefit of the Bondholders, the Pledged Revenues and the Permitted Investments delivered by it pursuant to the Loan Agreement in the manner and to the extent provided therein and in the Resolution. Each Participant further covenants, warrants and represents that any and all pledges, security interests in and assignments to DASNY and the Trustee for the benefit of the Bondholders, granted or made by it pursuant to the Loan Agreement are and shall be free and clear of any pledge, lien, charge, security interest or encumbrance prior thereto, or of equal rank therewith, other than the Prior Pledges and the Permitted Encumbrances, and that all corporate action on the part of the Participant and any parties related thereto, to that end has been duly and validly taken. Each Participant further covenants that the provisions of the Loan Agreement are and shall be valid and legally enforceable obligations of the Participant in accordance with their terms. Each Participant further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge, security interest in and assignment of the Pledged Revenues, Permitted Investments and Reserve Fund Facility delivered by it pursuant to the Loan Agreement and all of the rights of DASNY and Trustee for the benefit of the Bondholders under the Loan Agreement, under the Series Resolution, under the Resolution and under the Intercept Agreement against all claims and demands of all persons whomsoever. Each Participant further covenants, warrants and represents that its execution and delivery of the Loan Agreement and of the Intercept Agreement, and the consummation of the transactions contemplated and compliance with the provisions thereof, including, but not limited to, the assignment as security or the granting of a security interest in the Permitted Investments delivered by it to the Trustee pursuant to the Loan Agreement, do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or certificate of incorporation or by-laws of the Participant (or any party related thereto) or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Participant (or any party related thereto) is party or by which it or any of its or their properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Participant, any party related thereto or any of its or their properties.

(Section 15)

Tax-Exempt Status

Each Participant represents that (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under Section 509(a) of the Code, (ii) it has received a letter or other notification from the Internal Revenue Service to that effect, (iii) such letter or other notification has not been modified, limited or revoked, (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist, and (vi) it is exempt from federal income taxes under Section 501(a) of the Code. Each Participant agrees that (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Participant as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and (b) it shall not perform any act, enter into any agreement or use or permit the Project and the Project Property it owns or leases to be used in any manner, or for any trade or business or other non-exempt use unrelated to the purposes of the Participant, which could adversely affect the exclusion of interest on the Subseries 2023A-1 Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 16)

Use of the Project Property; Restrictions on Religious Use

Each Participant agrees that, unless in the opinion of Bond Counsel a Project Property may be occupied or used other than as required by the Loan Agreement as described under this heading, at least ninety-five percent (95%) of each Project Property shall be occupied or used primarily by a Participant or members of the staff of a Participant or residents of the Project Property or clients of a Participant, as applicable, for activities related to the tax-exempt purposes of a Participant, or, on a temporary basis, persons connected with activities incidental to the operations of a Participant, subject to and consistent with the requirements of the Loan Agreement as described under this heading.

Subject to the rights, duties and remedies of DASNY under the Loan Agreement, the Participants shall have sole and exclusive control of, possession of and responsibility for (i) the Project and all Project Property, (ii) the operation of the Project and all Project Property and supervision of the activities conducted therein or in connection with any part thereof, and (iii) the maintenance, repair and replacement of all Project Property.

Each Participant agrees that with respect to the Project Property or any portion thereof, so long as such Project Property or portion thereof exists and unless and until such Project Property or portion thereof is sold for the fair market value thereof, such Project Property or any portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; and, further provided, however, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project Property or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project Property and each portion thereof. DASNY and its agents may conduct such inspections as DASNY deems necessary to determine whether the Project Property or any portion of real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. Each Participant further agrees that prior to any disposition of any portion of the Project Property for less than fair market value, it shall execute and record (or cause to be executed and recorded) in the appropriate real property records an instrument subjecting, to the satisfaction of DASNY, the use of such portion of such Project Property to the restriction that (i) so long as such portion of such Project Property (and, if included in such Project, the real property on or in which such portion of such Project Property is situated) shall exist and the Bonds allocable to such Project Property remain Outstanding and (ii) until such portion of such Project Property is sold or otherwise transferred to a Person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project Property shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of DASNY or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of such Project Property, or, if included in such Project Property, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this heading an involuntary transfer or disposition of the Project Property or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 20 and 21)

Covenant as to Insurance

Each Participant agrees to maintain or cause to be maintained insurance with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by organizations located in the State of a nature similar to that of the Participant, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. Each Participant shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

(Section 23)

Damage or Condemnation

In the event of a taking of the Project or the Project Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project or the Project Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be paid upon receipt thereof by any Participant or DASNY to the Trustee for deposit in the Applicable Project Loan Account of the Project Loan Fund, and

(a) if within 120 days from the receipt by DASNY of actual notice or knowledge of such occurrence, the Participants and DASNY agree in writing that the Project, the Project Property or the affected portion thereof shall be repaired, replaced or restored, the Participants shall proceed to repair, replace or restore the Project, the Project Property or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Participants and approved in writing by DASNY. The funds required for such repair, replacement or restoration shall be paid from time to time as the work progresses, subject to such conditions and limitations as DASNY may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence or from funds to be provided by the Participants; or

(b) if no agreement for the repair, restoration or replacement of the Project Property or the affected portion thereof shall be reached by DASNY and the Participants within such 120 day period, all respective proceeds (other than the proceeds of builders' risk insurance which shall be deposited pursuant to the Resolution and the Series Resolution) shall be transferred from the Applicable Project Loan Account of the Project Loan Fund in which such proceeds were deposited to the Applicable Debt Service Account of the Debt Service Fund for the redemption at par, at the option of DASNY, of Bonds on any future interest payment date.

(Section 24)

Taxes and Assessments

Each Participant shall pay or cause to be paid when due at its own expense, and hold DASNY harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project or the Project Property or any part thereof, and upon all ordinary costs of operating, maintaining, renovating, repairing and replacing the Project and the Project Property and its equipment. The Participants shall file or cause to be filed exemption certificates as required by Governmental Requirements. The Participants agree to exhibit to DASNY within ten (10) days after written demand by DASNY, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, that the good faith contest of such impositions shall be deemed to be in complete compliance with the requirements of the Loan Agreement if the Participants deposit with DASNY the full amount of such contested impositions. Notwithstanding the foregoing, DASNY, in its sole discretion, after notice in writing to the Participants, may pay (such payment shall be made under protest if so requested by a Participant) any such charges, taxes and assessments if, in the reasonable judgment of DASNY, the Project or the Project Property, or any part thereof, would be in substantial danger by reason of the Participants' failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of DASNY under the Loan Agreement, under the Series Resolution, under the Resolution or under the Mortgage; (ii) the ability of DASNY to enforce its rights under the Loan Agreement or thereunder; (iii) the ability of DASNY to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement, under the Series Resolution or under the Resolution; or (iv) the ability of any Participant to fulfill the terms of the covenants or perform any of its obligations under the Loan Agreement, under the Series Resolution, and the Participants agree to reimburse DASNY for any such payment, with interest thereon from the date payment was made by DASNY at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by DASNY.

(Section 25)

Reports Relating to the Project or the Project Property, Financial Information and Financial Covenants

If and when requested by DASNY, the Participants shall render or cause to be rendered to DASNY and the Trustee reports with respect to all repairs, replacements, renovations, and maintenance made to the Project or the Project Property. In addition, if and when requested by DASNY, the Participants shall render or cause to be rendered such other reports concerning the condition of the Project or the Project Property as DASNY may request.

Each Participant shall also furnish annually, not later than one hundred and eighty (180) days after the end of the Participant's Fiscal Year, to the Trustee, the Program Facilitator, the Underwriter, DASNY and to such other parties as DASNY may reasonably designate, including rating services, copies of its financial statements audited by an independent public accountant selected by the Participant and acceptable to DASNY and prepared in conformity with generally accepted accounting principles applied on a consistent basis, except that such audited financial statements may contain such changes as are concurred in by such accountants, and such other statements, reports and schedules describing the finances, operation and management of the Participant and such other information as may be reasonably required by DASNY. Notwithstanding the preceding sentence, if any Participant does not have audited financial statements solely with respect to its affairs but is part of a group of related entities with respect to which audited financial statements as described above are prepared on a consolidated or combined basis in conformity with generally accepted accounting principles applied on a consistent basis, such Participant shall be deemed to be in compliance with the preceding sentence so long as it shall furnish annually to the parties and within the times described above, in addition to the consolidated or combined statements, consolidating or combining schedules of financial position and activities separately stating the financial position and activities of the Participant (and the other entities covered by the consolidated or combined financial statements), which schedules shall have been subjected to (i) auditing procedures applied in the audit of the consolidated or combined financial statements and (ii) other procedures in accordance with generally accepted auditing standards.

The Trustee shall have no obligation or duty to review any financial statements (audited or otherwise) filed with it and shall not be deemed to have notice of the content of such statements or a default based on such content and shall have no obligation or duty to verify the accuracy of such statements.

Furthermore, each Participant shall also furnish annually, not later than one hundred and eighty (180) days after the end of the Participant's Fiscal Year, to DASNY, the Underwriter and the Trustee a certificate of an Authorized Officer of the Participant stating whether the Participant is in compliance with the provisions the Loan Agreement.

Each Participant covenants that it has maintained in its current Fiscal Year and it will maintain in each Fiscal Year subsequent to the date of delivery of the Loan Agreement Total Net Revenues Available for Debt Service sufficient to produce in each Fiscal Year a Total Debt Service Coverage Ratio of not less than 1.00 to 1.00[1]; provided, however, that failure by the Participant in any Fiscal Year to demonstrate compliance with the Total Debt Service Coverage Ratio shall not constitute an Event of Default under the Loan Agreement if the Participant delivers to DASNY, the Underwriter and the Trustee, by the last day of the next succeeding Fiscal Year, a certificate of an Authorized Officer of the Participant along with a schedule or schedules demonstrating compliance with the Total Debt Service Coverage Ratio for a rolling 12-month period ending no earlier than 90 days after the end of the Fiscal Year for which the Participant is unable to demonstrate compliance.

No Participant may incur any additional Indebtedness (including, but not limited to, guarantees or derivatives in the form of credit default swaps or total-rate-of-return swaps or similar instruments), without the prior written consent of DASNY, except for the following:

(a) Indebtedness (other than for working capital, other than installment purchase payments payable under installment sale agreements and other than rents payable under lease agreements) incurred in the ordinary course of the Participant's business for its current operations including the maintenance and repair of its property, advances from third party payors and obligations under reasonably necessary employment contracts,

(b) Indebtedness in the form of rentals under leases which are not required to be capitalized in accordance with generally accepted accounting principles in effect on the date of issuance of the Bonds,

(c) Indebtedness in which recourse to the Participant for repayment is expressly limited to proceeds from the sale, lease or foreclosure of any tangible property of the Participant other than the Project Property,

(d) Non-PPA Indebtedness to the extent that the Participant has delivered to DASNY and the Trustee a certificate signed by the Participant's chief executive officer or chief financial officer demonstrating a Total Debt Service Coverage Ratio of not less than 1.25 to 1.00 for the

[1] DASNY has agreed in the Series 2023A Loan Agreement for Young Adult Institute, Inc. to include the following modifications to the preceding clause (deletions in bold, strikethrough text (**~~example~~**) and additions in bold, underlined text (**<u>example</u>**)): "Each Participant covenants that **~~it has maintained in its current Fiscal Year and~~** it will maintain in each Fiscal Year **~~subsequent to the date hereof~~** **<u>beginning with its Fiscal Year end June 30, 2024</u>** Total Net Revenues Available for Debt Service sufficient to produce in each Fiscal Year a Total Debt Service Coverage Ratio of not less than 1.00 to 1.00".

most recent Fiscal Year for which audited financial statements exist. In preparing its calculations of the required ratios, the Participant's representative or the independent certified public accountant, as applicable, shall include the proposed debt service requirements with respect to the Non-PPA Indebtedness to be issued,

(e) Indebtedness to finance a PPA Facility, and

(f) short-term Indebtedness for working capital purposes, provided, however, that such Indebtedness may, to the extent secured by the Participant's Accounts Receivable, be secured by no more than ninety percent (90%) of the Participant's Accounts Receivable.

(Section 26)

Defaults and Remedies

As used in the Loan Agreement, the term "Event of Default" shall mean:

(a) the Participants shall default in the timely payment of any amount payable pursuant to the Loan Agreement as described under the heading "Financial Obligations of the Participant; General and Unconditional Obligation; Voluntary Payments" or in the payment of any other amounts required to be delivered or paid in accordance with the Loan Agreement, the Series Resolution or the Resolution or in the timely payment of any amount payable pursuant to any loan agreement with DASNY or any agreement with any lender with respect to the Project Property or Public Funds, and such default continues for a period in excess of seven (7) days;

(b) any Participant shall default in the due and punctual performance of any other covenant contained in the Loan Agreement (except as set forth in paragraph (d) below) and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the defaulting Participant by DASNY or the Trustee;

(c) as a result of any default in payment or performance required of the Participants under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, DASNY shall be in default in the payment or performance of any of its obligations under the Resolution or an "event of default" (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) any Participant shall have violated the applicable provisions of regulations or the covenants set forth in the Loan Agreement with respect to compliance with all Government Requirements or shall fail to continue to operate the Project Property as a certified program for the developmentally disabled or others with special needs in accordance with a valid operating certificate duly issued by OPWDD, OMH or OASAS, as applicable, and the Participant, subsequent to 15 days after written notice shall have been given to the Participant by OPWDD, OMH, OASAS or DASNY requiring the same to be remedied, fails to remedy such violation or such failure to operate such certified program;

(e) any Participant shall (i) be generally not paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (iii) make a general assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (v) be adjudicated insolvent or be liquidated or (vi) take corporate action for the purpose of any of the foregoing;

(f) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the affected Participant, a custodian, receiver, trustee or other officer with similar powers with respect to such Participant or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of such Participant, or any petition for any such relief shall be filed against such Participant and such petition shall not be dismissed within ninety (90) days;

(g) the charter or certificate of incorporation of a Participant shall be suspended or revoked;

(h) a petition to dissolve itself shall be filed by any Participant with the legislature of the State or other governmental authority having jurisdiction over such Participant;

(i) an order of dissolution of any Participant shall be made by the legislature of the State or other governmental authority having jurisdiction over such Participant, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(j) a petition shall be filed with a court having jurisdiction for an order directing the sale, disposition or distribution of all or substantially all of the property belonging to any Participant which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(k) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to any Participant, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(l) a final judgment for the payment of money, which in the judgment of DASNY will adversely affect the rights of the Bondholders, shall be rendered against any Participant and at any time after forty-five (45) days from the entry thereof, (i) such judgment shall not have been discharged or (ii) such Participant shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof, to have been stayed pending determination of such appeal;

(m) such Participant shall default in the payment of any indebtedness or guaranty aggregating at least $500,000 when due, or shall default in the performance of any other obligations in connection with any indebtedness or guaranty aggregating at least $500,000 which default entitles the holder of such indebtedness or guaranty to accelerate such Participant's obligations thereunder; or

(n) any Participant is in default under the Mortgage, if any.

Upon the occurrence of an Event of Default DASNY may take any one or more of the following actions:

(a) declare all sums payable by the Participants under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Loan or the Applicable Project Loan Account of the Project Loan Fund or otherwise to which any Participant may otherwise be entitled under the Loan Agreement and in DASNY's sole discretion, apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(c) withhold any or all further performance under the Loan Agreement;

(d) maintain an action against any Participant under the Loan Agreement to recover any sums payable by the Participants or to require its compliance with the terms of the Loan Agreement;

(e) permit, direct or request the Trustee to liquidate all or any portion of the assets comprising the Participants' Allocable Portion of the Debt Service Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Participants' Allocable Portion of the Bonds, or any other obligation or liability of the Participants or DASNY arising herefrom, from the Series Resolution or from the Resolution;

(f) realize upon any security interest which DASNY may then have in the pledge and assignment of the Pledged Revenues and the rights to receive the same, whether pursuant to the Intercept Agreement or otherwise, all to the extent provided in the Loan Agreement as described under the headings "Security Interest in Pledged Revenues" and "Collection of Pledged Revenues" above, by any one or more of the following actions: (i) enter the Project Property or the property of any Participant and examine and make copies of the financial books and records of any Participant relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of a Participant representing Pledged Revenues or proceeds thereof; (ii) [Reserved]; (iii) [Reserved]; (iv) require the Participants to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) Business Days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by DASNY, provided that the moneys in such fund or account shall be applied by DASNY to the payment of any of the obligations of the Participants under the Loan Agreement including the fees and expenses of DASNY; and provided further that DASNY in its sole discretion may authorize any Participant to make withdrawals from such fund or account for its corporate purposes; and provided further that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Participants when all Events of Default under the Loan Agreement by the Participants have been cured; (v) forbid the Participants to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any Person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; (vi) endorse in the name of any Participant any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

and (vii) follow the procedures for the collection of Pledged Revenues as provided in the Act and in the Loan Agreement as described under the heading "Collection of Pledged Revenues" above;

(g) if applicable and to the extent permitted by law, (i) enter upon the Project Property and complete the construction of such Project Property in accordance with the plans and specifications with such changes therein as DASNY may deem appropriate and employ watchmen to protect such Project Property, all at the risk, cost and expense of the Participants, consent to such entry being given by the Participants; (ii) at any time discontinue any work commenced in respect of the construction of the Project Property or change any course of action undertaken by any Participant and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise; (iii) assume any construction contract made by any Participant in any way relating to the construction of the Project Property and take over and use all or any part of the labor, materials, supplies and equipment contracted for by any Participant, whether or not previously incorporated into the construction of the Project Property; and (iv) in connection with the construction of the Project Property undertaken by DASNY pursuant to the provisions of this paragraph (g), (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of the Project Property, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of DASNY applicable to the construction of the Project Property, or which have been or may be incurred in any manner in connection with completing the construction of the Project Property or for the discharge of liens, encumbrances or defects in the title to the Project Property or against any moneys of DASNY applicable to the construction of the Project Property, and (z) take or refrain from taking such action under the Loan Agreement as DASNY may from time to time determine. The Participants shall be liable to DASNY for all sums paid or incurred for construction of the Project Property whether the same shall be paid or incurred pursuant to the provisions of this paragraph (g) or otherwise, and all payments made or liabilities incurred by DASNY under the Loan Agreement of any kind whatsoever shall be paid by the Participants to DASNY upon demand. Each Participant irrevocably constitutes and appoints DASNY its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Participant for the purpose of exercising the rights granted to DASNY by this subparagraph during the term of the Loan Agreement;

(h) request OPWDD, OMH or OASAS, as applicable, in accordance with applicable statutes and regulations, to enter the Project Property, or replace a Participant with another operator, to take possession without judicial action of all real property contained in such Project Property and all personal property located in or on or used in connection with the Project Property, including furnishings and equipment thereon, and further including Pledged Revenues and cause to be operated thereon a certified program for the developmentally disabled or other person with special needs within the Project Property in accordance with a valid operating certificate duly issued by OPWDD, OMH or OASAS, as applicable;

(i) require any Participant to engage, at the Participant's expense, a Management Consultant to review the rates, operations and management of the Participant and any other matter deemed appropriate by DASNY and make recommendations with respect to such rates, operations, management and other matters; and

(j) take any legal or equitable action necessary to enable DASNY to realize on its liens under the Loan Agreement, under the Mortgage, or by law, including foreclosure of the Mortgage, and any other action or proceeding permitted by the terms of the Loan Agreement, by the Mortgage or by law.

All rights and remedies in the Loan Agreement given or granted to DASNY are, to the extent permitted by law, cumulative, non-exclusive and in addition to any and all rights and remedies that DASNY may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of DASNY's right to exercise such remedy thereafter.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, DASNY may annul any declaration made pursuant to paragraph (a) above and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

In the event of an Event of Default under the Loan Agreement as described in paragraph (d), (e), (f), (g), (h), (i), (j), (k) or (l) above shall have occurred and be continuing with respect to any Participant, or in the event that OPWDD, OMH or OASAS, as applicable, shall have revoked any Participant's license to operate as a qualified operator, the affected Participant shall exercise best efforts in accordance with all applicable laws and regulations, to facilitate the continued availability of its respective facilities for the benefit of its clients and patients including but not limited to cooperating with any OPWDD, OMH or OASAS qualified service provider, as applicable, in order to permit such service provider to assume the affected Participant's liabilities and obligations to provide benefits to such clients and patients. In furtherance of such purposes the Participants agree to cooperate with all State regulatory agencies and acknowledge that DASNY's enforcement of such cooperation constitutes an exercise of the police powers of the State for the public good of the citizens of the State.

(Section 29)

Arbitrage

Each Participant covenants that it shall take no action, nor shall it consent to the taking of any action, nor shall it fail to take any action or consent to the failure to take any action, the making of any investment or the use of the Loan, which would cause the Subseries 2023A-1 Bonds of any Series to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Subseries 2023A-1 Bonds at the time of such action, investment or use. No Participant (or any related person, as defined for purposes of Section 148 of the Code) shall, pursuant to an arrangement, formal or informal, purchase Subseries 2023A-1 Bonds in an amount related to the amount of any obligation to be acquired from a Participant by DASNY, unless DASNY and the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by a Participant or by a related person of Subseries 2023A-1 Bonds will not cause interest on the Subseries 2023A-1 Bonds to be included in the gross income of the owners of such Subseries 2023A-1 Bonds for purposes of federal income taxation. Each Participant will, on a timely basis, provide DASNY with all necessary information and funds not in DASNY's possession, to enable DASNY to comply with the arbitrage and rebate requirements of the Code as identified in the Resolution. The Participants shall be required to pay for any consultant or report necessary to satisfy any such arbitrage and rebate requirement. Each Participant covenants that it will not take any action or fail to take any action which would cause any representation or warranty of any Participant contained in the tax certificate then to be untrue and that it shall comply with all covenants and agreements of the Participant contained in the tax certificate, in each case to the extent required by and otherwise in compliance with such tax certificate. In the event that DASNY is notified in writing that the Subseries 2023A-1 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Participants. In the event that any Participant is notified in writing that the Subseries 2023A-1 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, the Participant shall promptly give notice thereof to DASNY. Upon the occurrence of such an event, the Participants and DASNY shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

(Section 40)

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a brief summary of certain provisions of the Resolution and the Series 2023A Resolution (collectively, the "Resolutions"). This summary does not purport to be complete and reference is made to the Resolutions for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix D or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

It is the intent of the Resolution to authorize the issuance by DASNY, from time to time, of its InterAgency Council Pooled Loan Program Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, *inter alia,* to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and any Applicable Series Resolution shall be deemed to be and shall constitute a contract among DASNY, the Trustee and the Holders from time to time of the Bonds of such Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of DASNY shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by a Series Resolution.

(Section 1.03)

Assignment of Certain Rights and Remedies to the Trustee: Assignment of Mortgages

With respect to each Series of Bonds, as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of such Series and for the performance of each other obligation of DASNY under the Resolution and under an Applicable Series Resolution, DASNY may grant, pledge and assign to the Trustee all of DASNY's estate, right, title, interest and claim in, to and under any and all of the Applicable Loan Agreements and any Applicable Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of DASNY under any such Loan Agreement and such Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance herewith and with the Applicable Series Resolution) all Revenues, insurance proceeds, sales proceeds and other payments and other security now or hereafter payable to or receivable by DASNY under any such Loan Agreement or Mortgage, and the right to make all waivers and agreements in the name and on behalf of DASNY, as agent and attorney-in-fact, and to perform all other necessary and appropriate acts under any such Loan Agreement or Mortgage, subject to the following conditions: (a) that the Holders of such Bonds shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by DASNY; (b) that, unless and until the Trustee is assigned such Loan Agreement or Mortgage, and further, unless and until (i) an "Event of Default" (as defined in such Loan Agreement) shall have occurred and be continuing under such Loan Agreement, and (ii) the Trustee in its discretion shall so elect by instrument in writing delivered to DASNY and the Applicable Participant, the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement or Mortgage to be performed by DASNY (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision); and (c) that such Mortgage may not be assigned by any party thereto without the written consent of the other parties thereto except to such Trustee as permitted by the Resolution; *provided, however*, that any grant, pledge and assignment of moneys, revenues, accounts, rights or other property of a Participant made with respect to such Loan Agreement or Mortgage pursuant to this paragraph shall secure only the payment of the amounts payable under such Loan Agreement and Mortgage. Until such time as such Loan Agreement and Mortgage are assigned to the Trustee and the Trustee shall make the election provided for in this paragraph, DASNY shall remain liable to observe and perform all the conditions and covenants in such Loan Agreement or Mortgage to be observed and performed by it.

Upon the happening of (a) any withdrawal from any Participant's Allocable Portion of the Debt Service Reserve Fund, if any, securing such Participant's Allocable Portion of the Applicable Series of Bonds which has not been restored to such Participant's Allocable Portion of the Debt Service Reserve Fund Requirement within thirty (30) days after notice given in accordance with the Applicable Series Resolution has been received by DASNY, or (b) the occurrence of an event of default specified in paragraph (d) of under the caption "*Events of Default*" in this Appendix F, DASNY shall assign to the Trustee for the benefit of the Bondholders of the Applicable Series all of its right, title and interest in and to the Mortgage, if any, of said non-performing Participant and in and to the rights of DASNY under the Applicable Loan Agreement to exercise any of the remedies provided thereby for the enforcement of the obligations of such Participant to make the payments thereunder, including the right to declare the indebtedness and all Loan Repayments thereunder immediately due and payable and to foreclose the lien of such Mortgage, as applicable; *provided, however*, that DASNY may retain the right to the payment of the fees, costs and expenses of DASNY payable pursuant to the Applicable Loan Agreement, the right to the indemnities provided thereby, the right to the payments, if any, required to be made pursuant to such indemnities and the right to exercise any of the remedies available thereunder for the enforcement of the obligations of such Participant, the rights to which have been retained by DASNY. Such assignment shall be made by the execution and delivery to the Trustee of documents of assignment in form and substance reasonably acceptable to the Trustee. If prior to the foreclosure of any such Mortgage, such Debt Service Reserve Fund has been restored to its Debt Service Reserve Fund Requirement, the Trustee shall, upon the request of DASNY, reassign to DASNY all right, title and interest in and to such Loan Agreement and said Mortgage assigned to it pursuant to this paragraph. Any such reassignment shall be made by the execution and delivery to DASNY of documents of reassignment in form and substance reasonably acceptable to DASNY.

In the event DASNY grants, pledges and assigns to the Trustee any of its rights as provided in above, the Trustee shall accept such grant, pledge and assignment, which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee.

(Section 1.04)

Additional Obligations

DASNY reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of DASNY, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution and pursuant to a Series Resolution, or prior or equal to the rights of DASNY and Holders of Bonds of the Applicable Series of Bonds provided by the Resolution or with respect to the moneys pledged under the Resolution or pursuant to a Series Resolution.

(Section 2.05)

Pledge of Revenues

Subject to the provisions of the first paragraph under the caption "*Limitation on Revenues and Security Available for Payments After Certain Defaults; Priority of Payments After Default; Cancellation and Replacement of Certain Bonds*" in this Appendix F, the proceeds from the sale of a Series of Bonds, the Applicable Revenues, DASNY's security interest in the Applicable Pledged Revenues and all funds and accounts authorized by the Resolution and established pursuant to an Applicable Series Resolution, other than the Arbitrage Rebate Fund, are by the Resolution, subject to the terms of the Applicable Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on such Series of Bonds and as security for the performance of any other obligation of DASNY under the Resolution and under the Applicable Series Resolution, all in accordance with the provisions of the Resolution and the terms of the Applicable Series Resolution. Unless otherwise provided in the Applicable Series Resolution, the pledge made by the Resolution shall relate only to the Bonds of a Series authorized by the Applicable Series Resolution and no other Series of Bonds and such pledge shall not secure any other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds of the sale of such Series of Bonds, the Applicable Revenues, DASNY's security interest in the Applicable Pledged Revenues and all funds and accounts authorized by the Resolution and established pursuant to the Applicable Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against DASNY irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. Subject to the provisions of the first paragraph under the caption "*Limitation on Revenues and Security Available for Payments After Certain Defaults; Priority of Payments After Default; Cancellation and Replacement of Certain Bonds*" in this Appendix F, each Series of Bonds shall be special obligations of DASNY payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Applicable Revenues, DASNY's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Resolution and pursuant to the Applicable Series Resolution, which pledge shall constitute a first lien thereon, subject only, with respect to such Applicable Pledged Revenues, to the Prior Pledges.

(Section 5.01)

Establishment of Funds and Accounts

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established and shall be held and maintained for each Series of Bonds by the Trustee separate and apart from any other funds and accounts established and maintained pursuant to any other Series Resolution:

Project Loan Fund;
Debt Service Fund; and
Arbitrage Rebate Fund.

In addition to the funds and accounts listed above, the Series 2023A Resolution establishes a Debt Service Reserve Fund to be held and maintained by the Trustee with respect to the Series 2023A Bonds.

Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of DASNY, including in the Project Loan Fund, separate Project Loan Accounts, and in the Debt Service Fund, separate Debt Service Accounts, in each case, for each Applicable Participant and Loan. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required by the Resolution or thereby to be created shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided herein, unless otherwise provided in the Applicable Series Resolution.

All references in the Resolution to the Project Loan Fund, the Debt Service Fund, the Arbitrage Rebate Fund or the Debt Service Reserve Fund shall mean the particular Project Loan Fund, Debt Service Fund, Arbitrage Rebate Fund or Debt Service Reserve Fund designated and established by DASNY with respect to a particular Series of Bonds in the Applicable Series Resolution or in the Applicable Bond Series Certificate as authorized by the Resolution.

(Section 5.02 of the Resolution and Section 5.01 of the Series 2023A Resolution)

Application of Bond Proceeds and Allocation Thereof.

Upon the receipt of proceeds from the sale of a Series of Bonds, DASNY shall apply such proceeds as specified herein and in the Applicable Series Resolution or the Applicable Bond Series Certificate.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Applicable Debt Service Account in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Applicable Series Resolution or the Applicable Bond Series Certificate.

(Section 5.03)

Application of Moneys in the Project Loan Fund

DASNY shall apply moneys in each of the Project Loan Accounts established in the Project Loan Fund for the purpose of making Loans to the Participants in accordance with the Loan Agreements. Proceeds of each such Loan shall be held in a separate Project Loan Account established with respect to each Applicable Participant and shall be disbursed for the purposes as set forth in the Applicable Series Resolution, the Applicable Bond Series Certificate or Applicable Loan Agreement. The Allocable Portion of the Debt Service Reserve Fund Requirement, if any, and of the Costs of Issuance funded from proceeds of a Series of Bonds shall be accounted for separately for each Participant, and the total amount of the Loan to each Participant shall include such Allocable Portions. In addition, DASNY shall remit to the Trustee and the Trustee shall deposit in the Applicable Project Loan Account in the Project Loan Fund any moneys paid or instruments payable to DASNY derived from insurance proceeds or condemnation awards from any Applicable Project.

Except as otherwise provided in the Resolution and the Applicable Series Resolution or the Applicable Bond Series Certificate, moneys deposited in a Project Loan Account in the Project Loan Fund shall be used only to pay the Costs of Issuance of the Applicable Series of Bonds and the Costs of the Project or Projects with respect to which such Applicable Series of Bonds were issued.

Payments for Costs of a Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates of DASNY stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Such certificate or certificates shall be substantiated by a certificate filed with DASNY signed by an Authorized Officer of the Applicable Participant, describing in reasonable detail the purpose for which moneys were used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project except that payments to pay interest on an Applicable Series of Bonds shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of DASNY directing the Trustee to transfer such amount from the Applicable Project Loan Account in the Project Loan Fund to the Applicable Debt Service Account in the Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, DASNY or a Participant with respect to a particular Project or the Mortgaged Property shall be deposited in the Applicable Project Loan Account in the Project Loan Fund and, if necessary, such fund may be reestablished for such purpose and, if such proceeds are not used to repair, restore or replace such Project, transferred to the Applicable Debt Service Account of the Debt Service Fund for the redemption of the Applicable Series of Bonds or such portion thereof which corresponds to the Allocable Portion of the principal of and interest on the Loan made to fund such Project.

Each Project shall be deemed to be complete (a) upon delivery to DASNY and the Trustee of a certificate signed by an Authorized Officer of the Applicable Participant, which certificate shall be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the Applicable Participant and the Trustee of a certificate of DASNY, which certificate may be delivered at any time after completion of such related Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of such Applicable Participant, shall specify the date of completion.

Upon receipt by the Trustee of the certificate relating to the completion of a Project, the moneys, if any, then remaining in the Applicable Project Loan Account, after making provision in accordance with the direction of DASNY for the payment of the Allocable Portion of the Costs of Issuance of the Applicable Series of Bonds and Costs of a Project then unpaid with respect to the Applicable Loan, shall be paid by the Trustee as follows and in the following order of priority:

FIRST: Upon the direction of DASNY, to the Arbitrage Rebate Fund, the amount set forth in such direction which shall be an amount equal to such Participant's Allocable Portion of Arbitrage Rebate due to the United States Federal Government with respect to such Loan and the Applicable Series of Bonds;

SECOND: To the Debt Service Reserve Fund, if any, established in connection with the Applicable Series of Bonds, such amount as shall be necessary to make the amount on deposit in such Fund equal to such Participant's Allocable Portion of the Debt Service Reserve Fund Requirement established therefor; and

THIRD: Any balance remaining, to the Applicable Debt Service Account in the Debt Service Fund for the redemption or purchase, in accordance with this Resolution and the Applicable Series Resolution or Applicable Bond Series Certificate, of the Bonds of the Applicable Series or any portion thereof which corresponds to such Participant's Allocable Portion of the principal and interest on such Bonds.

(Section 5.04)

Deposit of Revenues and Allocation Thereof.

The Revenues and any other moneys which, by the provisions of each of the Loan Agreements are required to be deposited in separate Debt Service Accounts established in the Debt Service Fund with respect to each Loan made to a Participant, shall be deposited to the credit of the Applicable Debt Service Account of the Debt Service Fund.

To the extent not required to pay an Applicable Participant's Allocable Portion with respect to its Loan of (a) the interest becoming due on the Outstanding Bonds of the Applicable Series on the next succeeding interest payment date of such Bonds; (b)(i) in the case of amounts deposited in the respective Debt Service Account during the period from the beginning of each Bond Year until December 31 thereof, the amount necessary to pay one-half (1/2) of the principal and Sinking Fund Installments becoming due on the Outstanding Bonds of the Applicable Series on the next succeeding July 1; and (ii) in the case of amounts deposited in the respective Debt Service Accounts after December 31 in a Bond Year and until the end of such Bond Year, the amount necessary to pay the principal and Sinking Fund Installments becoming due on the Outstanding Bonds of the Applicable Series on such July 1; and (c) moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, then moneys (other than Contribution Amounts) in each of the respective Debt Service Accounts of the Debt Service Fund shall, with respect to each Applicable Participant and Applicable Loan, be paid by the Trustee, on or before the Business Day preceding each interest payment date for the Applicable Series of Bonds, as follows and in the following order of priority:

FIRST: To reimburse, *pro rata*, each Applicable Facility Provider which has issued a Reserve Fund Facility for moneys advanced thereunder relating to such Participant's Allocable Portion of the Debt Service Reserve Fund, if any, established with respect to such Applicable Series of Bonds, including interest thereon, in proportion to the respective amounts advanced by each such Facility Provider;

SECOND: To the Debt Service Reserve Fund, if any, (i) the amount, if any, necessary to make such Participant's Allocable Portion with respect to the Applicable Loan of the amount on deposit therein equal to the Debt Service Reserve Fund Requirement established with respect to the Applicable Series of Bonds, and (ii) a portion of earnings accruing on amounts held in the Debt Service Fund as DASNY shall determine to be necessary together with other amounts and investments held in the Debt Service Reserve Fund to amortize the portion of the Applicable Series of Bonds, the proceeds of which have been credited to the Debt Service Reserve Fund; and

THIRD: To DASNY, unless otherwise paid, such amounts as are payable to DASNY relating to such Participant's Allocable Portion with respect to the Applicable Loan of: (i) expenditures of DASNY for fees and expenses of auditing, and fees and expenses of the Trustee and Applicable Paying Agent, all as required hereby, (ii) all other expenditures reasonably and necessarily incurred by DASNY in connection with the financing of the particular Project relating to such Loan, including expenses incurred by DASNY to compel full and punctual performance of all the provisions of the Applicable Loan Agreement or Mortgage in accordance with the terms thereof, and (iii) the Annual Administrative Fee of DASNY; but only upon receipt by the Trustee of a certificate of DASNY, stating in reasonable detail the amounts payable to DASNY pursuant to this paragraph THIRD.

After making the above required payments with respect to each Applicable Participant and Applicable Loan, any balance remaining in each of the respective Debt Service Accounts (except for Contribution Amounts which shall remain in such accounts) on the immediately succeeding July 1 shall be paid by the Trustee upon and in accordance with the direction of DASNY to the Applicable Participants in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created hereby or by the Applicable Loan Agreements. The Trustee shall notify DASNY and such Participants promptly after making the payments required above of any balance remaining in the Debt Service Fund on the immediately succeeding July 1.

Notwithstanding the above provisions under this caption "*Deposit of Revenues and Allocation Thereof*" or of the provisions under the caption "*Debt Service Fund*" below in this Appendix F, DASNY may, at any time subsequent to July 1 of any Bond Year but in no event less than forty-five (45) days prior to the succeeding July 1 on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of an Applicable Series to be redeemed from such Sinking Fund Installment. Any such Term Bond so purchased and any Term Bonds purchased by any Applicable Participant and delivered to the Trustee in accordance with any Loan Agreement shall be cancelled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to DASNY. The principal amount of such Term Bond so cancelled shall be credited against the principal payment due on the Applicable Loan with respect to such Sinking Fund Installment on such first day of July; provided that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given.

(Section 5.05)

Debt Service Fund

The Trustee shall on or before the Business Day preceding each interest payment date for Bonds of an Applicable Series pay, from each of the respective Debt Service Accounts of the Debt Service Fund, to itself and any other Paying Agent for the benefit of the Bondholders:

(i) the interest due on all Outstanding Bonds of an Applicable Series on such interest payment date;

(ii) the principal amount due on all Outstanding Bonds of an Applicable Series on such interest payment date;

(iii) the Sinking Fund Installments, if any, due on all Outstanding Bonds of an Applicable Series on such interest payment date; and

(iv) moneys required for the redemption of Bonds of an Applicable Series in accordance with the Resolution.

The amounts paid out pursuant to the provisions of the Resolution summarized herein shall be irrevocably pledged to and applied to such payments. Contribution Amounts with respect to an Applicable Participant and Applicable Loan shall be applied only to the payment of such Participant's Allocable Portion of the principal and Sinking Fund Installments due on Outstanding Bonds of an Applicable Series pursuant to subdivision (ii), (iii) and (iv) above.

(Section 5.06)

Application of Moneys in the Debt Service Fund for Redemption of Bonds.

Moneys delivered to the Trustee, which by the provisions of the Applicable Loan Agreement, the Applicable Series Resolution or the Resolution are to be applied to the redemption of a Participant's Allocable Portion of a Series of Bonds, shall upon receipt by the Trustee be deposited to the credit of the Applicable Debt Service Account in the Debt Service Fund for such purpose.

In accordance with the Resolution, in the event that on any interest payment date the amount in any Debt Service Account of the Debt Service Fund, exclusive of amounts therein deposited for the redemption of the Applicable Series of Bonds, shall be less than the amounts respectively required for payment of an Applicable Participant's Allocable Portion of interest on such Outstanding Bonds, for the payment of an Applicable Participant's Allocable Portion of principal of such Outstanding Bonds or for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date, the Trustee shall apply moneys in the Applicable Debt Service Account of the Debt Service Fund deposited therein for the redemption of such Bonds (other than moneys required to pay the Redemption Price of any such Outstanding Bonds theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) *first*, to the payment of interest on such Bonds, and, *second*, to the payment of the principal or Sinking Fund Installments of such Bonds, respectively.

Subject to the provisions of the preceding paragraph, moneys in the Debt Service Fund to be used for redemption of Bonds of an Applicable Series shall be applied by the Trustee to the purchase of such Outstanding Bonds at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as DASNY shall direct.

Notwithstanding the provisions of the preceding paragraph, if the amount in a Debt Service Account (other than moneys on deposit therein required to pay the Applicable Participant's Allocable Portion of the Redemption Price of any Outstanding Bonds of the Applicable Series theretofore called for redemption or to pay such Applicable Participant's Allocable Portion of the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) shall at any time be sufficient to make provision for the payment of the Allocable Portion of the Outstanding Bonds of an Applicable Series relating to such Applicable Participant's Loan at the maturity or redemption date thereof, DASNY may request the Trustee to take such action as is required by the Resolution to deem certain of such Bonds or portions thereof to have been paid within the meaning of the Resolution. The Trustee, upon receipt of such request, the irrevocable instructions required by the Resolution and irrevocable instructions of DASNY to purchase Defeasance Obligations sufficient to make any deposit required thereby, shall comply with such request.

(Section 5.07)

Debt Service Reserve Fund

(a) The Debt Service Reserve Fund shall be maintained at an amount equal to the Debt Service Reserve Fund Requirement established therefor in the Bond Series Certificate. The Trustee shall deposit to the credit of each account established in the Debt Service Reserve Fund such proceeds of the sale of the Series 2023A Bonds or Permitted Investments in an amount sufficient to satisfy each Applicable Series 2023A Participant's Allocable Portion of the Debt Service Reserve Fund Requirement as set forth in the Applicable Bond Series Certificate. An Applicable Series 2023A Participant's Allocable Portion of a Debt Service Reserve Fund, together with any interest thereon, shall be replenished in accordance with the Applicable Loan Agreement following application thereof pursuant to paragraph (b) below.

In lieu of or in substitution for moneys or Permitted Investments otherwise required to be deposited in the Debt Service Reserve Fund, DASNY may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Series 2023A Bonds for all or any part of the Debt Service Reserve Fund Requirement or any Applicable Series 2023A Participant's Allocable Portion thereof; provided that if such Reserve Fund Facility consists of a surety bond or insurance policy, any such Reserve Fund Facility shall be issued by an insurance company or association duly authorized to do business in the State (i) the claims paying ability of which is rated the highest rating accorded by a nationally recognized insurance rating agency or (ii) obligations supported by a Reserve Fund Facility issued by such company or association are rated at the time such Reserve Fund Facility is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category by Moody's and S&P or, if Outstanding Bonds of a Series are not rated by Moody's and S&P by whichever of said rating services that then rates Outstanding Bonds; and provided, further, that if the Reserve Fund Facility consists of a Letter of Credit, such Letter of Credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a Letter of Credit issued by such person, are rated at the time such Letter of Credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating category by Moody's and S&P or, if the Outstanding Series 2023A are not rated by Moody's and S&P by whichever of said rating services that then rates the Outstanding Series 2023A Bonds.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of the Debt Service Reserve Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to DASNY to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, and (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to DASNY.

Each Reserve Fund Facility shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without (i) if the Reserve Fund Facility consists of a Letter of Credit, drawing upon the Letter of Credit, or (ii) if the Reserve Fund Facility consists of a surety bond or insurance policy, obtaining payment under such surety bond or insurance policy.

For the purposes of this section and, in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

Except as otherwise provided in the Resolutions, moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Applicable Debt Service Account of the Debt Service Fund and applied in accordance with the Resolution.

If, upon a valuation, the value of all moneys, Permitted Investments and Reserve Fund Facilities held for the credit of an Applicable Series 2023A Participant's Allocable Portion of a Debt Service Reserve Fund is less than such Applicable Series 2023A Participant's Allocable Portion of the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify DASNY, each Applicable Facility Provider and the Applicable Series 2023A Participant of such deficiency. Such Applicable Series 2023A Participant shall, as soon as practicable, but in no event later than five (5) days after receipt of such notice, deliver to the Trustee money or Permitted Investments the value of which is sufficient to increase the Applicable Series 2023A Participant's Allocable Portion of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

(b) In the event that on the fourth (4th) Business Day preceding any interest payment date the amount on deposit in an Applicable Debt Service Account of a Debt Service Fund shall be insufficient to pay the Applicable Series 2023A Participant's Allocable Portion of, respectively, interest on the Outstanding Series 2023A Bonds, principal of such Outstanding Bonds, Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall transfer funds from the Applicable Debt Service Reserve Account of the Debt Service Reserve Fund to the Applicable Debt Service Account of the Debt Service Fund in such amounts as shall be necessary to provide for such payments. The Trustee shall notify each Applicable Facility Provider, if any, of any withdrawal from the Debt Service Reserve Fund.

A Series 2023A Participant's Allocable Portion of the Debt Service Reserve Fund shall also be applied to the extraordinary mandatory redemption of the Allocable Portion of the Series 2023A Bonds upon the acceleration of such Series 2023A Participant's Loan pursuant to the Applicable Loan Agreement.

Upon the exercise by a Series 2023A Participant of its option to prepay its Loan under the Applicable Loan Agreement and upon final maturity of a Participant's Allocable Portion of the Series 2023A Bonds, the Trustee shall transfer such Applicable Participant's Allocable Portion of the Debt Service Reserve Fund to the Applicable Debt Service Account of the Debt Service Fund for application to payment of the portion of principal of and interest on the Applicable Subseries of Series 2023A Bonds which (i) which correspond to the principal of and interest on the Loan so prepaid or (ii) so maturing.

(c) The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of DASNY, (iii) upon the request of a Series 2023A Participant, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to the Series 2023A Resolution or the Resolution, shall compute the value of the assets in the Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify DASNY and such Series 2023A Participant as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement.

(Sections 5.03, 5.04 and 5.05 of the Series 2023A Resolution)

Arbitrage Rebate Fund

The Trustee shall deposit to the Applicable Account in the Arbitrage Rebate Fund any moneys delivered to it by each of the Applicable Participants for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of DASNY, moneys on deposit in any other funds held by such Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of DASNY to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as DASNY shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which DASNY determines to be in excess of the amount required to be so rebated shall be deposited to the Debt Service Fund in accordance with the directions of DASNY.

If and to the extent required by the Code, DASNY shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to an Applicable Series of Bonds and direct the Trustee to (i) transfer from the Applicable Account of any other of the funds held by the Trustee under and deposit to the Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States or America the amount, if any, required by the Code to be rebated thereto.

(Section 5.08)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if, upon the computation of assets in the Applicable Debt Service Account of the Debt Service Fund, the Applicable Project Loan Account of the Project Loan Fund and of an Applicable Participant's Allocable Portion of the Debt Service Reserve Fund, if applicable, the amounts held therein are sufficient to pay the principal or Redemption Price of a Participant's Allocable Portion of all Outstanding Bonds of the Applicable Series and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds shall be redeemable, the Trustee shall so notify DASNY and the Applicable Participant. Upon receipt of such notice, DASNY may request the Trustee to redeem Outstanding Bonds of the Applicable Series in an amount which corresponds to such Participant's Allocable Portion thereof. The Trustee shall, upon receipt of such request in writing by DASNY, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds hereby and by the Applicable Series Resolution as provided in Article IV hereof.

(Section 5.09)

Security for Deposits

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of DASNY and the Holders of a Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; *provided, however*, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with it or them pursuant to the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on a Series of Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions hereof as an investment of such moneys.

(Section 6.01)

Investment of Funds and Accounts

(a) Money held under the Resolution by the Trustee, and, if there is an Event of Default, under an Applicable Loan Agreement, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of DASNY given or confirmed in writing (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; *provided, however,* that each such investment shall permit the money so deposited or invested to be available for use at the times at which DASNY reasonably believes such money will be required for the purposes hereof.

(b) Except as may be otherwise provided in a Series Resolution, in lieu of the investment of moneys in obligations authorized in paragraph (a) above, the Trustee shall, to the extent permitted by law, upon direction of DASNY given or confirmed in writing, invest moneys in the Project Loan Fund and the Debt Service Reserve Fund, if applicable, and any account held therein in any Permitted Investment; *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which DASNY reasonably believes such money will be required for the purposes hereof, *provided, further*, that (a) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (b) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of DASNY, and (c) the Permitted Collateral shall be free and clear of claims of any other person.

(c) Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(d) Except as may otherwise be provided in a Series Resolution, in computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund, if any, shall be valued at par or the cost thereof, plus accrued interest, whichever is lower.

(e) Notwithstanding anything in the Resolution to the contrary, DASNY, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant the Resolution and the proceeds thereof may be reinvested as provided in the Resolution summarized herein. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise DASNY and the Applicable Participants in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account hereunder and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

(f) Except with respect to Bonds the interest on which was intended to be included in gross income under Section 103 of the Code, no part of the proceeds of a Series of Bonds or any other funds or accounts of DASNY shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(Section 6.02)

Creation of Liens

Except as may otherwise be provided in the Resolution or in an Applicable Series Resolution, DASNY shall not create or cause to be created any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Series of Bonds, the Revenues pledged for such Series of Bonds, the rights of DASNY to receive payments to be made under the Applicable Loan Agreement that are to be deposited with the Trustee, the Applicable Pledged Revenues (subject to Prior Pledges) or the funds and accounts established by the Resolution and pursuant to the Applicable Series Resolution which are pledged by the Resolution; *provided, however*, that nothing contained in the Resolution shall prevent DASNY from issuing bonds, notes or other obligations under other and separate resolutions so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Participants

DASNY shall take all legally available action to cause each of the Participants to perform fully all duties and acts and comply fully with the covenants of such Participant required by the respective Loan Agreements in the manner and at the times provided in such Loan Agreements; *provided, however*, that DASNY may delay, defer or waive enforcement of one or more provisions of said Loan Agreements (other than provisions requiring the payment of moneys or the delivery of securities to the Trustee for deposit to any fund or account established under the Resolutions) if DASNY determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of a Series.

(Section 7.07)

Amendment of Loan Agreements

A Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds of the Applicable Series in any material respect without the prior written consent of the Holders of at least a majority in aggregate principal amount of the Bonds of such Applicable Series then Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of the Applicable Series remain Outstanding the consent of the Holders of such Bonds shall not be required; and *provided, further*, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Applicable Participant under such Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to this paragraph by the Holders of Bonds shall, except as otherwise provided in the paragraphs summarized herein, be given in the same manner required by for amendments to the Resolution.

Except as otherwise provided in under this heading "*Amendment of Loan Agreements*," a Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds of the Applicable Series or the Trustee. Specifically, and without limiting the generality of the foregoing, a Loan Agreement may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds of the Applicable Series (i) to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of a Project or which may be added to such Project or the issuance of Bonds, or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in any Loan Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in such Loan Agreement. Upon execution by DASNY of any amendment, a copy thereof certified by DASNY shall be filed with the Trustee.

For the purposes of this section entitled "*Amendment of Loan Agreements*," Outstanding Bonds of the Applicable Series shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Applicable Loan Agreement if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of the Applicable Series would be adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on DASNY and all Holders of such Bonds. For all purposes of this section entitled "*Amendment of Loan Agreements*," the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee with respect to whether any amendment, change, modification or alteration adversely affects the interests of any Holders of Bonds of the Applicable Series then Outstanding.

(Section 7.11)

Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, DASNY may adopt at any time or from time to time a Supplemental Resolution for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of DASNY:

(a) To add additional covenants and agreements of DASNY for the purpose of further securing the payment of the Bonds of Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution or in the Applicable Series Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by DASNY which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon DASNY by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by the provisions of, the Resolution, or any Series Resolution, the Revenues, or any pledge of any other moneys, securities or funds;

(e) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of an Applicable Series Outstanding as of the date of adoption of such Supplemental Resolution and affected thereby shall cease to be Outstanding, and all Bonds of such Series issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Holders of Bonds of a Series in any material respect.

(Section 9.02)

Supplemental Resolutions Effective With Consent

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Holders of the affected Series of Bonds in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of DASNY.

(Section 9.03)

Powers of Amendment

Any modification or amendment of the Resolution or of any Series Resolution that modifies or amends the rights and obligations of DASNY and the Holders of the Bonds of a Series under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding of such Series affected thereby at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of the Applicable Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of a Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on DASNY and all Holders of the Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of a particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

(Section 10.01)

Consent of Bondholders

DASNY may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of the Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed or caused to be mailed by the Trustee at the direction of DASNY to such Bondholders (but failure to mail such copy to any particular Bondholder shall not affect the validity of such Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of the Series specified in the provisions of the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by DASNY in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon DASNY and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with DASNY that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee. Any consent given by and a Holder of Bonds of a Series shall be binding upon such Holder giving such consent and, anything in the Resolution hereof to the contrary notwithstanding, upon any such subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Bondholder giving such consent or such subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with DASNY to the effect that no revocation thereof is on file with the Trustee. At any time after such Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Resolution, the Trustee shall make and file with DASNY a written statement that such Holders have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that such Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by DASNY on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of the Applicable Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Trustee at the direction of DASNY by mailing or causing the mailing of such notice to the Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding) and, in the sole discretion of DASNY, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds shall have filed their consents to such Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). If such notice is published, the Trustee shall file with DASNY proof of the publication thereof, and, if the same shall have been mailed to the Holders of such Bonds, of the mailing thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon DASNY, the Trustee, the Applicable Paying Agent, the Holders of such Series of Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; *provided, however*, that DASNY, the Trustee and the Applicable Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of these provisions of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters or remarketing agent for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; *provided, however*, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series.

(Section 10.02)

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an "Event of Default") if:

(a) with respect to a Series of Bonds, payment of (i) an installment of interest on any Bond shall not be made by DASNY when the same shall become due and payable; or (ii) the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by DASNY when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; *provided, however*, if the failure to make any such payment is caused by a failure of an Applicable Participant to timely pay its Allocable Portion of the principal, Sinking Fund Installments or Redemption Price of or interest on the Bonds pursuant to the terms of the Allocable Loan Agreement, then it shall be an event of default under the Resolution only with respect to the Defaulted Allocable Portion of such Series of Bonds Outstanding, as identified by the Trustee using the method for selection of Bonds upon an extraordinary mandatory redemption thereof set forth in the Resolution; or

(b) with respect to a Series of Bonds, DASNY shall default in the due and punctual performance of its tax covenants contained in the Resolutions with the result that the interest on the a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(c) with respect to a Series of Bonds, DASNY shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the Holders of such Bonds contained in the Resolution or in the Bonds of such Series or in the Applicable Series Resolution on the part of DASNY to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to DASNY by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series, or if such default is not capable of being cured within thirty (30) days, if DASNY fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

(d) with respect to a Series of Bonds, an "Event or Default" (as defined in each Loan Agreement), shall have occurred and is continuing under an Applicable Loan Agreement and all sums payable by the Applicable Participant under the Applicable Loan shall have been declared to be immediately due and payable, which declaration shall not have been annulled; *provided, however*, that such "Event of Default" under an Applicable Loan Agreement shall constitute an event of default under the Resolution only with respect to the Defaulted Allocable Portion of such Series of Bonds Outstanding, as identified by the Trustee using the method for selection of Bonds upon an extraordinary mandatory redemption thereof set forth in the Resolution.

An event of default under the Resolution in respect of a Series of Bonds shall not in and of itself be or constitute an event of default in respect of any other Series of Bonds.

An event of default shall not be deemed to have occurred pursuant to paragraph (a) under the caption "*Events of Default*" above solely as a result of (i) payments made to Bondholders from draws under a Reserve Fund Facility, which draws remain unreimbursed, or (ii) payments made to Bondholders of less than all of the principal of and interest on the Defaulted Allocable Portion of the Outstanding Bonds of an Applicable Series following (A) an acceleration of such Defaulted Allocable Portion of the Applicable Series of Bonds pursuant to the Resolution or (B) the extraordinary mandatory redemption of such Defaulted Allocable Portion of the Applicable Series of Bonds pursuant to the Resolution, and, in each case, the application by the Trustee of all funds available for the payment thereof pursuant to the provisions summarized below under the caption "*Limitation on Revenues and Security Available for Payments After Certain Defaults; Priority of Payments After Default; Cancellation and Replacement of Certain Bonds.*"

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in paragraph (a) under the caption "Events of Default" above resulting from an Applicable Participant's failure to timely pay its Allocable Portion of the Bonds of the Applicable Series pursuant to the Applicable Loan Agreement, or an event of default specified in paragraphs (b) or (d) under the caption "Events of Default" above, then and in every such case the Trustee shall, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series, by a notice in writing to DASNY, declare the principal of and interest on the Outstanding Bonds of such Applicable Series to be due and payable immediately. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Applicable Series Resolution or in the Bonds of such Applicable Series to the contrary notwithstanding. At any time after the principal of the Bonds of such Applicable Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series, by written notice to DASNY, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Applicable Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and Applicable Paying Agent incurred in connection with such Applicable Series of Bonds; (iii) all other amounts then payable by DASNY under the Resolution in connection with such Applicable Series of Bonds and under the Applicable Series

Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of such covenant, condition or agreement contained in the Resolution or in the Applicable Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration made under the provisions summarized in this paragraph) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the happening and continuance of an event of default specified in paragraph (a) under the caption "Events of Default" above resulting from a failure of an Applicable Participant to timely pay its Allocable Portion of the Bonds of the Applicable Series pursuant to the Applicable Loan Agreement, or upon the happening and continuance of an event of default specified in paragraph (d) under the caption "Events of Default" above, then and in every such case the Trustee shall, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Defaulted Allocable Portion of the Outstanding Bonds of the Applicable Series, by a notice in writing to DASNY, declare the principal of and interest on the Defaulted Allocable Portion of the Outstanding Bonds of such Applicable Series to be due and payable immediately. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Applicable Series Resolution or in the Bonds of such Applicable Series to the contrary notwithstanding. At any time after the Defaulted Allocable Portion of the principal of the Bonds of such Applicable Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Defaulted Allocable Portion of the Outstanding Bonds of the Applicable Series, by written notice to DASNY, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Applicable Debt Service Account or Accounts of the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Defaulted Allocable Portion of the Outstanding Bonds of such Applicable Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and Applicable Paying Agent incurred in connection with such Defaulted Allocable Portion of such Applicable Series of Bonds; (iii) all other amounts then payable by DASNY under the Resolution in connection with such Defaulted Allocable Portion of the Applicable Series of Bonds and under the Applicable Series Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of such covenant, condition or agreement contained in the Resolution or in the Applicable Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration made under the provisions summarized in this paragraph) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee may proceed, and (i) upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of an Applicable Series, or principal amount of the Defaulted Allocable Portion of the Outstanding Bonds of an Applicable Series, as applicable, or (ii) in the case of an event of default specified in paragraph (b) under the caption "*Events of Defaults*" above, upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds of an Applicable Series affected thereby, the Trustee shall proceed (subject to the provisions of the Resolution), to protect and enforce its rights and the rights of the Holders of Bonds of such Applicable Series under the Resolution or under the Applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under such Applicable Series Resolution or in aid or execution of any power in the Resolution or in the Applicable Series Resolution granted, or for an accounting against DASNY as if DASNY were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the foreclosure of any Applicable Mortgage assigned to the Trustee pursuant to the provisions of the Resolution summarized herein.

In the enforcement of any remedy under the Resolution and under an Applicable Series Resolution, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from DASNY for principal or interest or otherwise under any of the provisions of the Resolution or of an Applicable Series Resolution or of an Applicable Series of Bonds, with interest or overdue payment of the principal of and interest on such Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolution and under any Applicable Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against DASNY but solely as provided in the Resolution, in the Applicable Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in the manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

Limitation on Revenues and Security Available for Payments After Certain Defaults; Priority of Payments After Default; Cancellation and Replacement of Certain Bonds

(a) Notwithstanding any provision of the Resolution to the contrary, upon the happening and continuance of an event of default specified in paragraph (a) under the caption "*Events of Defaults*" above resulting from a failure of an Applicable Participant to timely pay its Allocable Portion of the Applicable Series of Bonds pursuant to the Applicable Loan Agreement, or upon the happening and continuance of an event of default specified in paragraph (d) under the caption "*Events of Defaults*" above, then and in every such case, payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Defaulted Allocable Portion of the Applicable Series of Bonds (either by their terms, by acceleration of maturity or by the extraordinary mandatory redemption thereof) shall be limited solely to (i) the Revenues received or receivable by DASNY pursuant the defaulting Participant's Applicable Loan Agreement, including the such Participant's Pledged Revenues and other amounts derived from the exercise of any remedies under the Applicable Loan Agreement and the realization of any security or collateral granted by such defaulting Participant as security for its Applicable Loan, and (ii) moneys and securities on deposit in the Applicable Accounts of the funds authorized hereby and established pursuant to the Applicable Series Resolution for the payment of such defaulting Participant's Allocable Portion of the Applicable Series of Bonds (other than any Account in the Arbitrage Rebate Fund), and the Holders of such Defaulted Allocable Portion of the Applicable Series of Bonds shall have no right to any payments from any other Revenues or any other funds held by the Trustee hereunder for the payment of such Series of Bonds.

(b) Subject to paragraph (a) above, if at any time the moneys held by the Trustee in the funds and accounts under the Resolution and under an Applicable Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of a Series as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after payment of all amounts owing to the Trustee hereunder) as follows:

(i) Unless the principal of all the Bonds of a Series has become or been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of such maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in such Bonds; or

SECOND: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all of such Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds of a Series or the principal of all of the Defaulted Allocable Portion of the Bonds of a Series shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds or Defaulted Allocable Portion of such Bonds, as the case may be, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in said Bonds.

These provisions summarized above are in all respects subject to the provisions of the Resolution.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Resolution summarized herein, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for application in accordance with the provisions of this section shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to DASNY, to any Holder of Bonds of a Series or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

(c) Notwithstanding any other provision in the Resolution to the contrary, if, following the exercise of all remedies available to the Trustee under the Resolution and the realization on all security and collateral pledged for the payment of a Defaulted Allocable Portion of the Outstanding Bonds of an Applicable Series, moneys derived from the sources specified in paragraph (a) above are available to pay only a portion of the principal and interest due on the Defaulted Allocable Portion of such Bonds upon the extraordinary mandatory redemption or acceleration thereof pursuant to the Resolution, then in each and every case, after application by the Trustee of all available moneys to the partial payment of the Defaulted Allocable Portion of such Bonds in accordance with the Resolution, (i) the Defaulted Allocable Portion of such Bonds shall be cancelled with the same effect as if paid in full and the event of default shall be deemed cured, (ii) all obligations of DASNY and the Trustee under the Resolution and the Applicable Series Resolution with respect to the Defaulted Allocable Portion of such Bonds shall be deemed to have been discharged and satisfied, and (iii) the Holders of the Defaulted Allocable Portion of such Bonds shall no longer be entitled to the benefits of the Resolution and the Applicable Series Resolution by virtue of their ownership of the Defaulted Allocable Portion of such Bonds. Upon payment and/or cancellation of a Defaulted Allocable Portion of the Outstanding Bonds of an Applicable Series, DASNY shall execute and the Trustee shall authenticate a new Bond or Bonds in a principal amount equal to the Outstanding principal amount of the Bonds of such Applicable Series and maturity less the principal amount of the Defaulted Allocable Portion thereof so paid and/or cancelled.

(Section 11.05)

Bondholders' Direction of Proceedings.

Anything in the Resolution to the contrary notwithstanding, the Holders of (i) not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series or the principal amount of the Defaulted Allocable Portion of the Outstanding Bonds of a Series, as applicable, in the case of an event of default specified in paragraphs (a), (c) or (d) under the caption "*Events of Default*" above, or (ii) a majority in principal amount of the Outstanding Bonds of a Series affected thereby, in the case of an event of default specified in paragraph (b) under the caption "*Events of Default*" above, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under Applicable Series Resolution, provided, such direction shall not be otherwise than in accordance with law or the provisions of the Resolution and of Applicable Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution or under any Series Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of (i) not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds of a Series, in the case of an event of default specified in paragraphs (a) or (c) under the caption "*Events of Default*" above, (ii) a majority in principal amount of the Outstanding Bonds of a Series, in the case of an event of default specified in paragraph (b) under the caption "Events of Default" above, or (iii) not less than twenty five per centum (25%) in principal amount of the Defaulted Allocable Portion of the Outstanding Bonds of a Series, in the case of an event of default specified in paragraph (d) under the caption "Events of Default" above, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are by the Resolution declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and at equity and in law. It is understood and intended that no one or more Holders of the Bonds of a Series secured by the Resolution and by a Series Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of a Series shall have the right which is absolute and unconditional to receive payment of the principal of (or Redemption Price, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

(a) If DASNY shall pay or cause to be paid to the Holders of the Bonds of a Series or any portion thereof the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the Applicable Series Resolution and Applicable Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Series of Bonds or any portion thereof and all other rights granted by the Resolution to such Series of Bonds or any portion thereof shall be discharged and satisfied. In such event, the Trustee shall, upon the request of DASNY, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by DASNY, and all moneys or other securities held by it pursuant to the Resolution and to the Applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series or any portion thereof not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: *first*, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of DASNY; *second*, to each Applicable Facility Provider which has certified to the Trustee and DASNY that moneys advanced under a Reserve Fund Facility together with any interest thereon have not been repaid, pro rata, based upon the respective amounts certified by each such Applicable Facility Provider; *third*, to DASNY the amount certified by DASNY to be then due or past due pursuant to an Applicable Loan Agreement for fees and expenses of DASNY or pursuant to any indemnity; and, *fourth*, the balance thereof to the Applicable Participants, as directed in writing by DASNY. Such moneys or securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution, by the Applicable Series Resolution or by an Applicable Loan Agreement.

(b) Notwithstanding any provision of the Resolution to the contrary, if any Participant shall have prepaid its respective Loan pursuant to the Applicable Loan Agreement and in accordance therewith shall pay or cause to be paid its Allocable Portion of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on the Applicable Series of Bonds or portions thereof at the times and in the manner stipulated therein, in the Resolution, and in the Applicable Series Resolution and the Applicable Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged with respect to such Loan or any portion thereof and all other rights granted under the Applicable

Loan Agreement and any Mortgage or security interest relating thereto shall be discharged and satisfied; provided that the moneys used for such prepayment shall not constitute an avoidable transfer under Section 547 of the United States Bankruptcy Code, as amended, in the event of a bankruptcy by such Participant. Moneys derived from a refunding, borrowed from a third party financial institution or set aside by the Participant for such purpose in a segregated account for at least 124 days and not commingled with any other moneys of the Participant shall be deemed to be moneys that do not constitute an avoidable transfer under Section 547 of the Bankruptcy Code. In such event, the Trustee shall, upon the request of DASNY, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Participant and DASNY, and all moneys or other securities held by the Trustee pursuant to the Resolution and to the Applicable Series Resolution which are not required for the payment or redemption of the Participant's Allocable Portion of the Bonds of such Applicable Series to be defeased or any portion thereof not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: *first*, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of DASNY; *second*, to each Applicable Facility Provider which has certified to the Trustee and DASNY that moneys advanced under a Reserve Fund Facility which constitutes any part of such Participant's Allocable Portion of the related Debt Service Reserve Fund, if any, together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Applicable Facility Provider; *third*, to DASNY the amount certified by DASNY to be then due or past due pursuant to the Applicable Loan Agreement relating to the Applicable Loan to be prepaid for fees and expenses of DASNY or pursuant to any indemnity; and, *fourth*, the balance thereof to such Participant. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution, by the Applicable Series Resolution or by the Applicable Loan Agreement.

(c) Bonds of a Series or any portion thereof for which moneys shall have been set aside and shall be held in trust by the Trustee for the payment or redemption thereof (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraphs (a) or (b) above. All Outstanding Bonds of a Series or portions thereof or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraphs (a) or (b) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, DASNY shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, any moneys or securities deposited pursuant to the provisions of this paragraph (c) shall be held by the Trustee in separate trust accounts established with respect to each Applicable Loan prepaid under the Resolution, (iii) the Trustee shall have received the consent to each deposit of each Applicable Facility Provider which has issued a Reserve Fund Facility which constitutes any part of such Participant's Allocable Portion of the related Debt Service Reserve Fund, if any, and which has given written notice to DASNY that amounts advanced thereunder or the interest thereon have not been paid to such Applicable Facility Provider, and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, DASNY shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of such Bonds at their respective last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of DASNY, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this paragraph (c) and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. DASNY shall give written notice to the Trustee of its selection of the maturity for which payment shall be made in accordance with the Resolution. The Trustee shall select which Bonds of such Series and which maturity thereof shall be paid in accordance with the Resolution in the manner provided therein. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; *provided, however*, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be; *provided, further*, that money and Defeasance Securities may be withdrawn and used by DASNY for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amount required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: *first*, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of DASNY; *second*, to each Applicable Facility Provider who has certified to the Trustee and DASNY that moneys advanced under a Reserve Fund Facility issued by it which constitutes any part of such Participant's Allocable Portion of the related Debt Service Reserve Fund, if any, together with any interest thereon, have not been repaid, pro rata, based upon the respective amounts certified by each such Facility Provider; *third*, to DASNY the amount certified by DASNY to be then due or past due pursuant to the Applicable Loan Agreement for fees and expenses of DASNY or pursuant to any indemnity; and, *fourth*, the balance thereof to the Applicable Participants, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Applicable Loan Agreement.

(d) Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds of a Series which remain unclaimed for two (2) years after the date when such moneys become due and payable, upon such Bonds either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when such Bonds become due and payable, shall at the written request of DASNY, be repaid by the Trustee or Paying Agent to DASNY as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds of such Series shall look only to DASNY for the payment of such Bonds; *provided, however*, that, before being required to make any such payment to DASNY, the Trustee or Paying Agent may, at the expense of DASNY, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to DASNY.

(Section 12.01)

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

DORMITORY AUTHORITY OF THE STATE OF NEW YORK INTERAGENCY COUNCIL POOLED LOAN PROGRAM REVENUE BONDS, SERIES 2023A

PARTICIPANT: [Participant]

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the "Disclosure Agreement"), dated as of July 27, 2023 is executed and delivered by the Participant identified above (the "Obligated Person"), The Bank of New York Mellon, as Trustee (the "Trustee") and Digital Assurance Certification, L.L.C. ("DAC"), as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the "Issuer" or "DASNY") and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute "advice" within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC is not obligated hereunder to provide any advice or recommendation to the Obligated Person or anyone on the Obligated Person's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

"Disclosure Representative" means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Obligated Person's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the

Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"Issuer" means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

"Program Facilitator" means the InterAgency Council of Developmental Disabilities Agencies, Inc.

"Resolution" means DASNY's bond resolution(s) pursuant to which the Bonds were issued.

"Trustee" means The Bank of New York Mellon and its successors and assigns.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 180 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending [_], 202[_] such date and each anniversary thereof, the "Annual Filing Date." Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access ("EMMA") System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Program Facilitator, to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. Principal and interest payment delinquencies;

2. Non-Payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, IRS notices or events affecting the tax-exempt status of the securities;

7. Modifications to rights of securities holders, if material;

8. Bond calls, if material;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Ratings changes;

12. Tender offers;

13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

14. Merger, consolidation, or acquisition of the Obligated Person, if material;

15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;

16. Incurrence of a Financial Obligation, if material; and

17. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation reflecting financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data;"

(viii) provide the Obligated Person and the Program Facilitator evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall contain the information set forth in Exhibit D hereto, together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

7. Modifications to rights of the security holders, if material;

8. Bond calls, if material;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Tender offers;

13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

    Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee, the Program Facilitator and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Obligated Person is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC’s services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders’ rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive the resignation or removal of the Disclosure Dissemination Agent and the defeasance, redemption or payment in full of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. <u>No Issuer or Trustee Responsibility</u>.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement (other than, with respect to the Trustee only, those notices required under Section 4 hereof) and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures (other than, with respect to the Trustee only, those notices required under Section 4 hereof). DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent; and

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page intentionally left blank]

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:______________________________
Name:___________________________
Title:____________________________

[PARTICIPANT],
Obligated Person

By:______________________________
Name:___________________________
Title:____________________________

THE BANK OF NEW YORK MELLON,
as Trustee

By:______________________________
Name:___________________________
Title:____________________________

[Signature Page]

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Dormitory Authority of the State of New York
Obligated Person(s):	[Participant]
Name of Bond Issue:	InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A
Date of Issuance:	July 27, 2023
Date of Official Statement:	July 12, 2023

Maturity	CUSIP No.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Dormitory Authority of the State of New York
Obligated Person(s):	[Participant]
Name of Bond Issue:	InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A
Date of Issuance:	July 27, 2023

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of July 27, 2023, by and among the Obligated Person, The Bank of New York Mellon, as Trustee, and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____________[if known].

Dated:______________________________

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

____

cc: Obligated Person
Program Facilitator

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

____

Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

Description of Notice Events (Check One):

1.______"Principal and interest payment delinquencies;"
2.______"Non-Payment related defaults, if material;"
3.______"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4.______"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5.______"Substitution of credit or liquidity providers, or their failure to perform;"
6.______"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7.______"Modifications to rights of securities holders, if material;"
8.______"Bond calls, if material;"
9.______"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Tender offers;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;" and
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16.____"Incurrence of a Financial Obligation of the obligated person, if material;"
17.____"Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

____

Name: ____________________________________Title: ____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of ____________ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

____

Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1.______"amendment to continuing disclosure undertaking;"
2.______"change in obligated person;"
3.______"notice to investors pursuant to bond documents;"
4.______"certain communications from the Internal Revenue Service;"
5.______"secondary market purchases;"
6.______"bid for auction rate or other securities;"
7.______"capital or other financing plan;"
8.______"litigation/enforcement action;"
9.______"change of tender agent, remarketing agent, or other on-going party;"
10._____"derivative or other similar transaction;" and
11._____"other event-based disclosures."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

____

Name: ____________________________________Title: ____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Agreement to Provide Continuing Disclosure dated as of ____________ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

____

Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1.______"quarterly/monthly financial information;"
2.______"change in fiscal year/timing of annual disclosure;"
3.______"change in accounting standard;"
4.______"interim/additional financial information/operating data;"
5.______"budget;"
6.______"investment/debt/financial policy;"
7.______"information provided to rating agency, credit/liquidity provider or other third party;"
8.______"consultant reports;" and
9.______"other financial/operating data."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________________Title: ____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT D

FORM OF ANNUAL FINANCIAL INFORMATION

Name of Issuer:	Dormitory Authority of the State of New York
Obligated Person(s):	[Participant]
Name of Bond Issue:	InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A
Date of Issuance:	July 27, 2023
Date of Official Statement:	July 12, 2023
CUSIP Nos.	

Funding Sources. Funding sources for the Obligated Person's 20__ Fiscal Year were as follows:

Funding Source	Approx. % of Revenues
NYS Office for People with Developmental Disabilities	
NYS Department of Health	
NYS Education Department	
[list other sources]	

Debt Service Coverage.

Calculated in accordance with the requirements of the Loan Agreement between DASNY and the Obligated Person, the Total Debt Service Coverage Ratio for Fiscal Year 20__ is as follows:

Revenues
Expenses
Total Net Revenue

Less Extraordinary Revenue Items
Plus Extraordinary Expense Items
Plus Depreciation and Amortization
Plus Current Interest Expense

Total Net Revenues Available for Debt Service

Maximum Annual Debt Service

Total Debt Service Coverage Ratio

APPENDIX H

FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

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FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

Upon delivery of the Series 2023A Bonds,
Barclay Damon LLP, Co-Bond Counsel to DASNY,
proposes to issue its legal opinion in substantially the following form:

[__________], 2023

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We have examined the record of proceedings relating to the $27,735,000 aggregate principal amount of InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A (the "Series 2023A Bonds"), consisting of $22,240,000 Subseries 2023A-1 Bonds (the "Subseries 2023A-1 Bonds") and $2,495,000 Subseries 2023A-2 Bonds (Federally Taxable) (the "Subseries 2023A-2 Bonds") issued by the Dormitory Authority of the State of New York ("DASNY"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined).

The Series 2023A Bonds are issued under and pursuant to the Act and the InterAgency Council Pooled Loan Program Revenue Bond Resolution of DASNY adopted March 31, 2010, as supplemented (the "Resolution") and DASNY's Series 2023A Resolution Authorizing Up To $28,000,000 InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A adopted May 10, 2023 (the "Series 2023A Resolution" and, together with the Resolution, the "Resolutions"). The Series 2023A Bonds are being issued for the purposes set forth in the Resolutions.

DASNY has entered into separate Loan Agreements with each of Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc. (which shall be considered a single Series 2023A Participant), Developmental Disabilities Institute, Inc., General Human Outreach in the Community Incorporated, HASC Center, Inc., HeartShare Human Services of New York, Ohel Children's Home and Family Services, Inc. and Young Adult Institute, Inc. (collectively, the "Series 2023A Participants"), each dated as of May 10, 2023 (collectively, the "Loan Agreements"), providing, among other things, for loans to the Series 2023A Participants from the proceeds of the Series 2023A Bonds for the purposes permitted by the respective Loan Agreements and by the Resolutions.

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Subseries 2023A-1 Bonds in order that interest on the Subseries 2023A-1 Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the use of proceeds of the Subseries 2023A-1 Bonds and the facilities financed or refinanced by such proceeds, restrictions on the investment of such proceeds and other amounts and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with such requirements may cause interest on the Subseries 2023A-1 Bonds to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Subseries 2023A-1 Bonds irrespective of the date on which such noncompliance occurs. DASNY and each of the Series 2023 Participants, as applicable, have covenanted to comply with applicable requirements of the Code to assure the exclusion of interest on the Subseries 2023A-1 Bonds from gross income under Section 103 of the Code.

We are of the opinion that:

(1) DASNY is a body corporate and politic constituting a public benefit corporation of the State of New York with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2023A Bonds thereunder.

(2) The Resolution has been duly and lawfully adopted by DASNY. The Series 2023A Resolution has been duly and lawfully adopted by DASNY in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of DASNY enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien they purport to create upon the proceeds of the Series 2023A Bonds and the Revenues, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

(3) The Series 2023A Bonds have been duly and validly authorized and issued in accordance with the statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2023A Bonds are legal, valid and binding special obligations of DASNY payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled to the equal benefits of the Resolutions and the Act.

(4) The Series 2023A Bonds are not a debt of the State of New York, and the State of New York is not liable thereon. The Series 2023A Bonds are not payable out of the funds of DASNY other than those pledged for the payment of the Series 2023A Bonds.

(5) DASNY has the right and lawful authority and power to enter into the Loan Agreements. The Loan Agreements have each been duly authorized, executed and delivered by DASNY and, assuming due authorization, execution and delivery of the Loan Agreements by the respective Series 2023A Participants, constitute legal, valid and binding obligations of DASNY enforceable in accordance with their terms.

(6) Under existing law, interest on the Subseries 2023A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Furthermore, interest on the Subseries 2023A-1 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, for tax years beginning after December 31, 2022, interest on the Subseries 2023A-1 Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

In rendering the opinions set forth in paragraph (6) above, we have relied upon certain representations, certifications of fact, and statements of reasonable expectations made by DASNY, each of the Series 2023A Participants, as applicable, and others, and we have assumed compliance by DASNY and each of the Series 2023A Participants, as applicable, with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Subseries 2023A-1 Bonds from gross income under Section 103 of the Code. In the event of the inaccuracy or incompleteness of any such representations, certifications of fact or statements of reasonable expectations made by DASNY or any of the Series 2023A Participants, or of the failure by DASNY or any of the Series 2023A Participants to comply with any such covenants, the interest on the Subseries 2023A-1 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance and delivery of such Subseries 2023A-1 Bonds, regardless of the date on which the event causing such inclusion occurs. In addition, we have relied on the opinion of counsel to the Series 2023A Participants regarding, among other matters, the current status of the Series 2023A Participants as organizations described in Section 501(c)(3) of the Code. Further, although the interest on the Subseries 2023A-1 Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Subseries 2023A-1 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Subseries 2023A-1 Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

(7) Interest on the Subseries 2023A-2 Bonds is not excluded from gross income for federal income tax purposes.

(8) Under existing law, interest on the Series 2023A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York and the City of Yonkers).

We express no opinion regarding any other federal, state or local tax consequences with respect to the Series 2023A Bonds except as stated in paragraphs (6), (7) and (8) above. Our opinion speaks as of the date hereof and does not contain or provide any opinion or assurance regarding the future activities of DASNY, any Series 2023A Participant or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Subseries 2023A-1 Bonds from gross income for federal income tax purposes.

We have examined a fully executed Subseries 2023A-1 Bond and a fully executed Subseries 2023A-2 Bond and, in our opinion, the form of said Series 2023A Bonds and their execution are regular and proper.

The opinions contained in paragraphs (2), (3) and (5) above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreements and the Series 2023A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

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Upon delivery of the Series 2023A Bonds,
Lewis & Munday, A Professional Corporation, Co-Bond Counsel to DASNY,
proposes to issue its legal opinion in substantially the following form:

[__________], 2023

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We have examined the record of proceedings relating to the $27,735,000 aggregate principal amount of InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A (the "Series 2023A Bonds"), consisting of $22,240,000 Subseries 2023A-1 Bonds (the "Subseries 2023A-1 Bonds") and $2,495,000 Subseries 2023A-2 Bonds (Federally Taxable) (the "Subseries 2023A-2 Bonds") issued by the Dormitory Authority of the State of New York ("DASNY"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined).

The Series 2023A Bonds are issued under and pursuant to the Act and the InterAgency Council Pooled Loan Program Revenue Bond Resolution of DASNY adopted March 31, 2010, as supplemented (the "Resolution") and DASNY's Series 2023A Resolution Authorizing Up To $28,000,000 InterAgency Council Pooled Loan Program Revenue Bonds, Series 2023A adopted May 10, 2023 (the "Series 2023A Resolution" and, together with the Resolution, the "Resolutions"). The Series 2023A Bonds are being issued for the purposes set forth in the Resolutions.

DASNY has entered into separate Loan Agreements with each of Citizens Options Unlimited, Inc., Community Services Support Corporation and Nassau County AHRC Foundation, Inc. (which shall be considered a single Series 2023A Participant), Developmental Disabilities Institute, Inc., General Human Outreach in the Community Incorporated, HASC Center, Inc., HeartShare Human Services of New York, Ohel Children's Home and Family Services, Inc. and Young Adult Institute, Inc. (collectively, the "Series 2023A Participants"), each dated as of May 10, 2023 (collectively, the "Loan Agreements"), providing, among other things, for loans to the Series 2023A Participants from the proceeds of the Series 2023A Bonds for the purposes permitted by the respective Loan Agreements and by the Resolutions.

We are of the opinion that:

(1) DASNY is a body corporate and politic constituting a public benefit corporation of the State of New York with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2023A Bonds thereunder.

(2) The Resolution has been duly and lawfully adopted by DASNY. The Series 2023A Resolution has been duly and lawfully adopted by DASNY in accordance with the provisions of the

Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of DASNY enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien they purport to create upon the proceeds of the Series 2023A Bonds and the Revenues, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

(3) The Series 2023A Bonds have been duly and validly authorized and issued in accordance with the statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2023A Bonds are legal, valid and binding special obligations of DASNY payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled to the equal benefits of the Resolutions and the Act.

(4) The Series 2023A Bonds are not a debt of the State of New York, and the State of New York is not liable thereon. The Series 2023A Bonds are not payable out of the funds of DASNY other than those pledged for the payment of the Series 2023A Bonds.

(5) DASNY has the right and lawful authority and power to enter into the Loan Agreements. The Loan Agreements have each been duly authorized, executed and delivered by DASNY and, assuming due authorization, execution and delivery of the Loan Agreements by the respective Series 2023A Participants, constitute legal, valid and binding obligations of DASNY enforceable in accordance with their terms.

We have examined a fully executed Subseries 2023A-1 Bond and a fully executed Subseries 2023A-2 Bond and, in our opinion, the form of said Series 2023A Bonds and their execution are regular and proper.

The opinions contained in paragraphs (2), (3) and (5) above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreements and the Series 2023A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

APPENDIX I

COPIES OF THE CONDOMINIUM DECLARATION DOCUMENTS

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DECLARATION –DDI'S BIRCHWOOD DRIVE FACILITY

LIBER 7442 PAGE 492

DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED AT NEW YORK STATE ROUTE 112 (PATCHOGUE-PORT JEFFERSON HIGHWAY) IN THE TOWN OF BROOKHAVEN, SUFFOLK COUNTY, NEW YORK, PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK.

R. 7/16/73

R

Fee 73.00 Tax ____

Receipt # 67634

175

NAME: SAGAMORE HILLS CONDOMINIUM

SPONSOR: BIRCHWOOD CONDOMINIUM DEVELOPMENTS, INC.
410 E. Jericho Turnpike
Mineola, New York 11501

DATE OF DECLARATION JULY 16th, 1973

WOFSEY, CERTILMAN, HAFT, SNOW & BECKER
Attorneys for the Sponsor
55 Broad Street
New York, New York 10004

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PLAN OF CONDOMINIUM HOME OWNERSHIP

DECLARATION OF BIRCHWOOD CONDOMINIUM DEVELOPMENTS, INC.
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

In the Town of Brookhaven, County of Suffolk, and State of New York on this 16th day of July, 1973 Birchwood Condominium Developments, Inc., a corporation organized and existing under the laws of the State of New York, whose principal office and domicile is situated in the Town of Mineola, County of Nassau, State of New York, hereinafter referred to as the "Owner" represented in this Declaration by its President, Morris Sosnow, who is fully empowered and qualified to execute this Declaration on behalf of the said corporation, does hereby state:

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns the following property situated in the Town of Brookhaven, County of Suffolk and State of New York, being more particularly bounded and described as follows:

All that tract or parcel of land with the buildings and improvements thereon situate, located and lying in the Town of Brookhaven, County of Suffolk and State of New York, known and designated on a certain map entitled "Map of Oak Dale Farms" and Filed in the Office of the Clerk of the County of Suffolk on September 8, 1900 as Map No. 344 as and by Lot No. 190 and All that certain plot, parcel or piece of land with the buildings and improvements thereon situate, located in the Town of Brookhaven, County of Suffolk, State of New York, known and designated on a certain Map entitled "Map of Highland Park, Plate No. 11" and filed in the Office of the Clerk of the County of Suffolk on July 6, 1904 as Map No. 502 and refiled on January 15, 1932 as Map No. 1061 as and by Lots No. 1 to 324 inclusive being more particularly bounded and described as follows:

BEGINNING at a point on the Westerly side of Patchogue-Port Jefferson Highway, (New York State Route 112) distant 1300 feet, more or less, measured Northerly along the Westerly side of Patchogue-Port Jefferson Highway from the Northerly side of Industrial Road;

RUNNING THENCE from said point of beginning:

1) S87°03' 30" W, a distance of 393.09 Feet;
THENCE N82°58' 36" W, a distance of 1258.00 Feet;
THENCE N7°03' 35" E, a distance of 1119.46 Feet;
THENCE S82°58' 43" E, a distance of 1015.74 Feet;
THENCE S.11°24' 29" E, along the Westerly side of Patchogue-Port Jefferson Highway, a distance of 764.75 Feet, to the point or place of beginning.

Being and intended to be the same premises conveyed to Birchwood Condominium Developments, Inc. in Liber 7342, cp 198, by the National Birchwood Corporation. Being known as "Map of Sagamore Hills Condominium", filed 7-16-75 as Map No. 22 in the Office of the Clerk of Suffolk County.
Together with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof;
Together with the appurtenances and all the estate and rights of the party of the first part in and to said premises;

THIRD: Definitions

(a) The Owner of each Home is hereinafter referred to as the "Home Owner". Every Home Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common, or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Home Owner's vote referred to in paragraph EIGHTH of this Declaration.

(b) "One Family Occupancy" as hereinafter referred to shall be defined as residential occupancy by no more than four adults all related to one another as either brother, sister, stepbrother, stepsister, mother, father, husband, wife, daughter, son, stepdaughter, stepson together with any number of their children, all of whom are related to each other as brother or sister. The foregoing shall include adopted and foster children. Occupancy of the Home for professional or residential use, or a combination of both in accordance with applicable zoning regulations shall be deemed in accordance with one family occupancy whether or not such professional is also the occupant of the residential portion of the Home. Rental of the Home to any person shall be in accordance with such One Family Occupancy.

(c) A "Home" as hereinafter referred to shall be defined as follows: Each Ranch house and Townhouse Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the upper surface of the concrete forming the first floor of the Home up to the exterior surface of the sheetrock forming the ceiling of the Home. Each Garden Apartment Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the upper surface of the concrete forming the floor of the Home (or, in the case of a Garden Apartment Home located on the second story of a building from the lower surface of the sub-floor forming the floor of the Home) up to the exterior surface of the sheetrock forming the ceiling of the Home. In the case of the Garden Apartment Homes, the Homes located on the first story of a building include the space located beneath the stairway to the second story Home measured vertically from the upper surface of the concrete forming the floor of the Home to the upper surface of the sheetrock attached to the lower side of the staircase. In the case of a second story Garden Apartment, the Home includes the space measured vertically from (i) the upper surface of the sheetrock attached to the lower side of the staircase ascending to such upper Home to (ii) the upper surface of the sheetrock forming the ceiling of such upper Home and measured horizontally from the exterior surface of the sheetrock of the wall of such stairwell to the exterior surface of the sheetrock of the opposing wall of such stairwell. In addition, the upper Garden Apartment Homes include the area measured vertically from the upper surface of the concrete forming the floor of the entry way at the bottom of such staircase to the exterior surface of the sheetrock forming the ceiling of the Upper Home and measured horizontally from the exterior surface of the sheetrock of all opposing walls of such entry way to the exterior surface of the sheetrock on the walls opposite such walls or, where a wall is directly opposite the staircase, from the exterior surface of the sheetrock forming such wall to the upper surface of the sheetrock attached to the underside of the staircase. Doors, Windows and interior walls which about a Home are part of the Home. The description of the Homes set forth herein pertains to the location of the walls, floors and ceilings of the Homes as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(d) A "Building" as hereinafter referred to shall be defined as a number of Homes all of which are constructed under a continuous roof.

(e) "Party Wall" as hereinafter referred to shall be defined as a wall which is common to and separates two Homes.

(f) "Condominium" as hereinafter referred to shall mean Sagamore Hills Condominium which is composed of the Home Owners.

(g) The term "Home" and "Home Owner" as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Owner is constructing on the parcel of land described above a Condominium Home Community known as Sagamore Hills Condominium according to the plans filed simultaneously with the recording of this Declaration in the Suffolk County Clerk's office, which plans set forth a description of the buildings stating the number of stories, basements and cellars, the number of Homes and the principal materials of which they are or will be constructed.

The Community will consist of 292 Homes to be located in 69 buildings, as set forth on the attached Plot Plan. Each of the Homes has access to each other Home or to any other portion of the Community or to a street upon which the Community abuts by means of a concrete walk or grass area which forms a part of the common elements of the Community. For the purposes of describing the location of the buildings, approximate area, type and number of rooms of each Home and the common elements to which each Home has immediate access, each Home is described on the attached Plot Plan and Schedule A as Homes No. 1 through 292. Each Home will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Home, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Owner and the Home Owner at the time of construction of the Home.

The aforesaid Community has a total plot area of approximately 29.942 acres, approximately 202,898 square feet of which will comprise building area and the balance of which will comprise walks, roadways, parking for cars and areas in a natural state.

FIFTH: Common Elements. The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitation, outside walls and roofs of Homes, the land, buildings and improvements (other than the Homes) comprising the Community (including the land under the Homes and under the improvements), all utility or other pipes and material located outside of the Homes, all fire alarm systems, wires, switches or battery compartments whether within or without any of the Homes, the parking areas for cars, grass areas and sidewalks.

IRREVOCABLY RESTRICTED AREAS

Certain portions of the common elements are irrevocably restricted in use to specified Home Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Home or common element and subject to the rules of the Board of Managers (see By-Laws, Article VIII). Any portion of the common elements which is not restricted in use may be used by any Home Owner. The common elements are not subject to partition nor are they severable from the Homes except in accordance with the Real Property Law. Following are detailed description of the irrevocably restricted common elements:

The area adjoining the entry to each Home bounded by the surface of the wooden fence or gate erected by the Sponsor which surface is nearer to the entry way to the Home than to the entry way to any other Home or to the unrestricted common elements or all sides of said area where such fence or gate exists. Such area shall also be bounded by the exterior surface of the Building containing the Home Owner's Home and, in the event that such area has a side open to the unrestricted common elements or to another Home Owner's restricted area not bounded by any fence, gate or building, then such end shall be bounded by the outside edge of the patio or walkway installed by the Sponsor which forms a portion of such area.

The Home Owner cannot change the landscaping of any land located in an unrestricted common area or in any area restricted to any other Home Owner nor can a fence be erected any place in the Community without the prior consent of the Board of Managers.

The common elements shall remain undivided and no Home Owner shall bring any action for partition or division unless otherwise provided by law.

The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the Home Owners expressed in a duly recorded amendment to this Declaration.

The undivided interest in the common elements shall not be separated from the Home to which it appertains and shall be deemed conveyed or encumbered with the Home even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Home other than such as form a portion of the fire alarm system shall be owned by such Home Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements will be owned in common by the Home Owners. Every Home Owner shall have an easement in common with the owners of other Homes to maintain and use all pipes, wires, conduits and public utility lines located in other Homes and servicing such Home Owner's Home. Each Home shall be subject to an easement in favor of the Home Owners of other Homes to maintain and use the pipes, wires, conduits and public utility lines servicing such other Homes and located in such Home. The Board of Managers shall have a right of access to each Home for maintenance, repair or improvements to any pipes, wires, conduits and public utility lines located in any Home and servicing any other Home. The cost of such repairs shall be a common expense. The Board of Managers shall have a right of access to all common elements for maintenance, repair or improvement whether such common elements are restricted or not.

SEVENTH: Service of Process. Service of process on the Home Owners in any action with relation to the common elements shall be made upon Birchwood Condominium Developments, Inc. which maintains a principal place of business at 410 East Jericho Turnpike, Mineola, Nassau County, New York until the closing of title to all Homes and thereafter service of process shall be made upon the Board of Managers at Sagamore Hills Condominium, Route 112 (Patchogue-Port Jefferson Highway), Town of Brookhaven, County of Suffolk, New York.

EIGHTH: Common Interest. Each Home Owner shall have such percentage interest in the common elements as is set forth on Schedule B attached hereto and shall bear such percentage of the common expenses of the Condominium. Each Home Owner shall have one vote for all voting purposes at any meeting of the Home Owners. The percentage of interest of each Home in the common elements has been determined by the Sponsor on the basis of the approximate proportion that the square footage in each Home bears to the aggregate square footage in all Homes.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-Laws which are made a part of this Declaration and are attached hereto as Exhibit "B".

TENTH: Amendment and Withdrawal. The dedication of the property to condominium ownership herein shall not be revoked or the property withdrawn from condominium ownership, or any of the provisions herein amended unless at least 80% of the Home Owners in number and in common interest and the first mortgages, if any, of each of those same Homes agree to such revocation or amendment or removal of the property from the Plan by duly recorded instruments. Any amendment to this Declaration shall not take effect until it is duly recorded in the office of the County Clerk of Suffolk County.

ELEVENTH: Subject to Declaration, By-Laws, etc. All present or future Home Owners, tenants, future tenants, or any other person that might use the facilities of the Community in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Homes of the Community or the mere act of occupancy of any of said Homes shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with land and shall bind any person having at any time any interest or estate in such Home, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the 6% interest thereon, chargeable to any Home Owner shall constitute a lien on his Home prior to all other liens except: (a) tax or assessment liens on the Home by the taxing subdivision of any governmental authority, including but not limited to State, County, Town, Village and School District taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Home. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees (but such right shall not be a lien against the Home). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Home Owners as a common expense. However, where the holder of an institutional mortgage of record, or other purchaser of a Home at a foreclosure sale of an institutional mortgage, obtains title to the Home as a result of foreclosure, or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Home shall not be subject to a lien for the payment of common charges chargeable to such Home which were assessed and became due prior to the acquisition of title to such Home by such acquirer. In such event, the unpaid balance of common charges shall be charged to all other Home Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Owner to a purchaser of a Home or in which the Owner participates with one of the above.

Every Home Owner shall pay the common charges assessed against him when due and no Home Owner may exempt himself from liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Home. However, no Home Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Home made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws.

THIRTEENTH: Homes Acquired by the Board. In the event any Home Owner shall convey his Home to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Home at a foreclosure sale in accordance with Article IX of the By-Laws, title to such Home or the rights to the lease of such Home shall be held by the Board of Managers or its designee on behalf of all of the other Home Owners.

In order to carry out the provisions of this paragraph each Home Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Home under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Home under such terms as the Board in its sole discretion shall deem proper.

FOURTEENTH: Encroachments. The Home Owners agree that if any portion of a Home or the common elements (whether restricted in use to an individual Home Owner or not) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Buildings are partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and are rebuilt, the Home Owners agree that encroachments of any portion of the Home or the common elements as aforedescribed due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Buildings or reconstructed Buildings shall stand.

FIFTEENTH: Home Ownership. Upon the closing of title to a Home, a purchaser shall automatically become a Home Owner in the Condominium and shall remain such until such time as he ceases to own the Home for any reason.

SIXTEENTH: Conveyance of a Home. In any conveyance of a Home, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Home shall be jointly and severally liable with the Grantor for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charge against the Grantor and such Grantee shall not be liable for, nor shall the Home conveyed be subject to a lien for any unpaid common charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other purchaser of a Home at a foreclosure sale of an institutional mortgage.

SEVENTEENTH: Covenants and Restrictions. The use of the Home by the Home Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

(a) The Home and area restricted to the Home Owner's use shall be maintained in good repair and overall appearance.

(b) No structural alterations to the exterior of the Home or other alterations which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

(c) Any Home Owner who mortgages his Home shall notify the Board of Managers providing the name and address of his mortgagee.

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(d) The Board of Managers shall, at the request of the mortgagee of the Home, report any unpaid common charges due from the Home Owner of such Home.

(e) No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

(f) No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(g) Regulations promulgated by the Board of Managers concerning the use of the property shall be observed by the Home Owners, provided, however, that copies of such regulations are furnished to each Home Owner prior to the time the said regulations become effective.

(h) The common charges shall be paid when due.

(i) Occupancy of the Homes shall be restricted to One Family Occupancy.

EIGHTEENTH: Utilities. The water consumed in each Home and by the Condominium shall be a common expense as are sewer charges, refuse removal and the utilities and cost of heating and operating the buildings and facilities which form part of the Community but which do not contain any of the Homes.

NINETEENTH: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

BIRCHWOOD CONDOMINIUM DEVELOPMENTS, INC.

By ______________________
MORRIS SOSNOW, President

ATTEST:

LEONARD R. SCHWARTZ
Secretary

(Seal)

-13-

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

On the 16th day of July , 1973 before me came MORRIS SOSNOW to me known, who being by me duly sworn did depose and say that he resides at 38 Shore Dr., Great Neck, New York, that he is President of BIRCHWOOD CONDOMINIUM DEVELOPMENTS, INC., the corporation described herein, and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name by like order.

PERRY BALAGUR
Notary Public, State of New York
No. 30-6157015
Qualified In Nassau County
Commission Expires March 30, 1974

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SCHEDULE A

Model	Home Nos.	Approximate Area	Type	Rooms
A	1-4; 7-8; 11-14; 17-18; 21-24; 27-28; 31-34; 37-46; 49-52; 55-56; 59-60; 73-74; 77-78; 85-88; 95-98; 103-106; 109-110; 115-116; 119-122; 127-130; 135-138; 143-146; 151-154; 159-162; 167-170; 173-174; 179-180; 183-186; 193-196; 199-202; 205-208; 215-218; 225-228; 231-232; 237-238; 241-244; 249-250; 253-256; 261-264; 267-272; 275-278; 283-286; 289-292	788	Ashbrooke	Four rooms including Living Room, Dining Room, Kitchen and Bedroom.
BL	62; 63; 70-71; 82-83; 90-91; 190-191; 210-211; 222-223; 246-247	782	Birchwood	Four rooms including Living Room, Dining Room, Kitchen and Bedroom.
BU	61; 64; 69; 72; 81; 84; 89; 92; 189; 192; 209; 212; 221; 224; 245; 248	808	Birchwood	Four rooms including Living Room, Dining Room, Kitchen and Bedroom.
C	5-6; 19-20; 29-30; 35-36; 53-54; 57-58; 75-76; 79-80; 93-94; 99-102; 107-108; 111-114; 117-118; 123-124; 133-134; 139-140; 147-150; 157-158; 163-164; 171-172; 175-178; 181-182; 197-198; 203-204; 213-214; 219-220; 229-230; 233-236; 239-240; 251-252; 257-260; 265-266; 273-274; 287-288	1,085	Cambridge	Five rooms including Living Room, Dining Room, Kitchen, two Bedrooms.

SCHEDULE A Continued

Model	Home Nos.	Approximate Area	Type	Rooms
D	9-10; 15-16; 25-26; 47-48; 65-68; 125-126; 131-132; 141-142; 155-156; 165-166; 187-188; 279-282	1,148	Dalton	Six rooms including Living Room, Dining Room, three Bedrooms.

SCHEDULE B

Home No.	% of Common Interest
1	.2982
2	.2982
3	.2982
4	.2982
5	.4107
6	.4107
7	.2982
8	.2982
9	.4347
10	.4347
11	.2982
12	.2982
13	.2982
14	.2982
15	.4347
16	.4347
17	.2982
18	.2982
19	.4107
20	.4107
21	.2982
22	.2982
23	.2982
24	.2982
25	.4347
26	.4347
27	.2982
28	.2982
29	.4107
30	.4107
31	.2982
32	.2982
33	.2982
34	.2982
35	.4107
36	.4107
37	.2982
38	.2982
39	.2982
40	.2982
41	.2982
42	.2982
43	.2982
44	.2982
45	.2982
46	.2982
47	.4347
48	.4347

Home No.	% of Common Interest
49	.2982
50	.2982
51	.2982
52	.2982
53	.4107
54	.4107
55	.2982
56	.2982
57	.4107
58	.4107
59	.2982
60	.2982
61	.3059
62	.2964
63	.2964
64	.3059
65	.4347
66	.4347
67	.4347
68	.4347
69	.3059
70	.2964
71	.2964
72	.3059
73	.2982
74	.2982
75	.4107
76	.4107
77	.2982
78	.2982
79	.4107
80	.4107
81	.3059
82	.2964
83	.2964
84	.3059
85	.2982
86	.2982
87	.2982
88	.2982
89	.3059
90	.2964
91	.2964
92	.3059
93	.4107
94	.4107
95	.2982
96	.2982
97	.2982

SCHEDULE B Continued

Home No.	% of Common Interest	Home No.	% of Common Interest
98	.2982	151	.2982
99	.4107	152	.2982
100	.4107	153	.2982
101	.4107	154	.2982
102	.4107	155	.4347
103	.2982	156	.4347
104	.2982	157	.4107
105	.2982	158	.4107
106	.2982	159	.2982
107	.4107	160	.2982
108	.4107	161	.2982
109	.2982	162	.2982
110	.2982	163	.4107
111	.4107	164	.4107
112	[illegible]	165	.4347
113	[illegible]	166	.4347
114	[illegible]	167	.2982
115	.2982	168	.2982
116	.2982	169	.2982
117	.4107	170	.2982
118	.4107	171	.4107
119	.2982	172	.4107
120	.2982	173	.2982
121	.2982	174	.2982
122	.2982	175	.4107
123	.4107	176	.4107
124	.4107	177	.4107
125	.4347	178	.4107
126	.4347	179	.2982
127	.2982	180	.2982
128	.2982	181	.4107
129	.2982	182	.4107
130	.2982	183	.2982
131	.4347	184	.2982
132	.4347	185	.2982
133	.4107	186	.2982
134	.4107	187	.4347
135	.2982	188	.4347
136	.2982	189	.3059
137	.2982	190	.2964
138	.2982	191	.2964
139	.4107	192	.3059
140	.4107	193	.2982
141	[illegible]	194	.2982
142	[illegible]	195	.2982
143	.2982	196	.2982
144	[illegible]	197	.4107
145	[illegible]	198	.4107
146	[illegible]	199	.2982
147	[illegible]	200	.2982
148	[illegible]	201	.2982
149	[illegible]	202	.2982
150	.4107	203	.4107

SCHEDULE B Continued

Home No.	% of Common Interest	Home No.	% of Common Interest
204	.4107	249	.2982
205	.2982	250	.2982
206	.2982	251	.4107
207	.2982	252	.4107
208	.2982	253	.2982
209	.3059	254	.2982
210	.2964	255	.2982
211	.2964	256	.2982
212	.3059	257	.4107
213	.4107	258	.4107
214	.4107	259	.4107
215	.2982	260	.4107
216	.2982	261	.2982
217	.2982	262	.2982
218	.2982	263	.2982
219	.4107	264	.2982
220	.4107	265	.4107
221	.3059	266	.4107
222	.2964	267	.2982
223	.2964	268	.2982
224	.3059	269	.2982
225	.2982	270	.2982
226	.2982	271	.2982
227	.2982	272	.2982
228	.2982	273	.4107
229	.4107	274	.4107
230	.4107	275	.2982
231	.2982	276	.2982
232	.2982	277	.2982
233	.4107	278	.2982
234	.4107	279	.4347
235	.4107	280	.4347
236	.4107	281	.4347
237	.2982	282	.4347
238	.2982	283	.2982
239	.4107	284	.2982
240	.4107	285	.2982
241	.2982	286	.2982
242	.2982	287	.4107
243	.2982	288	.4107
244	.2982	289	.2982
245	.3059	290	.2982
246	.2964	291	.2982
247	.2964	292	.2982
248	.3059		

BY-LAWS

OF

SAGAMORE HILLS CONDOMINIUM

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EXHIBIT "B"

BY-LAWS

OF

SAGAMORE HILLS CONDOMINIUM

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BY-LAWS

OF

SAGAMORE HILLS CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM HOME OWNERSHIP

Section 1. Condominium Home Ownership. The property located at New York State Route 112 (Patchogue-Port Jefferson Highway) in the Town of Brookhaven and County of Suffolk as specifically set forth in the Declaration and more commonly known as Sagamore Hills Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and all buildings and improvements thereon including the Condominium Homes (hereinafter referred to as "Homes"), and the common elements and the use and occupancy thereof. The term "Building" as hereinafter used shall be defined as the exterior walls and roof of a Home or number of Homes all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Homes.

Section 3. Personal Application. All present or future Home Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Homes or the mere act of occupancy of any of said Homes will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The condominium shall be limited to Home Owners. "Home Owner" as referred to herein shall mean all of the owners of each Home.

Section 2. Voting. Each Home Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Homes) shall be entitled to cast one vote at all Home Owners' meetings for each Home or Homes owned by such Home Owner, but the Board of Managers shall not cast any of its votes for the election of any member to the Board.

Section 3. Quorum. So many Home Owners as shall represent at least 51% of the total authorized votes of all Home Owners present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Home Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Home Owners, the Home Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Home Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Home Owners, unless the question is one upon which, by express provision of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Home Owners, every Home Owner having the right to vote shall be entitled to vote in person, or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Home Owners at a meeting is required or permitted by any provision of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Home Owners may be dispensed with if all Home Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Home Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. Within 30 days after title to the last Home is conveyed by the Sponsor but in any event no later than two years after the recording of the Declaration, the Sponsor shall call the first annual Home Owners meeting. At such meeting a new Board of Managers shall be elected by the Home Owners and the former members of the Board shall thereupon resign. Thereafter, annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Home Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Home Owners may also transact such other business of the Condominium as may property come before them.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home Owners having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Home Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

(a) Roll call
(b) Proof of notice of meeting or waiver of notice
(c) Reading of minutes of preceding meeting
(d) Report of officers
(e) Report of committees
(f) Election of inspectors of election (in the event there is an election)
(g) Election of managers (in the event there is an election)
(h) Unfinished business
(i) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The number of Managers which shall constitute the whole Board shall not be less than three (3) and not more than nine (9). Until succeeded by the Managers elected at the first annual meeting of Home Owners, Managers need not be Home Owners; thereafter, all Managers shall be Home Owners. Within the limits above specified, the number of Managers shall be determined by the Home Owners at the annual meeting. The Managers shall be elected at the annual meeting of the Home Owners. At the first annual meeting of Home Owners the term of office of one-third of the Managers shall be fixed for three (3) years, the term of office of one-third of the Managers shall be fixed at two (2) years, and the term of office of one-third of the Managers shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting. But in any event, at least one-third of the terms of the members of the Board of Managers shall expire annually.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member if the First Board of Managers (see Section 4 of this Article III) who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term.

Section 3. Removal. Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. No manager other than a member of the First Board of Managers shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of Jerrold A. Lieberman, Perry Balagur, Burton Haims, Herman Knoller and Sol Cherwin who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Home Owners. A Home Owner, who is independent of the Sponsor, shall be elected by the above named managers to the First Board at a Board meeting within 60 days of the closing of title to the first Home or upon the closing of title to 25% of the Homes, whichever is later. Any or all of said Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

(a) The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-Laws, directed or required to be exercised or done by the Home Owners personally. These powers shall specifically include, but not be limited to, the following items.

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Home Owners pro rata according to their respective common interests;

2. To collect, use and expend the assessments collected to maintain, care for and preserve the Homes, Buildings and other common elements;

3. To make repairs, restore or alter any Homes or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings within the limitations of Article VII, Section 3 of these By-Laws;

4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owner as possible in connection with the maintenance, care and preservation of the property;

5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Homes in accordance with Article VII of these By-Laws;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Home Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To purchase any Home at a foreclosure sale on behalf of all the Home Owners;

9. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Home Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Home;

10. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of manager in connection with the matters hereinabove set forth;

11. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium;

12. To acquire Homes in foreclosure or as a result of abandonment and to take any and all steps necessary to repair or renovate any Home so acquired and to vote as Home Owner, offer such Home for sale or lease or take any other steps regarding such Home as shall be deemed proper by the Board of Managers.

(b) The Board of Managers may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) managers or Home Owners one of whom shall be a manager, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business and affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacement to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, including without limitation all fire alarm systems or fire alarm batteries, any portion of which is located in one Home and services another Home or more than one Home or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Homes and all maintenance and repairs to the sewage treatment facility or the recreation area shall be made by the Board of Managers and the cost thereof shall be a common expense. All maintenance (including painting and decorating of the Homes), repairs and replacements to the Homes including windows (including all glass breakage), doors (except painting of the exterior surface of fences, surrounding the patio areas, windows and doors which open from a Home which painting is performed by the Board of Managers, and repairs to pipes, wires and conduits located in and servicing the same Home other than as set forth above shall be made by the respective Home Owners at their own expense. All irrevocably restricted common elements shall be maintained and repaired by the Home Owner to whom such common element is restricted in use. However, the Board of Managers shall repair and replace any pipes, wires, conduits and public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Home Owner to which the common element is restricted in use, in which event such Home Owner shall make such repairs or replacements at his own expense. Nothing contained herein shall require the Board of Managers to provide or maintain or repair any television antenna, cable, wire, conduit or outlet contained in any Home or in the common elements while such equipment remains the property of any such contractor. Such maintenance and repair shall be the sole responsibility of the Home Owner or the cable television contractor owning such equipment. In the event that such contractor shall abandon, donate or transfer such equipment to the Condominium, then and in that event only, the Board of Managers shall become responsible to maintain and repair it on terms and conditions similar to those applicable to other wires, conduits, pipes or public utility lines. The Board of Managers shall repair all plumbing stoppages and electrical repairs whether they occur in a Home or the common elements. The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. The Board of Managers will provide snow removal for the roadways and driveways on the property. All repairs, painting or maintenance, whether made by the Home Owner or by the Board of Managers to the doors, windows, fences, gates or the exterior surface of any Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Sponsor. In the event that a Home Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Home, the Board of Managers shall have the right to make such maintenance or repair (after the failure of the Home Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of an emergency situation) and to charge the Home Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Home Owner for repairs or maintenance to his Home or for repairs to any common element restricted in use to such Home Owner, and the Home Owner fails to make prompt payment the Board of Managers shall be entitled to bring suit thereon and, in such event, the Home Owner shall be liable for the reasonable Attorneys fees and costs of such suit or proceeding together with interest on all sums due.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services.

Section 8. Meetings.

(a) The first meeting of each Board newly elected by the Home Owners shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Home Owners meetings, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days' notice to each manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least three (3) managers.

(d) At all meetings of the Board, a majority of the managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meetings of managers, the managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Home Owners, their mortgagees and the Department of Law of the State of New York and shall present annually (at the annual meeting, but in no event later than four months after the close of the fiscal year) and when called for by a vote of the Home Owners at any special meeting of the Home Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Home Owner and a notice of the holding of the annual Home Owners meeting. The Board of Managers shall engage the services of an independent public accountant to review, no less often than monthly, the accounts, records and financial affairs of the Condominium. Such review shall not be required to be an audit but shall consist of at least a review of the record keeping procedures, a check of bank balances and a review of all expenditures by the Board. In the event that any substantial irregularities or any defalcation shall be uncovered by such accountants in the course of any such review, such matters shall be promptly reported to each member of the Board of Managers and to the Home Owners by such accountants.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to all of the delegable duties of the Board listed in this Article.

Section 12. Liability of the Board of Managers and Home Owners

Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers, as agent for the Home Owners as a group only and that no member of the Board of Managers nor individual Home Owners shall be liable for such contract, agreement or commitment. The Home Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Home Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Home Owners. The Board of Managers shall have no liability to the Home Owners in the management of the Community except for wilful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of wilful misconduct or acts made in bad faith. Such several liability of the Home Owners shall, however, be limited as to each Home Owner to such proportion of the total liability thereunder as such Home Owners' common interest bears to the common interest of all Home Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Home Owners or members of the First Board of Managers. Two or more offices may not be held by the same person.

Section 2. Election. The Board of Managers at its first meeting after each annual Home Owners Meeting shall elect a president, a vice president, a secretary and a treasurer. Only the president must be a member of the Board.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium: he shall preside at all meetings of the Home Owners and Managers, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Home Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Home Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer.

The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Home which, among other things, shall contain the amount of each assessment of common charges against such Home, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager or Home Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Home Owner at such address as appears on the books of the Condominium.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers, may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Home Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Homes and prorated against each of said Homes according to the respective common interests appurtenant to such Homes. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Home or the common elements restricted to the use of the Home Owner of said Home. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Home Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Home. Any Home Owner who fails to pay the monthly assessment imposed by the Condominium to meet any community expense shall be liable for any expenses incurred by the Condominium in collecting said monthly assessment including interest at the rate of 6% per annum and reasonable attorneys' fees. The Board shall take action to collect any common charges due from any Home Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Home in accordance with Section 339 of the Real Property Law or otherwise.

No Home Owner shall be liable for any common charges which accrue against his Home subsequent to a sale, transfer or other conveyance by him of his Home in accordance with these By-Laws and the Declaration. A purchaser of a Home (other than a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Home and unpaid at the time of the purchase.

Section 3. Foreclosure of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Home at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Home because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Home. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Home.

Section 4. Statement of Common Charges. Upon the written request of any Home Owner or his mortgagee, the Board shall promptly furnish such Home Owner or his mortgagee with a written statement of the unpaid common charges due from such Home Owner.

Section 5. Liability for Water, Sewer Charges and Refuse Removal. All water consumed in the Homes and on the common elements, sewer charges and refuse removal shall be a common expense.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account," into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Homes. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Homes.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring all of the Buildings in the Condominium including the Community Building, the sewage treatment facility and sump, the Buildings including all of the Homes and the bathroom and fixtures initially installed therein by the Sponsor (but not including furniture, furnishings or other personal property supplied or installed by Home Owners), together with all heating, air-conditioning and other service machinery, contained therein, covering the interests of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if $20,000 or less, shall be payable to the Board of Managers, and if more than $20,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Home in an amount as required by the mortgagee of such Home and such amount will be increased upon the closing of title to all Homes and until the first meeting of the Board of Managers following the first Home Owners meeting, such amount shall be at least in the sum of $5,000,000.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Home Owners or of the invalidity arising from any acts of the insureds or any Home Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of Homes. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Homes at least ten (10) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Home Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Home Owners meeting, such public liability insurance shall be in a single limit of $1,000,000 covering all claims for bodily injury and $50,000 covering all claims for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Home.

Home Owners shall not be prohibited from carrying other insurance for their own benefit provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Home Owner.

Section 2. The Insurance Trustee. The Insurance Trustee shall be the Franklin National Bank, Franklin Square, New York unless and until it shall be replaced by a bank or trust company located in the State of New York, designated by the Board of Managers. All fees and disbursements of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Homes, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air-conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Home Owners in the Homes), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Home Owners for such deficit as part of the common charges.

If 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

Section 1. In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Homes and the conduct of all residents thereof.

Section 2. All Homes shall be used for single family residence purposes only as such term is defined in the Declaration.

Section 3. Owners of a Home, members of their families, their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Home Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Home Owner or such other person for whose conduct he is legally responsible.

Section 6.

(a) Every Home Owner must perform promptly all maintenance and repair work to his own Home which, if omitted, would affect the Community in its entirety or in a part belonging to other Home Owners, or the building of which his Home forms a part, he being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Home located in and servicing only that Home, such as gas power, telephones and sanitary installations (except plumbing stoppage and electrical defects) shall be at the Home Owner's expense.

(c) All repairs to any master television system or cable television system whether located within the common elements or within any Home shall be the responsibility of the Home Owner or the company installing such system, the determination as to which is to be made by reference to the contract with such television company only until such system is abandoned by the company after which it shall be the responsibility of the Board of Managers to make such repairs.

Section 7. An owner shall not make structural modifications to the Home or other alterations which would impair the structural soundness of the Home without the written consent of a majority in common interest of the Home Owners. Consent may be requested through the management agent, if any, or through the President of the Board of Managers, if no management agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 8.

(a) No resident of the Community shall post any advertisement or posters of any kind (except a sign no larger than 1 foot by 2 feet containing the name of a professional tenant or Home Owner, the designation of his profession and the word "office" and located in the Home or the common elements restricted to the use of the Home Owner) in or on the Community except as authorized by the Board of Managers.

(b) It is prohibited to hang garments, rugs, etc. from the windows or from any of the Buildings or to string clothes lines on or over the common elements (including the irrevocably restricted areas) or to use any of the common elements (including the irrevocably restricted areas) for storage purposes.

(c) No fence or gate shall be erected in the Community without the prior written consent of the Board of Managers.

(d) No television or radio antenna shall be erected on the exterior of Homes or the common elements without the prior written consent of the Board of Managers.

(e) No Home Owner shall move, remove, add or otherwise change the landscaping in the Community except that each Home Owner may landscape or garden in the area between the wooden fence surrounding his irrevocably restricted patio area and such patio area, provided that no unsightly crops or other vegetation may be grown in such area;

(f) No Home Owner shall paint the exterior surfaces of the windows, walls or doors opening out of this Home or of the fences surrounding the patio area.

(g) No person shall park a vehicle or otherwise obstruct any resident's use of or ingress or egress to any parking space.

(h) No mailbox may be installed on the exterior of a building or in the common elements which is in excess of 16" x 8" x 4".

(i) The irrevocably restricted patio areas shall not be used for storage of furniture or otherwise for storage purposes. These areas shall not contain excessive furniture nor shall the Home Owner erect or construct any locker or storage cabinets therein.

(j) No Home Owner will install or permit to be installed any window mounted or through the wall mounted air-conditioning unit in his Home or in any of the common elements.

(k) No repair of motor vehicles shall be made in any of the roadways, driveways or parking areas of the Condominium nor shall such areas be used for storage or long term parking (in excess of five days without use) of any automobile, boat, trailer, camper, bus, truck or commercial vehicle. Any such parking shall be subject, in addition, to any restriction due to zoning or local ordinance requirements.

(l) The storage areas in the Community which are available to Home Owners shall be used only in accordance with the Rules and Regulations adopted by the Board of Managers. Such storage shall be for the sole benefit of the Home Owner and no liability to the Home Owner by the Board of Managers shall arise out of such storage.

ARTICLE IX. DEFAULT

In the event a Home Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers or Manager, acting in behalf of the Board shall notify the Home Owner and the mortgagee, if any, of such Home. If such sum, charge or assessment shall remain unpaid for 90 days after the giving of such notice, the Board may foreclose the lien encumbering the Home as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Home does not pay the assessment required to be paid by him within ninety (90) days of its due date, said sum shall bear interest at the rate of six percent (6%) per annum from its due date and said Home Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Home Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty percent (80%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners' interests and the interests of holders of a mortgage encumbering a Home or Homes.

ARTICLE XI. SELLING, MORTGAGING AND LEASING HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased by its Home Owner free of any restrictions except that no Home Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid common charges assessed against his Home shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Home, or by the Grantee. Further, a Home Owner may convey his Home and his common interest appurtenant thereto, to the Board of Managers on behalf of all Home Owners free of any cost to the Board or the Home Owners and upon such conveyance such Home Owner shall not be liable for any common charges thereafter accruing against such Home. Any sale or lease of any Home in violation of this section shall be voidable at the election of the Board of Managers.

The provisions of this section shall not apply to the acquisition or sale of a Home by a mortgagee who shall acquire title to such Home by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagee.

Whenever the term "Home" is referred to in this section, it shall include the Home, the Home Owner's undivided interest in the common elements and the Home Owner's interest in any Homes acquired by the Board of Managers.

Section 2. Waiver of Partition Rights. The Home Owners waive all of their voting rights concerning partition respecting any Home acquired by the Board of Managers in accordance with this Article.

Section 3. Mortgaging of Homes. No Home Owner shall mortgage his Home except by a mortgage loan granted by a federal or state savings and loan association, savings or commercial bank, life insurance company, union pension fund, agency of the United States Government or agency of the State of New York or a purchase money mortgage loan granted by the Seller.

Section 4. Gifts, etc. Any Home Owner may convey or transfer his Home by gift during his lifetime or devise his Home by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than $20,000 and to the Board of Managers if the award is $20,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) so much of the award as is applicable to unrestricted common elements, to the Home Owners pro rata according to the respective common interests appurtenant to the Homes owned by such Home Owners.

(b) so much of the award as is applicable to irrevocably restricted common elements to the Home Owner having general use of such common element.

In such eminent domain or condemnation proceeding the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Home Owner permit or suffer anything to be done or left in his Home which will increase the insurance rates on his Home or any other Home or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Home Owner who mortgages his Home, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers in the event there is no management agent, of the name and address of his mortgagee; and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Homes."

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Home, report any unpaid assessments due from the Home Owners of such Home.

Section 5. Examination of Books and Records. Every Home Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By-Laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

CERTIFICATE

I, Leonard R. Schwartz, Secretary of Sagamore Hills Condominium, do hereby certify that the attached By-Laws of Sagamore Hills Condominium is a true and correct copy of the same.

LEONARD R. SCHWARTZ

ATTEST:

President

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PERRY BALAGUR, Esq.
410 E. JERICHO TPKE.
MINEOLA, NEW YORK 11501

DECLARATION –HEARTSHARE'S 153RD AVENUE FACILITY

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DECLARATION

of the

GENERAL APARTMENT CORPORATION CONDOMINIUM
(Pursuant to Article 9-B of the Real
Property Law)

This Declaration made this day of 196 , by the GENERAL APARTMENT CORPORATION, a New York corporation, having its principal office at 82-17 153rd Avenue, Howard Beach, Queens County, New York, hereinafter called the Declarant;

W I T N E S S E T H :

WHEREAS, the Declarant is the owner in fee simple of the property hereinafter described and has plans to construct thereon two multi-unit modern apartment buildings; and

WHEREAS, by this Declaration, the Declarant intends to subdivide the property into real estate parcels or units and to establish a Condominium under the provisions of Article 9-B of the Real Property Law of the State of New York, hereinafter called the Condominium Act; and

WHEREAS, a Condominium is a method of ownership which, when applied to a multi-apartment building, provides for a separate title to each unit and an undivided interest in and to all of the property that remains; and

WHEREAS, under the said Condominium Act it is necessary that the rights, privileges and obligations of the Declarant, unit owners, Board of Managers, mortgagees and others who may be interested therein, be explicitly set forth;

NOW, THEREFORE, the Declarant, pursuant to the Condominium Act, does hereby declare and state on behalf of itself, its successors and assigns, and on behalf of all persons having or seeking to acquire any interest of any nature whatsoever in the said Condominium property, as follows:

ARTICLE I
INTENTION

The Declarant states that it is the owner in fee simple of and hereby submits the premises hereinafter described to the provisions of the Condominium Act.

ARTICLE II
DESCRIPTION OF PROPERTY

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of Queens, City and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of 153rd Avenue 119.50 feet due east from the corner formed by the intersection of 153rd Avenue, 80 feet wide, and the easterly side of 84th Street, 80 feet wide; running thence north 29 degrees 02 minutes 09.1 seconds east 204.95 feet; thence due north 30.44 feet; thence north 60 degrees 57 minutes 50.9 seconds west 22.03 feet; then north 29 degrees 02 minutes 09.1 seconds east 71.24 feet; thence due east 109.10 feet; thence due north 25 feet; thence due east 185.48 feet; thence south 44 degrees 25 minutes 56 seconds east 33.17 feet; thence due south 247.42 feet to the northerly side of 153rd Avenue; thence westerly along the northerly side of 153rd Avenue on a curve to the right having a radius of 360 feet a distance of163.56 feet to a point of tangency in the northerly side of 153rd Avenue; thence due west along the northerly side of 153rd Avenue, 274.60 feet to the point or place of beginning.

ARTICLE III
BUILDINGS TO BE ERECTED

The Declarant intends and will construct upon the above described premises two multi-unit modern apartment buildings, each of which will be six stories in height with a cellar. The two buildings will have, among other things, one hundred fifty-four (154) apartment units, two (2) professional units, a superintendent's apartment, lobbies, recreation room, elevators, garages, parking spaces, recreation facilities, landscaped areas, laundry, incinerator, boiler and meter rooms, and other usual appurtenances and facilities. The buildings will be of masonry construction, brick and block, described as Class III buildings under the New York City Building Department Code; all as shown on the Plans prepared by Benjamin Braunstein, A.I.A., 163-18 Jamaica Avenue, Jamaica, Long Island, New York, dated April 17, 1959 as amended on 10/31/60, 1/23/61, 4/1/64, 4/25/64 and 10/20/64, and filed in the City of New York Building Department located at 120-55 Queens Boulevard, Kew Gardens 24, Long Island, New York.

ARTICLE IV
UNIT DESIGNATIONS

The unit designation of each unit, residential or professional, its location, dimensions, approximate area, number of rooms and common elements to which it has immediate access, and other data concerning its proper identification, are as set forth in the site and floor plans marked Exhibit "A" and annexed hereto and made a part hereof. Each unit shall be bounded both as to horizontal and vertical boundaries as shown on such plans, subject to such encroachments as are contained in the building, whether the same now exists or may be caused or created by construction, settlement or movement of the buildings or by permissible repairs, construction or alteration.

ARTICLE V
DESCRIPTION OF COMMON ELEMENTS AND COMMON INTEREST

The common elements and the undivided interest of each unit owner in such common elements are set forth in Exhibit "A", annexed hereto.

The common elements consist of all parts of the Condominium property other than the apartment and professional units. In addition, but not in limitation thereof, the common elements include the following:

(a) The foundations and structural members, including columns, girders, beams and supports, fire escapes and air conditioner sleeves.

(b) Motors, pumps, tanks, boilers, equipment, apparatus and all other central and appurtenant installations, including all pipes, ducts, shafts, wires and cables used in connection therewith, required to provide power, light, telephone, television, gas, water, heat, elevator and incinerator services to or in either or both of the Condominium buildings.

(c) Easements for access, maintenance, repair, reconstruction or replacement of the foregoing structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the property.

ARTICLE VI
CHARACTER AND USE

Section 1. The buildings are intended to be used as multi-unit modern apartment houses with residential and professional apartments as are permitted under the New York City Building Code.

Section 2. Each of the 154 apartment units is intended to be used as a private residence and shall be occupied by one family only.

Section 3. The two professional units may be used for medical, dental, legal or other professional offices permitted in the buildings under the applicable zoning ordinances. Each of such units may be used and occupied for such purposes by no more than two professionals.

Section 4. The superintendent's apartment shall be used as a residence, lodging or other use by the superintendent, janitor or other persons employed in the operation of the property and is deemed a part of the common elements.

Section 5. The common elements shall be used for the benefit of the unit owners, the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment to be derived from such proper and reasonable use.

ARTICLE VII
SERVICE OF PROCESS

The name of the person designated to receive process in any action which may be instituted in relation to this Condominium or any parts thereof, together with his residence or place of business in Queens County, is Alexander Paulsen, 82-17 153rd Avenue, Howard Beach 14, New York.

ARTICLE VIII
EFFECTIVE DATE OF THE CONDOMINIUM

The effective date of the Condominium is the date when this Declaration is recorded and the other Condominium documents filed in the office of the Register of the City of New York Queens County. From and after the date of the recording of this Declaration, the property hereinabove described shall be and shall continue to be subject to each and all the terms hereof until this Declaration and this Condominium is terminated or abandoned in accordance with the provisions of the Condominium Act and of this Declaration.

ARTICLE IX
DEFINITION AND TERMS

The following terms when used in this Declaration and in the other instruments constituting the Condominium documents are intended to be consonant with the meanings ascribed to them by the Condominium Act and are defined herein as follows:

"Apartment unit" means a unit which may be used for a residence only.

"Assessment" means that portion of the cost of maintaining, repairing and managing the property which is to be paid by each unit owner as determined by the Board of Managers.

"Board of Managers" means the group of persons selected, authorized and directed to manage and operate the Condominium as provided by the Condominium Act, this Declaration and the By-Laws.

"Building or buildings" means the two multi-unit apartment buildings to be erected on the premises described in Article II.

"Common charges" means each unit's share of the common expenses in accordance with its common interest in relation to the entire project, as determined by the Board of Managers.

"Common elements" means all that part of the Condominium property which is not a part of the 156 units shown on the plans, shown in Exhibit "A" and as more particularly set forth in Article V.

"Common expenses" means and includes the actual and estimated expenses of operating the property as found and determined by the Board of Managers and all sums designated common expenses by or pursuant to the Condominium documents.

"Common interest" means the proportionate undivided interest in the fee simple absolute in the common elements appertaining to each unit as expressed in this Declaration.

"Common profits" means the excess of all receipts of the rents, profits and revenues from the common elements or other assets of the Condominium organization remaining after the deduction of the common expenses and allowing for the retention of reserve for future expenditures, all as fixed by the Board of Managers.

"Common surplus" means the excess of all receipts of the Condominium organization including but not limited to assessments, rents, profits and revenues on account of the common elements, over the amount of common expenses.

"Condominium documents" means and includes this Declaration as the same may be amended from time to time and the exhibits annexed hereto and identified as follows:

EXHIBIT A: Surveys, including site and floor plans;
EXHIBIT B: By-Laws of this Condominium.

"Condominium parcel" means a unit together with the undivided share in the common elements which is appurtenant to the unit.

"Condominium property" means and includes the land in the Condominium, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto for use in connection with the Condominium.

"Declarant" means the General Apartment Corporation, its successors and assigns, as the maker of this Declaration, the Sponsor in the Offering Plan, the Seller in the Contract of Sale, and the party of the first part in the deed conveying the units.

"Declaration means this instrument by which the property is submitted to the provisions of the Condominium Act and such instruments as from time to time amend the same in accordance with said Act and the By-Laws of this Condominium.

"Family" as used in this Declaration and in the By-Laws and Rules and Regulations means the immediate family of the unit owner. It includes a husband and wife, their children and a total of no more than two of their parents, brothers or sisters. For example, there may be one parent and a brother, or a brother and a sister, or any other combination of two.

"Majority" of unit owners and specified percentages of unit owners is the "Majority" as set forth in the By-Laws or this Declaration for such determination, pursuant to Section 339-e, subparagraph 8, of the Condominium Act.

"Operation of the property" means and includes the administration of the project, the operation, maintenance, repair or replacement of and the making of any additions or improvements in the common elements.

"Person" means a natural person, a corporation, partnership, the Condominium organization herein referred to, trustee or other legal entity.

"Plans and specifications" means the plans and specifications prepared by Benjamin Braunstein, A.I.A., set forth in Article III, Section 1.

"Professional unit" means a unit which is used either as a medical, dental, legal or other professional office permitted by the New York City Building Code in a modern apartment building.

"Property" or "premises" means and includes the land, the buildings and all other improvements thereon as set forth in this Declaration and the easement rights and appurtenances thereunto belonging, and all other property, real, personal or mixed intended for use in connection with this Condominium.

"Recording officer" means the Register of the City of New York for the County of Queens and "recording" or "recorded" means the filing for that purpose with the said Register of the City of New York for the County of Queens and the payment of the proper fees therefor.

"Share" means the percentages in and to the common elements attributed to each unit as set forth in Exhibit "A".

"Site and floor plans" means the site and floor plans of the buildings showing the layout, location, approximate dimensions of the unit, the unit designations prepared by Horacek, Schoppe & Haubenreich, licensed surveyors, of 587 Westbury Avenue, Carle Place, New York, and verified by Benjamin Braunstein, Registered Architect, 163-18 Jamaica Avenue, Jamaica, New York.

"Unit" means one of the parcels of property intended for use as a private residence or a professional office, as the case may be, other than the superintendent's quarters, which unit is privately owned and has a unit designation as hereinafter set forth.

"Unit designation" means the number, letter or combination thereof or other official designations conforming to the tax lot number, if any, as shown on the floor plans annexed to this Declaration.

"Unit owner" means the person or persons owning either a residential or a professional unit in fee simple.

ARTICLE X
COMMON ELEMENTS and COMMON INTEREST

Section 1. Each unit has appurtenant to it a common proportionate undivided interest in the common elements as set forth in Exhibit "A" hereto annexed, and as expressed in this

Declaration. The amount of the percentage proportion of such interest in the common elements has been determined by taking the approximate proportion which the value of a unit bears to the aggregate value of all units and taking into account the substantially exclusive advantages enjoyed by one or more but not by all the units in a part or parts of the common elements.

Section 2. The common interest appurtenant to each unit is declared to be permanent in character and cannot be altered without the consent of all unit owners affected and the first mortgagees of such unit owners as expressed in an amended declaration. Such common interest cannot be separated from the unit to which it appertains.

Section 3. The common elements shall not be divided nor shall any right to partition any thereof exist but nothing herein contained shall be deemed to prevent ownership of a unit by the entireties, jointly, or in common.

Section 4. Each unit owner may use the common elements in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other unit owners. This section shall not be deemed to prevent some unit owners from enjoying substantially exclusive rights or advantages in a part or parts of the common elements by reason of their ownership of a particular unit or units.

Section 5. The unit owners shall have the irrevocable right, to be exercised by the Board of Managers, or its designee, to have access to each unit for the purpose of inspecting and making repairs, replacements or improvements to the common elements and to the unit itself where the responsibility therefor is upon the Board, contained therein or elsewhere in the buildings, or to prevent damage to the common elements or other units, or to abate any violation of law, orders, rules or regulations of any Governmental authorities having jurisdiction thereof, or to correct any condition which violates the provisions of any mortgage covering another unit.

Section 6. The Board of Managers shall, if any question arises, determine the purpose for which a common element is intended to be used. They shall have the right to promulgate rules and regulations limiting the use of the common elements to unit owners and their respective families, guests, invitees and employees as well as to provide for the exclusive use by a unit owner and his guests for special occasions of the lobbies, recreation room, or other facility. Such use may be conditioned, among other things, upon the payment by the unit owner seeking such use, of such assessment as may be established by the Board of Managers for the purpose of defraying the costs thereof. The Board of Managers shall have the right to fix a reasonable rent or charge for the use of a garage or parking area by a unit owner.

Section 7. The maintenance, repair, replacement, management, operation and use of the common elements, set forth in Article V, shall be the responsibility of the Board of Managers, but nothing herein contained shall be construed so as to preclude the Board from delegating these duties to a manager or agent or to other persons, firms or other corporations.

Section 8. The expenses incurred or to be incurred for the maintenance, repair, replacement, management, operation and use of the common elements shall be collected from the unit owners and assessed as common charges by the Board of Managers.

Section 9. (a) The Board of Managers shall have the right to make or cause to be made such alterations and improvements to the common elements as in its opinion may be beneficial and necessary or which is requested in writing by a unit owner or owners and the holders of first mortgages thereon. The Board may require the consent in writing before undertaking such work of such unit owners and the holders of first mortgages thereon, whose rights, in the sole opinion of the Board, may be prejudiced by such alteration or improvement.

(b) When, in the sole opinion of the Board, the alteration or improvement is general in character the costs therefor shall be assessed as common expenses.

(c) When, in the sole opinion of the Board, as evidenced by a vote of not less than two-thirds thereof, the alteration or improvement is exclusively or substantially exclusively for the benefit of one or more unit owners that requested it, the cost shall be assessed against such owner or owners in such proportion as the Board shall determine is fair and equitable. Nothing herein contained shall prevent the unit owners affected by such alteration or improvement from agreeing in writing, either before or after the assessment is made, to be assessed in different proportions

Section 10. No unit owner shall do any work which would affect or alter any of the common elements or impair any easement or hereditament therein.

Section 11. While the property remains subject to this Declaration and the Condominium Act no liens of any nature shall arise or be created against the common elements except with the unanimous consent in writing of all the unit owners and the holders of first liens thereon, except such liens as may arise or be created against the several units and their respective common interests under Section 339-1 of the Condominium Act. Every agreement for the performance of labor or the furnishing of materials to the common elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the Condominium Act and the right to file a mechanic's lien by reason of labor performed or materials furnished is waived.

Section 12. All common charges received or to be received by the Board of Managers and the right to receive such funds shall constitute trust funds for the purpose of paying the cost of labor and materials furnished to the common elements at the express request or with the consent of the manager, managing agent, or Board of Managers and the same shall be expended first for such purpose before expending any part of the same for any other purpose. Nothing herein contained shall require the Board of Managers to keep such charges in a separate bank account and no violation of said trust shall arise by reason of the co-mingling of the funds held by the Board of Managers in one bank account.

Section 13. Every unit owner shall comply strictly with the By-Laws, rules, regulations, resolutions and decisions adopted pursuant thereto in relation to the units or the common elements. Failure to comply with any of the same shall be ground for an action to recover sums due, for damages, or injunctive relief or any or all of them. Such action may be maintained by the Board of Managers on its own behalf or on behalf of the unit owners aggrieved. In any case of flagrant or repeated violation by a unit owner, he may be required by the Board of Managers to give sufficient surety or sureties for his future compliance with the By-Laws, rules, regulations, resolutions and decisions. Nothing herein contained shall prevent, in a proper case, an independent action by an aggrieved unit owner for such relief.

ARTICLE XI
UNITS: THEIR MAINTENANCE AND REPAIR

Section 1. No unit owner shall do or cause to be done any work affecting his unit which would jeopardize the soundness or safety of the property, reduce the value thereof, or impair any easement or hereditament therein. The unit owner shall cause any work being performed on the unit, which in the sole opinion of the Board of Managers violates this section, to be immediately stopped and he shall refrain from recommencing or continuing the same without the consent in writing of the Board. He shall not repair, alter, replace or move any of the common elements which are located within his unit without the prior consent in writing of the Board. He shall not repair, alter, replace or perform work of any kind on the exterior of the building or excavate an additional basement or cellar without in every such case first obtaining in writing the consent of the Board of Managers. He shall not alter or replace any walls except those non-bearing partition walls which are wholly within his unit.

Section 2. It shall be the responsibility of the Board of Managers to maintain, repair or replace:

(a) All portions of the unit which contribute to the support of the building, including main bearing walls, but excluding painting, wall papering, decorating or other work on the interior surfaces of walls, ceilings and floors within the unit.

(b) All portions of the unit which constitute a part of the exterior of the building.

(c) All common elements within the unit.

(d) All incidental damage caused by work done by direction of the Board of Managers.

(e) In the performance of any labor or in the furnishing of any material to a unit, under the direction of the Board of Managers, no lien shall be established or give rise to the basis for filing a mechanic's lien against the unit owner except such work performed for emergency repair. Nothing herein contained shall prevent such mechanic's lien being filed against a unit owner who expressly consents and requests in writing that the work be done.

Section 3. It shall be the responsibility of the unit owner:

(a) To maintain, repair or replace at his own expense all portions of the unit which may cause injury or damage to the other units or to the common elements except the portions thereof mentioned and described in Section 2 hereof.

(b) To paint, wall paper, decorate and maintain the interior surfaces of all walls, ceilings and floors within the unit.

(c) To perform his responsibilities in such a manner and at such reasonable hours so as not to disturb other unit owners residing in the building.

(d) To refrain from repairing, altering, replacing, painting or otherwise decorating or changing the appearance of any portion of the common elements without first obtaining the consent in writing of the Board of Managers and to refrain from repairing, altering, replacing, painting, decorating or changing any balcony, terrace or other exterior appendages to the unit whether exclusively used by the unit owner or otherwise without obtaining the aforementioned consent.

(e) To promptly report to the Board of Managers or their agent all work that he intends to perform for repair of any kind, the responsibility for the remedying of which lies with the Board of Managers.

Section 4. Nothing in this article contained shall be construed so as to impose a personal liability upon any of the members of the Board of Managers for the maintenance, repair or replacement of any unit or common element or give rise to a cause of action against them. The Board of Managers, as such, shall not be liable for damages of any kind except for wilful misconduct or bad faith.

ARTICLE XII
UNITS, HOW CONSTITUTED AND DESCRIBED

Section 1. Every unit, together with its undivided common interest in the common elements, shall for all purposes be and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant thereto as may be contained in the Condominium Documents or as may from time to time be passed in accordance with this Declaration and the By-Laws.

Section 2. A unit shall be described in the deed by unit designation as shown on Exhibit "A", hereto annexed, and shall recite that it is part of the premises described in Article II of this Declaration setting forth the same in metes and bounds and giving the liber and page and the date of recording this Declaration. It shall recite the use for which the unit is intended and shall state the common interest appertaining thereto. It shall further recite that the conveyance is made together with the benefits, rights, privileges stated in the Condominium documents and subject to all the duties, obligations, covenants, restrictions, easements, by-laws, rules, regulations and resolutions and decisions in accordance therewith as set forth in the Condominium documents.

Section 3. Every conveyance or lien using the unit designation assigned to it, as shown on Exhibit "A" hereto annexed, shall be deemed to include its proportionate undivided interest in the common elements and shall include without requiring specific reference thereto or enumerating them all the appurtenances and easements in favor of the unit and similarly be subject to all easements in favor of others.

Section 4. Any transfer of a unit shall include all appurtenances thereto whether or not specifically described.

ARTICLE XIII
BOARD OF MANAGERS

Section 1. The Declarant does hereby declare that the affairs of the Condominium shall be governed and controlled under the By-Laws by a Board of Managers. There shall be not less than three nor more than twenty-one members of the Board of Managers, one-third of whom shall be of the first class and their term of office shall expire at the next annual meeting of the Condominium, one-third of whom shall be of the second class and their term of office shall expire at the second succeeding annual meeting of the Condominium, and one-third of whom shall be of the third class and their term of office shall expire at the third succeeding annual meeting of the Condominium. Thereafter, members of the Board of Managers shall be elected for a term of three years, as provided in the By-Laws.

Section 2. The Board of Managers shall have charge of and be responsible for and is authorized to manage the affairs of the Condominium organization, the common elements and other assets held by it on behalf of the unit owners except as herein otherwise limited. It shall have all the powers, rights, duties and obligations wherever set forth in this Declaration or in the Condominium documents. It shall adopt and execute all measure and proceedings necessary to promote the interests of the Condominium. It shall fix charges, assessments, fees and rents. It shall hold all of the temporalities and funds of the Condominium and administer them as trustees for the benefit of the unit owners. It shall keep accurate records and audit and collect bills. It shall contract for all loans, mortgages, leases and purchase or sale of units in the Condominium acquired by it or its designee on behalf of all of the unit owners, where applicable. It shall approve or disapprove of sales, leases or mortgages on units as herein specified.

It shall direct all expenditures, select, appoint, remove and establish the salaries of employees and fix the amount of bonds for officers and employees. It shall license or lease the washer and dryer concession and installation of vending machines. It shall maintain the common elements and other portions of the buildings as herein specified, paying for services and supervising repairs and alterations. It shall pass upon the recommendations of all committees and adopt rules and regulations as in their judgment may be necessary for the management, control and orderly use of the common elements, and in general it shall manage the Condominium property as provided herein and in the By-Laws, but nothing herein shall prevent the Board of Managers from employing and designating such powers as it deems advisable to professional management.

Section 3. In order to limit the liability of the unit owners, the members of the Board of Managers, or its designee, any contract or other commitment made by the Board of Managers, or a designee in its behalf, shall state that it is made by the Board of Managers, its managing agent, manager or other designee as the case may be, only as agent for the unit owners, and that the members of the Board of Managers, its managing agent, manager or other designee, shall have no personal liability on any contract or commitment (except as unit owners), and that the liability of any unit owner on any such contract or commitment shall be limited to such proportionate share of the total liability as the common interest of each unit owner bears to the aggregate common interest of all unit owners. The Board shall have no liability to the unit owners for error of judgment, or otherwise, except for wilful misconduct or bad faith. It is discretionary with the Board whether its members shall be bonded for this purpose.

Section 4. True copies of the floor plans, this

Declaration, the By-Laws, the rules and regulations, resolutions and decisions shall be kept on file in the office of the Board of Managers and shall be available for inspection at convenient hours of week days by persons having an interest therein.

Section 5. The Board of Managers, or a managing agent which it employs, as the case may be, shall keep detailed accurate records, in chronological order, of the receipts and disbursements arising from the operation of the property. It shall also keep an assessment roll as more fully set forth in Article XIV, Section 10, hereof. Such records and the vouchers authorizing the payments shall be available for examination by the unit owners at convenient hours of week days. A written report summarizing such receipts and disbursements shall be given by the Board to all unit owners at least once annually.

ARTICLE XIV
CHARGES-ASSESSMENTS-PROFITS

Section 1. No unit owner may exempt himself from the liability for payment of his common charges and expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit except as provided in Section 2 of this Article.

Section 2. Any unit owner, by complying with the terms and conditions specified in the By-Laws, may convey his unit to the Board of Managers and from and after such conveyance he shall be exempt from the common charges thereafter accruing.

Section 3. The common expenses shall be charged by the Board of Managers to the unit owners, according to their respective common interest. The common profits of the property, after offsetting the common expenses and making due allowance for the retention of a reserve to cover future common expenses, shall be distributed among the unit owners in the same manner.

Section 4. Insurance shall be obtained upon the property and the cost thereof shall be borne and paid as common charges and as hereinafter more fully set forth in Article XX.

Section 5. Assessments against the unit owners shall be made and approved by the Board of Managers and shall be paid by the unit owners and each owner shall be liable for his share of the common charges, except as in this article provided.

Section 6. Assessments for common charges shall be made for the calendar year annually in advance on December 20th of the year preceding the year for which the assessments are made. Such annual assessments shall be due and payable in four equal quarterly installments on the 1st days of February, May, August and November in each year. The Board of Managers may review and reconsider the assessments made and may increase or decrease the same and such increase required for the proper management, maintenance and operation of the common elements and the unit owners shall pay any such increase on the 1st day of the month following notice of the increase.

Section 7. Taxes, Assessments, water rates, sewer rents, which may be levied against the Condominium property as a whole before separate assessments for each unit is made as provided by section 339-y of the Condominium Act, shall be paid by the Board of Managers and shall be included in the budget and paid by the unit owners as a common charge.

Section 8. All liens against the common elements of any nature including taxes and special assessments levied by governmental authority may be paid by the Board of Managers and shall be assessed by it against the unit or units in accordance with their respective interest or to the common charges account, whichever is the judgment of the Board of Managers is appropriate.

Section 9. All other assessments, either for emergencies or otherwise, shall be made by the Board of Managers in accordance with the provisions of the Condominium Act and the Condominium documents and if the time of payment is not set forth therein, the same shall be determined by the Board of Managers.

Section 10. The assessments against all unit owners shall be set forth upon a roll of the units which shall be available in the office of the Board of Managers for inspection at all reasonable times by unit owners or their duly authorized representatives. Such roll shall indicate for each unit the name and address of the owner or owners, the assessments for all purposes and the amounts of all assessments paid and unpaid. A certificate made by the Board of Managers as to the status of a unit owner's assessment account shall limit the liability of any person for whom made other than the unit owner. The Board of Managers, or its agent, shall issue to the first mortgagee upon its demand a certificate showing the status on the assessments due from the unit owner and shall also issue such certificates to such persons as a unit owner may re quest in writing.

Section 11. The owners of a unit and his grantees shall be jointly and severally liable for all unpaid assessments due and payable at the time of a conveyance but without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor. A purchaser of a unit at a judicial sale shall be liable only for assessments coming due after such sale and for that portion of due assessments prorated to the period after the date of such sale.

Section 12. If any assessment or common charge shall remain due and unpaid for more than 15 days, the Board of Managers is empowered to file or record a lien therefor and to enforce the same pursuant to Section 339a of the Condominium Act.

ARTICLE XV
RESTRICTIONS

Section 1, The Declarant, and every unit owner by the acceptance of the deed, and their heirs, successors and assigns, covenant that they will faithfully observe all of the terms, covenants and conditions wherever imposed in this Declaration.

Section 2. Each unit owner, his heirs, successors and assigns, further covenants:

(a) He will not use, cause or permit the unit to be used other than as provided in this Declaration, nor will he use, cause or permit the unit to be subdivided, changed or altered without first having obtained the approval of the Board of Managers.

(b) That he will not use, permit or allow the unit or any part thereof to be used for an immoral, improper, offensive or unlawful purpose nor will he permit or allow any nuisance within the unit nor will he use, permit or allow the unit to be used in a manner which will be a source of annoyance to residents or which in any way interferes with the peaceful possession, enjoyment and proper use of the property by the other residents.

(c) That he will not use, permit or allow the unit to be occupied by any persons who have not received approval from the Board of Managers of the Condominium, nor will he sell or lease the unit without first obtaining the consent of the Board of Managers.

(d) That he will supply to the Board of Managers the information relating to an occupant or occupants of a unit as may be necessary towards a proper determination as to his desirability as an approved occupant. Among these are: former addresses, business and social references, financial status.

(e) That he will not mortgage his unit or any interest therein without first obtaining the approval of the Board of Managers, except a first mortgage to a bank, life insurance company or savings and loan association, and, in any event, that he will furnish a copy of such mortgage to the Board of Managers.

ARTICLE XVI
TRANSFER OF UNITS

Section 1. The unit owner has the right to sell or lease his unit providing he gives 30 days' notice of the terms of a bona fide sale or lease to the Board of Managers and obtains its approval for the sale. The failure of the Board of Managers to act within such 30 day period shall be deemed to constitute approval. If the Board disapproves of the transaction, it shall within 15 days after making its decision known produce a purchaser or lessee approved by it who will accept the transaction upon terms as favorable to the seller or landlord as the terms stated in the notice to the Board. If the Board does not produce such a purchaser or lessee, as the case may be, within the aforesaid 15 days, the unit owner shall have the right to effectuate such sale or lease on the terms submitted, as more specifically set forth herein.

The Board of Managers, or its designee, may elect to purchase or lease such unit on behalf of all of the unit owners in the manner set forth herein.

Section 2. Any sale, voluntary transfer, conveyance, lease or mortgage which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to the terms thereof is voidable and may be voided by certificate of the Board of Managers duly recorded in the recording office where the Declaration is recorded.

Section 3. All notices hereinafter referred to in this Article shall be given by registered or certified mail. Delivery shall be deemed made and notice shall be deemed given by such mailing and shall not be dependent upon acceptance by the addressee.

Section 4. A unit owner intending to make a transfer, sale or lease of the unit or any part thereof, or interest therein, shall give notice to the Board of Managers of the Condominium of such intention. He shall furnish at that time, for the information of the Board, the name and address of the intended grantee or lessee. He shall furnish a statement of all the terms of the transaction. He shall furnish a statement of social and financial references of the transferee or lessee and such other information as the Board of Managers may reasonably require as to all transfers or leases, generally. He shall use the form, if any, supplied by the Board in order to supply the information requested in orderly fashion. Notice, when given, shall constitute a representation, warranty and an offer to sell or lease to any purchaser or lessee produced by the Board.

Section 5. Where the Board has disapproved a transaction and before the fifteen day period for the production of a purchaser or lessee has passed, a unit owner may withdraw his offer to sell or lease. Otherwise, when the Board has produced a purchaser or a lessee a binding contract shall be deemed to have come into existence and the unit owner shall be bound to consummate the transaction with such purchaser or lessee furnished by the Board. A purchaser or lessee furnished by the Board shall have thirty days within which to close the transaction after notice has been given to the unit owner.

Section 6. The approval by the Board of a sale or lease shall be in recordable form signed by any officer of the Condominium and attested to by the secretary thereof. The failure of the Board to act on a notice given to it within thirty days shall be deemed to constitute approval of the sale or lease. The unit owner, the purchaser or lessee may demand and shall be entitled to receive from the Board its consent to the sale or lease in recordable form.

Section 7. No unit owner may mortgage his unit or any interest therein without the approval of the Board except as to a first mortgage lien made to a bank, life insurance company, or Federal Savings and Loan Association. The Board may and is hereby entitled to impose reasonable conditions upon which approval as to any other mortgage shall be given. Every mortgage which is not held by a bank, life insurance company, or Federal Savings and Loan Association, shall be invalid as a lien against the unit without the approval of the Board of Managers. The approval of the Board of Managers as to the making of a mortgage shall be in the same form as its approval for a sale or lease.

Section 8. The provisions of this Article shall not apply to a bank, life insurance company or Federal Savings and Loan Association holding title to a unit or units as a result of foreclosure sales or deeds taken in lieu thereof. Such institutions may, if they so desire, submit the name of their purchaser or lessee to the Board for its information but the approval of the Board to a sale or lease by such institutions shall in no event be required, nor shall the need therefor be inferred from any such voluntary submission.

ARTICLE XVIII
DEFAULT ON AND FORECLOSURE OF AUTHORIZED OR OTHER LIENS ON UNITS

Section 1. Upon the happening of a default under the terms of an authorized first mortgage which would permit the holder to declare the entire principal sum due, notice of the intention of the holder to do so shall be given to the Board of Managers but the failure to give such notice shall not prevent the holder from instituting a foreclosure action and joining the Board of Managers as a party defendant therein.

Section 2. The Board of Managers shall have the following rights, powers and privileges with respect to authorized first mortgages in default:

(a) By and with the consent of the holder thereof, to remedy the defaults existing under the terms of the mortgage and to put the same in good standing. In the event the Board shall make the advances necessary to remedy the defaults, the Board shall be deemed to hold a junior participating interest in the obligation and mortgage for the amount of principal together with interest, costs, disbursements, counsel fee, insurance, taxes or other charges so advanced with the right to foreclosure such junior participating interest against the defaulting unit owner for the benefit of the remaining unit owners. The holder of the mortgage shall in no event be required, or have the obligation to collect the junior interest so created on behalf of the Board.

(b) To acquire by assignment either before or after institution of foreclosure action from the holder thereof said mortgage in the name of the Board or in the name of their designated nominee with all the powers and rights of the holder against the defaulting unit owner including the right to foreclose the same for the benefit of the remaining unit owners.

(c) To accept from the defaulting unit owner a deed transferring the unit and its common interest and by and with the consent of the holder of the mortgage to remedy the defaults existing under the terms thereof for the benefit of the other unit owners.

(d) To continue any pending action or to institute an action to foreclose any mortgage taken by assignment under subdivision B hereof, or to take a deed in lieu of foreclosure of the mortgage. In no event shall a unit owner be relieved from liability already incurred for past due common expenses and charges nor be relieved from personal liability on the bond, note or other obligation by reason of any conveyance made under subdivision (c) hereof or under this subdivision.

Section 3. The Board of Managers shall be a necessary party in every action brought to foreclose any mortgage or other lien affecting a unit. The Board of Managers shall be entitled to bid at any sale, whether the action be in its name or they be a defendant therein, and to purchase any unit at such sale for such amount as shall be approved by a majority of the Board taking into consideration the amount due the plaintiff, the costs and disbursements, and all other charges affecting the unit. The Board shall not, however, be limited in its bidding to such amount or total but may bid any higher sum that it finds necessary in order to protect the interests of the other unit owners.

Section 4. In all actions or proceedings, other than the foreclosure of an authorized first mortgage, resulting in a sale, mortgage, letting or leasing of a unit and its common interest, one of the provisions of the terms of sale, mortgage, letting or lease, shall be the obtaining of the approval of the Board of Managers.

ARTICLE XVIII
COMPLIANCE AND DEFAULT

Each unit owner shall be governed by and shall comply with the terms of the Condominium documents, regulations, resolutions and decisions adopted pursuant thereto as they may be amended from time to time. A default shall entitle the Board of Managers or other unit owners to the following relief:

Section 1. Failure to comply with any of the same shall be ground for an action to recover sums due, for damages or injunctive relief or both maintainable by the Board of Managers on behalf of the unit owners, or in a proper case, by an aggrieved unit owner. In any case of flagrant or repeated violation by a unit owner, he may be required by the Board of Managers to give sufficient surety or sureties for his future compliance with the By-Laws, rules, resolutions and decisions.

Section 2. Each unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, to the extent that such expense is not met by the proceeds of insurance carried by the Board of Managers. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

Section 3. In any proceeding arising because of an alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be determined by the Court.

Section 4. The failure of the Board of Managers or of a unit owner to enforce any right, provision, covenant or condition which may be granted by the Condominium documents shall not constitute a waiver of the right of the Board of Managers or unit owner to enforce such right, provision, covenant or condition in the future.

Section 5. All rights, remedies and privileges granted to the Board of Managers, its designated agent, or a unit owner, pursuant to any terms, provisions, covenants or conditions of the Condominium documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such party by the Condominium documents or at law or in equity.

ARTICLE XIX
AMENDMENT

Except for alteration in the common interest which cannot be done except with the consent of all unit owners and of the holders of first mortgages thereon, the Condominium documents may be amended in the following manner:

Section 1. Notice of the subject matter of the proposed amendment in reasonably detailed form shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 2. A resolution adopting a proposed amendment may be proposed by either the Board of Managers or by the unit owners at a meeting called for this purpose, and after being proposed and approved by either of such bodies, must be approved by the other. Directors and unit owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Such approvals must be by not less than seventy-five (75%) percent of the Managers and by seventy-five (75%) percent of the unit owners who in the aggregate own not less than seventy-five (75%) percent of the common interest.

Section 3. A copy of each amendment shall be certified by the Chairman, Vice Chairman, or Acting Chairman and the Secretary or Treasurer of the Board of Managers as having been duly adopted and shall be effective when recorded with the Recording Officers. Copies of the same shall be sent to each unit owner in the manner elsewhere provided for the giving of notices but the same shall not constitute a condition precedent to the effectiveness of such amendment.

ARTICLE XX
INSURANCE

Section 1. Except title insurance, builders risk insurance and any other insurance which may be furnished by the Declarant during construction, the Board of Managers shall obtain and maintain, to the extent available, insurance on both Condominium buildings and all other insurable improvements upon the land, including but not limited to, all of the apartment and professional units, the bathroom and kitchen equipment initially installed therein by the Declarant, together with the service machinery and equipment and all other personal property as may be held and administered by the Board of Managers for the benefit of the unit owners covering the interest of the Condominium organization, the Board of Managers and all unit owners and their mortgagees as their interests may appear. The insurance shall be purchased from recognized insurance companies duly licensed to operate in the State of New York.

Section 2. The Board of Managers shall obtain master policies of insurance which shall provide that the loss thereunder shall be paid to the Board of Managers as insurance trustees under this Declaration. Under the said master policies certificates of insurance shall be issued which indicate on their face that they are a part of such master policies of insurance covering each and every unit of the Condominium and its common elements. A certificate of insurance with proper mortgagee endorsements shall be issued to the owner of each unit and the original thereof shall be delivered to the mortgagee, if there be one or retained by the unit owner if there is no mortgagee. The certificate of insurance shall show the relative amount of insurance covering the unit and the interest in the common elements of the Condominium property and shall provide that improvements to a unit or units which may be made by the unit owner or owners shall not affect the valuation for the purposes of this insurance of the buildings and other improvements upon the land. Such master insurance policies and certificates shall contain provisions that the insurer waives its right to subrogation as to any claim against the Board of Managers, its agents and employees, unit owners, their respective servants, agents and guests, and of any defense based on the invalidity arising from the acts of the insured, and providing further that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual unit owners as hereinafter permitted. The original master policy of insurance shall be deposited with the Board of Managers as insurance trustee and a memorandum thereof shall be deposited with any first mortgagee who may require same. The Board of Managers must acknowledge that the insurance policies and any proceeds thereof will be held in accordance with the terms hereof. The Board of Managers shall pay, for the benefit of the unit owners and each unit mortgagee, the premiums for the insurance hereinafter required to be carried at least thirty (30) days prior to the expiration date of any such policies and will notify each unit mortgagee of such payment within ten (10) days after the making thereof.

Section 3. The property shall be covered by:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value of the Condominium buildings as determined annually by the Board of Managers with the assistance of the insurance company affording such coverage. Such coverage shall afford protection against the following:

1. Loss or damage by fire and other hazards covered by the standard extended coverage endorsement together with coverage for the payment of common expenses with respect to damaged units during the period of reconstruction.

2. Such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use as the Condominium buildings, including but not limited to, vandalism, malicious mischief, windstorm and water damage, boiler and machinery explosion or damage, plate glass damage, and such other insurance as the Board of Managers may determine. The policies providing such coverage shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the approval of the Board of Managers or where in conflict

with the terms of this Declaration, and shall further provide that the coverage thereof shall not be terminated for non-payment' of premiums without thirty (30) days' notice to all of insured, including each unit mortgagee.

All policies of casualty or physical damage insurance shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of the units, and certificates of such insurance and all renewals thereof, together with proof of payment of premiums, shall be delivered to all unit owners and their mortgagees at least ten (10) days prior to the expiration of the then current policies.

(b) Public liability insurance in such amounts and in such forms as shall be required by the Board of Managers, including but not limiting the same to water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverages.

(c) Workmens compensation insurance to meet the requirements of law.

(d) Fidelity insurance covering those employees of the Board of Managers and those agents and employees hired by the Board of Managers who handle Condominium funds, in amounts as determined by the Board of Managers.

(d) Elevator liability and collision insurance.

Section 4. Each unit owner may obtain insurance at his own expense affording coverage upon his personal property and for his personal liability, but all such insurance shall contain the same waiver of subrogation as that referred to in the preceding Section "2" hereof. Each unit owner may obtain casualty insurance at his own expense upon his unit but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Board of Managers or shall be written by the same carrier. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Board of Managers pursuant to the preceding section due to proration of insurance purchased by the unit owner under this section, the unit owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Board of Managers to be distributed as herein provided.

Section 5. Premiums upon insurance policies purchased by the Board of Managers shall be paid by it and charged as common expenses.

Section 6. All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Board of Managers as hereinabove set forth shall be paid to it. The Board of Managers shall act as the insurance trustee. In the event that the Board of Managers have not posted surety bonds for the faithful performance of their duties as such managers or if such bonds do not exceed the funds which will come into its hands, and there is a damage to a part or all of the Condominium property resulting in a loss, the Board of Managers shall obtain and post a bond for the faithful performance of its duties as insurance trustee in an amount equal to 125% of the loss before it shall be entitled to receive the proceeds of the insurance payable as a result of such loss. The sole duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the unit owners and their respective mortgagees.

Section 7. Each unit owner shall be deemed to have delegated to the Board of Managers his right to adjust with the insurance companies all losses under policies purchased by the Board of Managers.

Section 8. In no event shall any distribution of proceeds be made by the Board of Managers directly to a unit owner where there is a mortgagee endorsement on the certificate of insurance. In such event any remittances shall be to the unit owner and his mortgagee jointly. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by him.

ARTICLE XXI. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

Except as hereinafter provided, damage to or destruction of the building shall be promptly repaired and reconstructed by the Board of Managers, using the proceeds of insurance, if any, on the building for that purpose, and any deficiency shall constitute common expenses; provided, however, that if three-fourths or more of the building is destroyed or substantially damaged and seventy-five percent or more of the unit owners do not duly and promptly resolve to proceed with repair or restoration, then and in that event the property, or so much thereof as shall remain, shall be subject to an action for partition at the suit of any unit owner or lienor as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among all the unit owners in proportion to their respective common interests, provided, however, that no payment shall be made to a unit owner until there has first been paid off out of his share of such fund all liens on his unit.

(a) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications.

(b) Immediately after a casualty causing damage to property for which the Board of Managers has the responsibility of maintenance and repair, the Board of Managers shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Managers desires.

(c) The proceeds of insurance collected on account of a casualty, and the sums received by the Board of Managers from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

1. If the amount of the estimated cost of reconstruction and repair is less than $25,000.00, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Managers, provided, however, that upon request of a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided in the following subparagraph 2.

2. If the estimated cost of reconstruction and repair of the building or other improvement is more than $25,000.00, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in New York and employed by the Board of Managers to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, (a) that the sums requested by them

in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) that there is no other outstanding indebtedness known to the said architect for the services and materials described; and (c) that the cost as estimated by said architect for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(d) Encroachments upon or in favor of units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by the unit owner upon whose property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the building stands.

(e) In the event that there is any surplus of moneys in the construction fund after the reconstruction or repair of the casualty damage has been fully completed and all costs paid, such sums may be retained by the Board of Managers as a reserve or may be used in the maintenance and operation of the Condominium property, or, in the discretion of the Board of Managers, it may be distributed to the unit owners and their mortgagees who are the beneficial owners of the fund.

ARTICLE XXII
TERMINATION

Section 1. Declarant reserves the right to terminate this Declaration and to discharge same of record provided that no titles have been conveyed to independent owners and contracts for the sale of less than 50% of the units have been executed and mortgage commitments in the required amounts have been issued by

Hiawatha

the Dime Savings Bank to the purchasers. It is distinctly understood and agreed by all persons having any interest in this Condominium that a declaration by the Declarant herein to this effect shall be sufficient to discharge same of record.

Section 2. If the Condominium shall be terminated by at least eighty (80%) percent in number and in common interest of the units, or by such larger percentage either in number or in common interest, or in both number and common interest, as may be specified by the By-Laws, then the property shall be subject to an action for partition by any unit owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the unit owners in proportion to their respective common interests, provided, however, that no payment shall be made to a unit owner until there has first been paid off out of his share of such net proceeds all liens on his unit. Such withdrawal of the property from the Condominium Act shall not bar its subsequent submission to the provisions thereof in accordance with the terms of the Condominium Act.

Section 3. The Condominium shall be terminated, if it is so determined in the manner elsewhere provided that the property shall not be reconstructed after casualty and the Condominium documents shall be revoked. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Board of Managers signed by the Chairman, Vice Chairman, or acting Chairman and Secretary certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded with the recording officer.

Section 4. After termination of the Condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the unit or units formerly owned by such unit owners shall have mortgages and liens upon the respective undivided common interest of the unit owners. Such undivided common interest of the unit owners shall be as set forth in Exhibit "A". All funds held by the Board of Managers and insurance proceeds, if any, shall be and continue to be held for the unit owners in proportion to the amount of their common interest. The costs incurred by the Board of Managers in connection with a termination shall be a common expense.

Section 5. Following termination, the property may be partitioned and sold upon the application of any unit owner. If the Board of Managers following a termination, by not less than a three-fourths vote, determines to accept an offer for the sale of the property, each unit owner shall be bound to execute such deeds and other documents reasonable required to effect such sale at such times and in such forms as the Board of Managers directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

Section 6. The members of the Board of Managers, acting collectively as agent for all unit owners, shall continue to have such powers as in this article are granted, notwithstanding the fact that the Board of Managers, and/or the Condominium organization itself may be dissolved upon a termination.

ARTICLE XXIII
COVENANTS WITH THE LAND

All provisions of the Condominium documents shall be construed to be covenants running with the land and with every part thereof and interest therein, including but not limited to every unit and the appurtenances thereto; and every unit owner and claimant of the property or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns shall be bound by all of the provisions of the Condominium documents.

ARTICLE XXIV
LIENS AND SUITS

1. All liens against a unit other than for permitted mortgages, taxes or special assessments shall be satisfied or otherwise removed within thirty (30) days from the date the lien attaches. All taxes and special assessments upon a unit shall be paid before becoming delinquent.

2. A unit owner shall give notice to the Board of Managers of every lien upon his unit or any other part of the property other than for permitted mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

3. Unit owners shall give notice to the Board of Managers of every suit or other proceeding which will or may affect the title to his unit or any other part of the property, such notice to be given within five (5) days after the unit owner receives notice thereof.

4. Failure to comply with this article concerning liens will not affect the validity of any judicial sale.

5. The Board of Managers shall maintain a register of all mortgages.

ARTICLE XXV
JUDICIAL SALES

1. No judicial sale of a unit nor any interest therein shall be valid unless:

(a) The sale is to a purchaser approved by the Board of Managers which approval shall be in recordable form and shall be delivered to the purchaser and recorded with the recording officer; or

(b) The sale is a result of a public sale with open bidding in accordance with the terms of Section 4, Article XVII permitting a sale arising from a mortgage foreclosure of a first mortgage validly made as set forth herein or a deed accepted in lieu of such foreclosure.

2. Any sale, mortgage or lease which is not authorized pursuant to the terms of this Declaration or for which authorization has not been obtained pursuant to the terms of this Declaration, shall be voidable until approved in writing by the Board of Managers.

ARTICLE XXVI.
PROVISIONS PERTAINING TO DECLARANT

Notwithstanding any other provisions herein contained, for so long as the Declarant continues to own any of the units the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve Declarant from any obligations of a unit owner to pay assessments as to each unit owned by it, in accordance with the Condominium documents.

1. The Declarant reserves the unrestricted right to sell, assign, mortgage or lease any units which it continues to own after the recording or filing of the Condominium documents.

2. For so long as the Declarant owns ten (10) or more units, a majority of the Board of Managers shall be selected by the Declarant and such members as may be selected by the Declarant need not be residents in the building.

3. The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the property or the Condominium documents except as specifically set forth herein or in the Offering Plan and no person shall rely upon any warranty or representation not so specifically made therein. The estimates of common charges are deemed accurate, but no warranty or guaranty is made nor intended, nor may one be relied upon.

ARTICLE XXVII
CAPTIONS

Captions used in the Condominium documents are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of the Condominium documents.

ARTICLE XXVIII
GENDER, SINGULAR, PLURAL

Whenever the context so permits, the use of the plural shall include the singular, the plural and any gender shall be deemed to include all genders.

ARTICLE XXIX
SEVERABILITY

If any provision of this Declaration, or any section, sentence, clause, phrase or word, or the application thereof in any circumstances be judicially held in conflict with the laws of the State of New York, then the said laws shall be deemed controlling and the validity of the remainder of this Declaration and the application of any such provision, section, sentence, clause, phrase or word in other circumstances shall not be affected thereby.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this 15th day of June, 1965.

GENERAL APARTMENT CORPORATION

By [signature] Vice President

STATE OF NEW YORK)
) SS:
COUNTY OF NASSAU)

On the 18TH day of June, 1965, before me personally came A. GRAVERS , to me known, who, being by me duly sworn, did depose and say that he resides at 98 Fairview Avenue, Port Washington, New York, that he is the Vice President of General Apartment Corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of such corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation and that he signed his name thereto by like order.

Carl O. Wachter

CARL O. WACHTER
Notary Public, State of New York
No. 30-9458700
Qualified in Nassau County
Term Expires March 30th, 1966

OFFICE OF CITY REGISTER
Queens County
RECORDED IN DEEDS
Witness my hand
and official seal

Lewis Orgel

1965 JUN 10 PM 2 39

D 11641

B48.-

C1

GENERAL APARTMENT CORPORATION

NOT SUBJECT TO ARTICLE TAX

CONDOMINIUM

RECORDED BY HOME TITLE DIVISION CHICAGO TITLE INSURANCE COMPANY

DECLARATION

Record and Return to
GOLDMAN & SHAPIRO
Attorneys at Law
53 No. Park Avenue
Rockville Centre, N.Y.

Sec. 50 Block 11431 Lot 1003 ET AL
On the TAX MAP of the County of Queens

JUN-10-65 93648 B —1st 18.00

DEED 7789 PAGE 496

APPENDIX J

COPY OF THE DDI MIDDLE ROAD FACILITY GROUND LEASE

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Equal Housing Opportunity
Foxwood Village is a Fair Housing Provider

FOXWOOD VILLAGE

Foxwood Village is a 55 and older community.
At least one HOMEOWNER of each home must be at least fifty-five years of age.
No RESIDENT may be less than 18 years of age.

LEASE AGREEMENT

LEASE AGREEMENT made this 28th day of April 2021 by and between HOMETOWN FOXWODD VILLAGE, L. L.C., with offices at Middle Road, Calverton, New York 11933, and doing business as "FOXWOOD VILLAGE" and Developmental Disabilities Institute Inc.

Residing at:
1407 Middle Road Unit 9, Calverton, New York 11933,
hereinafter called "RESIDENT" or "HOMEOWNER".

Phone Number: 631-366-2900

Mobile Phone:

(Confidentiality of unlisted numbers will be respected by the office.)

*Names of other persons who will be residing in the home:

Leeann Chambers 60 (AGE)

Cathy Yodice 60 (AGE)

Jeanne Fenn 57 (AGE)

HOME IDENTIFICATION INFORMATION:

Manufacturer: Virgin Homes-Radisson Year:1986 Size:28x56 Serial No.VA228D56R10653VHA&B

Name of Registered Owner(s) Developmental Disabilities Institute

*Security Interest Holder (Mor)____________________________________

Address ________________________________ Phone____________

*Additional Security Interest Holder (Mor)______________________________
Address ______________________________Phone____________

*RESIDENT shall promptly provide updated information regarding any changes to this information.

FOXWOOD VILLAGE, in consideration of the promises, conditions and agreements set forth in. this document ("THE LEASE"), leases to the RESIDENT the premises known as homesite # 9 in FOXWOOD VILLAGE, Middle Road, New York ("The Premises") to be utilized for the siting of the home identified above to be used as a private dwelling place for RESIDENT and for no other purpose.

1. The term of this lease shall commence on the 28th day of April 2021 and shall remain in effect for a period of forty-five (45) years. Thereafter, the lease may be renewed, upon mutual agreement of the parties. The rent as of the date of execution of this lease is $7,188 per annum or $599 per month. The rent may be increased annually as provided by RPL section 233-b 2 and following.

2. The RESIDENT promises to pay to the FOXWOOD VILLAGE in advance and on the first (1st) day of each and every month during the term, the rent as set forth in paragraph "1". All payments shall be made to the FOXWOOD VILLAGE at its address indicated on the first page of this lease, or at such other place as the FOXWOOD VILLAGE may from time to time designate by notice to the RESIDENT. Challenges to rent increases are governed by RPL section 233-b 3 and following.

3. Except for a Security and Lien Agreement, and any filings associated therewith, delivered by the Resident to New York State Office of People With Developmental Disabilities, the RESIDENT shall not permit, during the term of this lease or any extension of the term, any mechanic's lien or other liens to attach to the home. Whenever any mechanic's lien or other lien shall be filed, the RESIDENT shall, within thirty (30) days after the filing, cause the lien to be cancelled. FOXWOOD VILLAGE shall not under any circumstance be liable for any work, labor or service rendered or materials contracted by the RESIDENT, and the RESIDENT shall have no power or authority to do any act or make any contract which may cause any lien upon the interest of FOXWOOD VILLAGE and its premises.

4. A real estate tax bill relating to the structures on the RESIDENT'S premises will be sent to the RESIDENT. The RESIDENT agrees to pay all county, township, school, and special district taxes (the "Real Estate Taxes") as applied and levied against the structures and shall furnish FOXWOOD VILLAGE with proof of such payment. RESIDENT may elect to pay the amount of the Real Estate Taxes over twelve months, in which case, FOXWOOD VILLAGE will add the monthly amount of taxes required to be paid to the amount due for Rent, and RESIDENT shall be required to pay the full amount of Rent due for the month plus the monthly allocation of the Real Estate Taxes. **Failure to pay such taxes when due shall constitute a violation and default of this Lease and shall be grounds for cancellation of this Lease and eviction of the RESIDENT.**

5. If RESIDENT fails to pay the taxes levied against the structures on the

RESIDENT'S premises, to the extent permitted by law, it is agreed that FOXWOOD VILLAGE may pay same and that thereafter, FOXWOOD VILLAGE shall have a lien against the structures for the amount of the taxes paid.

6. RESIDENTS are responsible for opening and maintaining their own accounts with public utilities which service Foxwood Village.

DEFAULTS AND REMEDIES

7. FOXWOOD VILLAGE may evict RESIDENT for any of the reasons set forth in RPL 233 (b), including but not limited to:

(a) Default in the payment of rent, including any additional rent as set forth in the Lease, after service of a demand of thirty (30) days' notice in writing as prescribed by law.

(b) Continuation of a RESIDENT's possession of the premises after expiration of the Lease Term.

(c) Violation of any of the Foxwood Village Rules and Regulations, as same may be amended from time to time.

(d) Use or occupation of the premises as a bawdy-house, or house or place of assignation for lewd purposes or for purposes of prostitution, or for any illegal trade or business.

(e) Violation by RESIDENT of any federal, state, or local law or ordinance which may be deemed detrimental to the safety and welfare of other persons residing in FOXWOOD VILLAGE.

(f) For any other lawful reason set forth in RPL section 233.

8. (a) If RESIDENT defaults as provided in the above section "7", FOXWOOD VILLAGE, may cancel the lease by giving RESIDENT proper written notice stating the term will end. On that date, the term and the RESIDENT's rights in this lease automatically end and RESIDENT must vacate the premises and remove all of their property. RESIDENT shall be responsible for rent to such date, and thereafter if RESIDENT unlawfully remains in possession. Eviction Proceedings brought on account of any default, as defined in the above section 6 shall be governed by the terms of Section 233 (d) of the Real Property Law.

(b) In the event of such a default, FOXWOOD VILLAGE shall endeavor to provide notice to all lenders identified in this Lease at the time RESIDENT is given such notice.

(c) FOXWOOD VILLAGE agrees that Lender may, but shall not be obligated to cure any Default by the Resident, including the payment of any outstanding Monthly Rent, Additional Rent or any other amount due, and to take other action necessary to prevent the termination of the lease. Lender shall have sixty (60) days following receipt of the applicable notice to Cure such Default.

(d) Any lender succeeding to ownership of the home as a result of a foreclosure shall be required to pay rent, taxes and all other required payments in accordance with the provisions of this Lease and shall assume all of the responsibilities of the RESIDENT. Failure to make such payments shall be an event of Default for which Eviction Proceedings may be brought.

REGISTRATION AND RENTS

9. At the time of registration, the pro-rated rent for the first month shall become due and payable. Thereafter, the monthly rent shall be payable in advance on the first day of each month.

10. In accordance with Real Property Law Section 233, late charges for all bills will be charged at a rate 3% (3 percent) of the delinquent amount.

SALE AND SUBLETTING OF THE PREMISES

11. Sale and Subletting of Homes shall be in accordance with Section 233 of the Real Property Law. FOXWOOD VILLAGE shall comply in all respects with such law and reserves all rights granted to it under such Section 233. RESIDENT shall be required to give the 20-day notice required by such Section 233.

LIABILITY

12. FOXWOOD VILLAGE, its employees or agents shall not be responsible for loss or damage to personal property or for personal injury, sustained by RESIDENT or RESIDENT's guests; unless such loss, damage, or injury is due to FOXWOOD VILLAGE's negligence or willful conduct.

13. RESIDENT, his or her guests, invitees or licensees, shall not be responsible for loss or damage to personal property, or for personal injury sustained by FOXWOOD VILLAGE, its agents, or employees, unless such loss, damage or injury is due to the negligence or willful conduct of RESIDENT, his or her guests, licensees or invitees.

14. A. RESIDENT agrees to indemnify and hold FOXWOOD VILLAGE harmless from any suits, actions, claims or judgments arising out of the negligence or conduct of RESIDENT, his or her family, guests, licensees or invitees, Should FOXWOOD VILLAGE be required to retain an attorney because the RESIDENT defaults in performing any of the provisions of this Lease, RESIDENT agrees to pay the reasonable fees of such attorney which are incurred by FOXWOOD VILLAGE.

B. FOXWOOD VILLAGE agrees to indemnify and hold RESIDENT harmless from any suits, actions, claims or judgments arising out of the negligence or other conduct of FOXWOOD VILLAGE, or its employees, licensees or invitees. FOXWOOD VILLAGE agrees to pay the reasonable attorneys' fees of RESIDENT, should RESIDENT be required to retain an attorney as the result of the failure of FOXWOOD VILLAGE to perform its obligations under this lease, or in the successful defense of a proceeding to evict commenced by FOXWOOD VILLAGE.

15. All payments to FOXWOOD VILLAGE shall be mailed to the office or deposited in the receptacle provided in the office lobby.

This lease shall be binding upon all parties hereto, their heirs, legal representatives, successors in interest and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement and lease the day and year first above written.

HOMETOWN FOXWOOD VILLAGE, L. L. C. By: Peter Mann

Date: 4/26/21

TENANT: DEVELOPMENTAL DISABILITIES INSTITUTE, INC.

TENANT ______________________ April 26, 2021

John Lessard
Chief Executive Office

State of New York

Division of Housing and Community Renewal

38-40 State Street

Albany, NY 12207

Web Site: www.nyshcr.org

Publication Date: September 2019

MANUFACTURED HOME PARK LEASE RIDER

This Rider, with this Notice, must be attached to all leases for manufactured homeowners and manufactured home tenants. This Rider was prepared pursuant to Real Property Law § 233(e).

This Rider must be in a print size equal to or larger than the print size of the lease to which the Rider is attached. The following language must appear in bold print upon the face of each lease:

"ATTACHED RIDER SETS FORTH RIGHTS AND OBLIGATIONS OF PARK OWNERS / OPERATORS AND MANUFACTURED HOME TENANTS / OWNERS UNDER THE REAL PROPERTY LAW."

SECTION 1:

Lease Rider for the Manufactured Home and/or Manufactured Home Lot:

1407 Middle Road # 9 Calverton NY 11933

(Print Address and Lot Number)

Lease Start Date: April 28, 2021

Lease End Date: April 27, 2066

Lease Dated: April 28, 2021

The Rent will increase by the Cost of Living factor (as described in your lease) each year

The tenant named in the lease hereby acknowledges the receipt of the lease rider for the housing accommodation stated above. Signature here does not bind the Tenant to the terms of the lease unless the Tenant also signs the lease.

John Lessard

Print Name of Tenant(s)

4/26/2021

Signature(s) and Date

Print Name of Tenant(s)

Signature(s) and Date

Subject to penalties provided by law, the owner of the housing accommodation hereby certifies that the above rider is hereby provided to the tenant with the signing of the lease and the information provided by the owner herein is true and accurate based on its records.

Peter Muscarini

Print Name of Park Owner / Operator

4/26/24

Signature(s) and Date

SECTION 2:

ANY INCREASE IN RENT MUST BE IN ACCORDANCE WITH ADJUSTMENTS PERMITTED PURSUANT TO REAL PROPERTY LAW § 233 and §233-b

NEW LEASE RENT: $599

Fees, charges, utilities: $0

Total monthly amount due: $599

IF THIS IS A RENEWAL LEASE:__________

Fees, charges, utilities:______________________

Total monthly amount due:__________________

PERCENTAGE OF INCREASE FROM PREVIOUS RENT:

____

(including fees, utilities, and other charges)

SECTION 3: PROVISIONS INTRODUCTION:

This Rider is issued by the New York State Division of Housing and Community Renewal ("DHCR"), pursuant to the Real Property Law ("RPL"). It generally informs manufactured home tenants / manufactured homeowners and manufactured home park owners or operators about their basic rights and responsibilities under the RPL. Effective July 2019, RPL § §233 and 233-a were amended, and a new RPL § 233-b was added, regarding certain rights of residents in manufactured home parks.

This Rider does not contain every rule applicable to manufactured home parks. It is only informational, and its provisions are not part of, and do not modify the lease. However, this Rider must be attached to the lease to provide residents with additional notice. It does not otherwise waive or modify the RPL, the Real Property Actions and Proceedings Law, or any court order that governs this tenancy. The manufactured home park owner must comply with all applicable state, federal and local fair housing laws and nondiscrimination requirements.

Tenants should keep a copy of this Rider and of any lease they sign. Park owners should keep an original copy of the lease rider signed by the Tenant in accordance with its typical record retention processes. Failure to provide this lease rider may result in various consequences as prescribed by law.

1. MANUFACTURED HOME TENANTS' LAW

The rights of manufactured home park tenants are primarily contained in Real Property Law. (Real Property Law ("RPL") §233, §233-a, §233-b). As noted above, this rider is not intended to be a comprehensive overview of all laws applicable to manufactured home parks and parties are advised to consult an attorney.

2. WHAT IS A MANUFACTURED HOME PARK AS DEFINED BY RPL §233(a)?

This rider concerns manufactured home parks as defined in RPL §233 (a). A manufactured home park is land with three or more manufactured homes, occupied for year-round living. A resident of a manufactured home park is a manufactured home tenant whether or not the person owns the manufactured home. A manufactured homeowner is someone who holds title to a manufactured home. (RPL §233(a)). The manufactured home park law, which is explained in this rider, does not apply to seasonal parks often found in resort areas and used for campers, trailers and "motor homes."

3. WARRANTY OF HABITABILITY

Manufactured home park tenants are entitled to a livable, safe, and sanitary park, including all common areas, roads, and the lot. If the manufactured home is rented, the warranty of habitability must be complied with by the homeowner. The manufactured park owner or operator must fulfill the warranty of habitability. This also applies when a tenant of a manufactured home occupies pursuant to a "rent-to-own" contract before title to the manufactured home has been transferred to the tenant. Lease or contract clauses which are inconsistent with this right to a warranty of habitability, are illegal and unenforceable.

Failure to provide water or other essential utility service, or to repair sewer problems are examples of a violation of this warranty. Park owners may not willfully or intentionally fail to provide any service or facility once they have agreed to do so. (RPL §233(m), §235-b)

The New York State Sanitary Code imposes requirements that the park owner must meet regarding fire safety; utilities, including water supply, sewage facilities, electricity, gas and fuel oil; site size; manufactured home stands and anchoring; and trash storage and disposal. Problems in any of these areas should be brought to the attention of health officials.

4. LEASES

All leases must include this rider.

A lease is the most significant protection for manufactured home tenants. Before moving into a manufactured home park, a prospective tenant must be offered, in writing, the opportunity to sign a lease for a minimum of one year. A lease assures a tenant the right to remain for its duration and gives advance notice of what the rent will be for the term of the lease. The lease must also specify the amount of the fees, assessments, and other charges for the period the lease is in effect.

Leases generally states the period of time for the rental. A tenant with a written lease may move out of the park without any further liability when the lease expires.

Generally, tenants who stay past the end of a lease, and choose to not sign a renewal lease, are treated as month-to-month tenants, if the landlord accepts their rent. A month-to-month tenancy may be terminated by either party with proper notice.

The lease sets out the tenant's obligations: the payment of rent in full and on time; the agreement to follow reasonable park rules and to obey all federal, state, and local laws and ordinances which affect the health and safety of other residents. (RPL § 233 (e))

Unconscionable lease clauses. Courts may refuse to enforce a provision found to be unreasonably favorable to the park owner. (Real Property Law § 235-c).

Any lease provision that contradicts the law is null and void.

Read your lease and all riders, including any rules or regulations carefully before you sign. Do not rely on oral promises. Make sure that all promises, and agreements are written in the lease before signing it. It is wise to consult an attorney if you have any questions about your lease.

5. SPECIAL REQUIREMENTS FOR RENT-TO-OWN CONTRACTS

A "rent-to-own contract" provides that after a specified term, the manufactured home renter will take ownership of the rented home.

If a manufactured home tenant's tenancy is terminated by the manufactured home park owner or operator during the term of a rent-to-own contract, all "rent-to-own payments" (those which are paid in addition to the rent for the rented site and the rented home as defined in RPL § 233(a)(7)) that are made during the term of the contract shall be refunded to the manufactured home tenant. No additional fee shall be required to take ownership of the home at the end of the rent-to-own contract. For additional information regarding rent-to-own contracts please consult an attorney.

6. RENEWAL LEASES & EVICTION FOR CHANGE IN USE

Park owners are required to offer manufactured home tenants who own their own home an opportunity to renew their lease for at least twelve months. The renewal offer must be made in writing no later than 90 days before the expiration of the existing lease. The law also requires park owners to offer manufactured homeowners without a lease the opportunity to sign a lease for a minimum of one year every year on or before October 1st. If a renewal lease is not offered to a manufactured home tenant, rent, utilities, and charges for facilities and services may not be increased.

The offered lease should be signed and returned to the park owner within 30 days after receiving it. Otherwise, a manufactured home tenant will become a month-to-month tenant with no protection from eviction.

Park owners may change the use of their land as long as they personally deliver or by certified mail give their residents written notice of the proposed change in accordance with the requirements of the Real Property law. This notice must be given at least one hundred forty days prior to the effective date terminating the tenancies to allow the residents time to relocate.

Eviction proceedings based on change in use may be two years after service of the notice or at the end of the lease term, whichever is later.

If the park will change in use, a manufactured homeowner shall be entitled to a stipend of up to $15,000, pursuant to a court order, based on the cost of relocation of the manufactured home and other factors.

7. **PARK RULES AND REGULATIONS**

No lease provision can be inconsistent with a rule or regulation in effect at the beginning of the lease. (RPL § 233(e))

A copy of all rules and regulations must be given to tenants before lease signing and must also be posted in a conspicuous place on the park grounds. Park rules and regulations cannot be unreasonable, arbitrary, or capricious.

The manufactured home park owner may change any rule or regulation but must give all tenants at least 30-days advance written notice of the change. If the changed rule or regulation is inconsistent with a lease provision then in effect, the change can be applied only to new tenants or those without the protections of a lease.

8. **RENT, FEES, CHARGES AND ASSESSMENTS**

All fees, charges, and assessments, including rent and utility charges, must be reasonably related to actual services delivered and must be disclosed in writing by the park owner before entering a lease with a prospective tenant.

Tenants may not be charged a fee for anything other than rent, utilities and charges for facilities and services actually provided. For example, tenants cannot be charged an "entrance fee" to move into a park unless the park owner actually provides some service related to moving in.

Extra charges for additional family members, pets, guests, and the like are also prohibited unless the extra charge is related to the actual cost of the service provided by the park owner. Tenants may not be evicted solely because of refusing to pay an undisclosed fee, charge, or assessment. (RPL § 233(g))

9. **RENT INCREASES**

Without a lease, the rent may be increased upon 90-days advance written notice, but no more than once per year. The park may not collect the additional amount if fails to provide proper notice. (RPL § 233(g)(3)). If a lease has not been offered to the tenant in accordance with RPL § 233(e), rent may not be increased.

Pursuant to RPL § 233-b, "rent" includes all rent, fees, charges, assessments, and utilities. Increases in rent shall not exceed 3%. Manufactured homeowners have the right to challenge in court rent increases that exceed 3% in one year. Such challenge must be brought within 90 days from the date of the proposed increase. Rent may increase more than 3% only in limited circumstances, including an increase in operating expenses of the manufactured home park, an increase in property taxes, or costs of capital improvements in the park. A rent increase shall not exceed 6% under any circumstance, unless a court approves a temporary hardship application by a park owner, based on several factors, and only for 6 months maximum. During any challenges to the rent, tenants must pay the rent as increased, but the amount of the increase must be held in escrow by the park owner, and no tenant shall be evicted for non-payment of the rent increase during a court proceeding.

10. **REAL PROPERTY TAX PAYMENTS**

Please refer to guidance from NYS Dept. of Taxation and Finance on the issue of real property tax payments: https://www.tax.ny.gov/star/

11. SECURITY DEPOSITS

Security deposits are limited to one month of rent. Park owners are prohibited from mingling the deposits with their own money.

The park owner must return the security deposit, less any lawful deduction, to the tenant at the end of the lease or within fourteen days after vacating the manufactured home park. (RPL § 233(g)(4) and General Obligations Law.

12. LATE CHARGES

A park owner may not impose a late charge for late payment of rent unless a tenant's lease or the park rules and regulations allow for this charge. Even if there is such a provision, no late charge can be collected on any rent payment made within ten days of the due date. Also, the late charge cannot be more than three (3) percent of the delinquent payment, may not be compounded and may not be considered additional rent. (RPL § 233(r))

13. ATTORNEYS' FEES

A park owner may not demand attorneys' fees from a tenant unless they have been awarded by a court. Attorney's fees shall not be considered additional rent.

If the lease provides that park owners are entitled to collect attorneys' fees from tenants, then tenants who successfully sue the park owner or win a case brought against them by the park owner, automatically have the same right to recover reasonable attorneys' fees and expenses from the park owner whether the lease says so or not. (RPL § 233(0), § 234)

14. TENANTS' ORGANIZATIONS AND COOPERATIVES

Tenants have a legal right to organize and to form, join and participate in tenants' organizations for the purpose of protecting their rights. Tenant groups have the right to meet at reasonable hours in any common area in their park. (RPL § 230)

Tenants' Organizations may seek to purchase a park and form a Manufactured Home Cooperative. The New York State Housing Finance Agency has a special manufactured home cooperative fund program that can loan a tenants' organization up to 95 percent of the cost of purchasing the park and converting it to a cooperative ownership. For more information about this program, call (518) 474-2057.

15. RETALIATION

Park owners are prohibited from harassing or retaliating against tenants who exercise their rights. A park owner may not seek to evict tenants solely because they make good faith complaints to a government agency about violations of any health or safety laws or take good faith actions to protect rights under their leases or participate in tenants' organizations. Tenants may collect damages from park owners who violate this law. (RPL § 223-b, 233(n))

16. EVICTION

Eviction is the process whereby a manufactured home tenant can be forced to move, and a park owner can regain possession of a manufactured home or lot. To evict a tenant legally, a park owner must sue in court and win the case.

Tenants cannot be evicted through the use of force or unlawful means. A park owner cannot threaten violence, remove a tenant's possessions, lock the tenant out of a manufactured home, or willfully discontinue essential services such as water or heat. (RPL § 233(p), § 235). A tenant who is evicted from a manufactured home or lot in a forcible or unlawful manner is entitled to recover triple damages in a legal action against the wrongdoer. (Real Property Actions and Proceedings Law §§ 713, 853)

17. GROUNDS FOR EVICTION

Grounds for eviction include but are not limited to:

- Non-payment of rent provided the tenant has received a written demand for the rent at least 30 days prior to commencement of the eviction proceeding in accordance with Real Property Actions and Proceedings Law § 735. The eviction proceeding, however, will be terminated if the delinquent rent and allowable costs are accepted prior to a judgment;
- Use of the manufactured home or lot for illegal purposes;
- Violation of a federal, state or local law which is detrimental to the safety and welfare of other residents;
- Violation of lease terms or of valid park rules or regulations when there has been a failure to correct the violation.

18. PRIVACY

The park owner may not enter a manufactured home without your prior consent, except in an emergency. If you rent your manufactured home, the park owner may not enter except with reasonable notice and during reasonable hours. (RPL § 2330))

19. ACCESS

The park owner may not restrict access or charge a fee to service people coming into the park; or restrict the making of any interior improvement to your manufactured home, so long as you comply with local building codes. The park owner also may not charge a fee for the installation of an electric or gas appliance in your home unless the park owner performs the installation at your request. (RPL § 233(h)(2))

20. INSTALLATION CHARGES

A tenant cannot be required to buy skirting, tie downs, or any other equipment, supplies or services from the park owner. The park owner may, however, determine by rule or regulation the type or quality of such equipment, which the tenant can then be required to purchase from a merchant selected by the tenant. (RPL § 233(h)(1))

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