THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combined Financial Statements and Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

The Board of Directors/Trustees
The Viscardi Center, Inc.;
its subsidiary, Abilities, Inc.;
and Henry Viscardi School:

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Viscardi Center, Inc.; its subsidiary, Abilities, Inc.; and Henry Viscardi School (collectively, the Organization), which comprises the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Viscardi Center, Inc.; its subsidiary, Abilities, Inc.; and Henry Viscardi School as of June 30, 2016 and 2015, and changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information included in accompanying schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.

KPMG LLP

November 15, 2016

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combined Statements of Financial Position

June 30, 2016 and 2015

Assets		**2016**	**2015**
Assets:			
Cash and cash equivalents	$	1,777,053	4,881,621
Receivables (less allowances of $65,275 in 2016 and $73,242 in 2015):			
Government agencies		4,714,135	5,270,644
Contributions and pledges (note 4)		459,654	557,791
Other		103,759	90,625
Prepaid expenses and other assets		551,964	311,188
Investments (note 3)		25,046,680	26,153,773
Beneficial interest in split-interest agreements		2,129,434	2,202,476
Property, plant, and equipment, net (note 5)		3,965,993	3,695,057
Total assets	$	38,748,672	43,163,175
Liabilities and Net Assets			
Liabilities:			
Accounts payable, accrued expenses, and other liabilities	$	1,210,223	1,590,358
Accrued payroll and employee benefits		691,660	1,213,017
Line of credit (note 6)		4,075,000	4,950,000
Deferred revenue		493,377	2,068,101
Asset retirement obligation (note 12)		210,358	198,451
Accrued postretirement benefits (note 8)		16,053,204	13,472,342
Total liabilities		22,733,822	23,492,269
Net assets:			
Unrestricted:			
Accrued postretirement benefits (note 8)		(16,053,204)	(13,472,342)
Net investment in property, plant, and equipment		3,965,993	3,695,057
Other (note 7)		13,914,267	14,646,487
Total unrestricted		1,827,056	4,869,202
Temporarily restricted (note 7)		5,866,968	6,484,428
Permanently restricted (note 7)		8,320,826	8,317,276
Total net assets		16,014,850	19,670,906
Total liabilities and net assets	$	38,748,672	43,163,175

See accompanying notes to combined financial statements.

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combined Statement of Activities

Year ended June 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating activities:				
Revenue, gains, and other support:				
New York State grants (note 10)	$ 14,354,618	—	—	14,354,618
Federal grants (note 10)	2,247,264	—	—	2,247,264
New York State fees for programs for the disabled	1,244,842	—	—	1,244,842
Other fees for programs for the disabled	3,807,541		—	3,807,541
Contributions and pledges	2,842,997	765,304	3,550	3,611,851
Change in value of split-interest agreements	—	(73,042)	—	(73,042)
Investment income appropriated for expenditure (notes 3 and 7)	686,651	326,781	—	1,013,432
Miscellaneous (note 5)	368,174	—	—	368,174
Net assets released from restriction for programs and related expenses (note 7)	832,708	(832,708)	—	—
Total revenue, gains, and other support	26,384,795	186,335	3,550	26,574,680
Program expenses (note 9):				
Henry Viscardi School – education and related	15,365,955	—	—	15,365,955
Vocational programs	2,642,152	—	—	2,642,152
Transition services	2,027,508	—	—	2,027,508
Community integration programs	965,468	—	—	965,468
National Employer Policy, Research, and Technical Assistance Center	1,708,967	—	—	1,708,967
National Business & Disability Council	348,251	—	—	348,251
Innovation and expansion	654,045	—	—	654,045
Total program expenses	23,712,346	—	—	23,712,346
Supporting services expenses:				
Management and general	1,824,701	—	—	1,824,701
Fund-raising and external relations	1,361,937	—	—	1,361,937
Total supporting services expenses	3,186,638	—	—	3,186,638
Total expenses	26,898,984	—	—	26,898,984
(Decrease) increase in net assets, before other changes	(514,189)	186,335	3,550	(324,304)
Other changes:				
Postretirement-related changes other than net periodic benefit cost (note 8)	(1,811,705)	—	—	(1,811,705)
Investment loss, net of amounts appropriated for expenditure (note 3)	(1,320,969)	(689,118)	—	(2,010,087)
Net assets released from restriction for capital (note 7)	114,677	(114,677)	—	—
Other changes	490,040	—	—	490,040
Total other changes	(2,527,957)	(803,795)	—	(3,331,752)
(Decrease) increase in net assets	(3,042,146)	(617,460)	3,550	(3,656,056)
Net assets at beginning of year	4,869,202	6,484,428	8,317,276	19,670,906
Net assets at end of year	$ 1,827,056	5,866,968	8,320,826	16,014,850

See accompanying notes to combined financial statements.

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combined Statement of Activities

Year ended June 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating activities:				
Revenue, gains, and other support:				
New York State grants (note 10)	$ 13,327,166	—	—	13,327,166
Federal grants (note 10)	1,390,448	—	—	1,390,448
New York State fees for programs for the disabled	1,240,852	—	—	1,240,852
Other fees for programs for the disabled	3,640,069	—	—	3,640,069
Contributions and pledges	4,289,170	717,000	3,500	5,009,670
Change in value of split-interest agreements	—	(114,787)	—	(114,787)
Investment income appropriated for expenditure (notes 3 and 7)	1,060,000	—	—	1,060,000
Miscellaneous (note 5)	569,126	—	—	569,126
Net assets released from restriction for programs and related expenses (note 7)	619,621	(619,621)	—	—
Total revenue, gains, and other support	26,136,452	(17,408)	3,500	26,122,544
Program expenses (note 9):				
Henry Viscardi School – education and related	14,437,538	—	—	14,437,538
Vocational programs	2,673,455	—	—	2,673,455
Transition services	1,664,366	—	—	1,664,366
Community integration programs	781,415	—	—	781,415
National Employer Policy, Research, and Technical Assistance Center	971,210	—	—	971,210
National Business & Disability Council	378,841	—	—	378,841
Innovation and expansion	293,538	—	—	293,538
Total program expenses	21,200,363	—	—	21,200,363
Supporting services expense:				
Management and general	1,682,919	—	—	1,682,919
Fund-raising and external relations	1,125,918	—	—	1,125,918
Total supporting services expenses	2,808,837	—	—	2,808,837
Total expenses	24,009,200	—	—	24,009,200
Increase (decrease) in net assets, before other changes	2,127,252	(17,408)	3,500	2,113,344
Other changes:				
Postretirement-related changes other than net periodic benefit cost (note 8)	1,374,065	—	—	1,374,065
Investment (loss) income, net of amounts appropriated for expenditure (note 3)	(1,030,788)	30,440	—	(1,000,348)
Net assets released from restriction for capital (note 7)	224,901	(224,901)	—	—
Total other changes	568,178	(194,461)	—	373,717
Increase (decrease) in net assets	2,695,430	(211,869)	3,500	2,487,061
Net assets at beginning of year	2,173,772	6,696,297	8,313,776	17,183,845
Net assets at end of year	$ 4,869,202	6,484,428	8,317,276	19,670,906

See accompanying notes to combined financial statements.

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combined Statements of Cash Flows

Years ended June 30, 2016 and 2015

		2016	2015
Cash flows from operating activities:			
(Decrease) increase in net assets	$	(3,656,056)	2,487,061
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:			
Postretirement-related changes other than net periodic benefit cost		1,811,705	(1,374,065)
Change in value of split-interest agreements		73,042	114,787
Depreciation expense		752,098	705,081
Loss on disposal of property and equipment		—	2,340
Bad debt expense		96,153	22,706
Net realized and unrealized losses on investments		1,433,410	815,911
Contributions restricted for capital and endowment		(38,250)	(70,500)
Changes in assets and liabilities:			
Receivables		545,359	(2,402,605)
Prepaid expenses and other assets		(240,776)	39,877
Accounts payable, accrued expenses, and other liabilities		(380,135)	120,055
Accrued payroll and employee benefits		247,800	692,085
Asset retirement obligation		11,907	(24,372)
Deferred revenue		(1,574,724)	1,720,280
Net cash (used in) provided by operating activities		(918,467)	2,848,641
Cash flows from investing activities:			
Purchases of investment securities		(20,155,445)	(34,641,802)
Proceeds from redemption and sales of investment securities		19,829,128	35,039,782
Acquisition of property and equipment		(1,023,034)	(888,754)
Net cash used in investing activities		(1,349,351)	(490,774)
Cash flows from financing activities:			
Contributions restricted for capital and endowment		38,250	70,500
Proceeds from line of credit		2,800,000	4,300,000
Principal payments on line of credit		(3,675,000)	(2,800,000)
Net cash (used in) provided by financing activities		(836,750)	1,570,500
(Decrease) increase in cash and cash equivalents		(3,104,568)	3,928,367
Cash and cash equivalents at beginning of year		4,881,621	953,254
Cash and cash equivalents at end of year	$	1,777,053	4,881,621
Supplemental disclosure:			
Interest paid	$	120,386	119,419

See accompanying notes to combined financial statements.

(1) Organization

The Viscardi Center, Inc. (the Center); its subsidiary, Abilities, Inc. (Abilities); and Henry Viscardi School (the School) (collectively, the Organization) are dedicated to empowering people with disabilities to be active, independent, and self-sufficient participants in our society.

The School provides tuition-free education for approximately 160 children with disabilities through its elementary and secondary educational programs.

The Center conducts much of its work through Abilities, which provides vocational programs, transition services, and community integration programs.

- Vocational programs include evaluation, training, counseling, and job placement services for over 1,500 adults with disabilities.
- Transition services help facilitate the transition from school to work through career exploration, counseling, and work experience that give students an understanding of the relevancy of education as it relates to the world of work.
- Community integration programs include day habilitation services, driver education, assistive technology services, and benefits counseling for people with disabilities, as well as their families.

The National Employer Policy, Research, and Technical Assistance Center (NETAC) is a federally funded program that provides technical support to help employers recruit, hire, retain, and promote workers with disabilities.

The National Business & Disability Council (NBDC), along with other companies, conducts training seminars, programs, conferences, and technical assistance to its members to facilitate the employment of persons with disabilities. NBDC was a division of Just One Break, Inc. (JOB) through November 20, 2014 when JOB merged with and into Abilities pursuant to the provisions of the New York Not-for-Profit Corporation Law as approved by the New York State Attorney General's Office. All of the assets and liabilities of JOB became vested in the surviving corporation, Abilities.

Innovation and expansion programs promote the development of innovative ways to better serve and empower individuals with disabilities through the funding of new technologies and programs.

The Organization receives a majority of its revenue from state, federal, and private sources. Revenue from New York State for state-funded programs represents approximately 59% and 56% of the Organization's operating revenue for the years ended June 30, 2016 and 2015, respectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting, which combine the accounts of the Center, including its wholly owned subsidiary, Abilities, and the School, which operate under common management but separate, independent boards. All intercompany accounts and transactions have been eliminated in consolidation and combination.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management of the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions. Management adjusts such estimates when facts and circumstances dictate. Significant items subject to such estimates and assumptions include the useful lives and valuation of property, plant, and equipment; allowances for doubtful receivables; valuation of investments; and reserves for employee benefit obligations, uncertainties, and other contingencies. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

(c) Cash and Cash Equivalents

The Organization considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents, except for those short-term investments purchased by the Organization's investment managers as a part of their investment strategy.

(d) Investments and Investment Income

Investments in marketable securities with readily determinable market values are carried at fair value based on quoted market prices or, with respect to alternative investments, at estimated values provided by external investment managers. The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2009-12, *Fair Value Measurements and Disclosures – Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, with respect to certain investments in funds that do not have readily determinable fair values. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent.

In 2016, the Organization adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The Organization applied the provision of the update retrospectively to 2015.

These estimated values, as well as the underlying valuation methodologies and assumptions, are reviewed and evaluated by the Organization. Due to the inherent uncertainties of these estimates, these values may differ significantly from the values that would have been used had a ready market existed for such investments. Donated marketable securities are recorded at fair value at the date of the gift.

Investment income or loss is included in the increase or decrease in unrestricted net assets unless the income or loss is restricted by the donor or law. The Organization uses the specific-identification method to determine the cost of securities sold. Income derived from investments is classified based upon the absence or presence of donor-imposed restrictions.

(e) Split-Interest Agreements

The Organization's split-interest agreements with donors consist primarily of the Organization's interest in irrevocable charitable remainder trusts. Contributions are recognized at the date the trusts are established. The change in the value of the Organization's interest is reflected as a change in value of split-interest agreements in the accompanying combined statements of activities. The fair value of split-interest agreements is primarily determined using certain observable inputs (i.e., the fair value of the underlying marketable securities of the trust) and are considered Level 2 in the fair value hierarchy.

(f) Property and Equipment

Property and equipment are recorded at cost when acquired and at estimated fair value when donated. Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Estimated useful lives are as follows:

Building and land and building improvements	5 to 40 years
Furniture, fixtures, and equipment	3 to 30 years
Vehicles and computer software	3 to 5 years

Building and land improvements are depreciated over the lesser of the estimated useful life of the improvement or the remaining useful life of the building. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

(g) Temporarily and Permanently Restricted Net Assets

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets to a specific purpose. If assets are donated with the stipulation that they must be retained indefinitely with only income from the assets to be used, the assets are reported as permanently restricted. When a donor restriction expires,

(Continued)

that is, when a stipulated time restriction ends or purpose restriction is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as released from restriction.

(h) Contributions and Pledges

Unconditional contributions and pledges are recognized as revenue in the period received. Such amounts are recorded at fair value on the date of the gift, inclusive of an allowance for uncollectible pledges receivable.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donated long-lived assets, securities, and other assets are recorded as contributions at their fair value at the date of the gift.

(i) Revenue

Revenue for program services, primarily New York State and Federal grants, is recorded at amounts appropriated or rates established by governmental payors and are recognized as services are performed. Certain appropriations and rates are subject to audit and adjustment by governmental payors based upon regulations of the various funding entities.

Rate and appropriation adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits. For the years ended June 30, 2016 and 2015, there were no adjustments related to grant appropriations for prior years.

At June 30, 2016, deferred revenue primarily represents New York State Medicaid payments received prior to June 30 for related services that will be used in subsequent fiscal years for the educational program. At June 30, 2015, deferred revenue primarily represents a New York State Education Department payment for summer school received prior to June 30 and New York State Medicaid payments received prior to June 30 for related services that will be used in fiscal years subsequent to 2016 for the educational program. Deferred revenue is also recorded by the Organization for grant payments received in the current fiscal year relating to grants awarded for the next fiscal year.

(j) Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for 2016 or 2015 as there were no activities that were not related to its exempt purpose.

(3) Investments and Fair Value Measurements

Investment income, net, for 2016 and 2015 comprised the following:

		2016	2015
Interest and dividend income	$	682,985	1,052,958
Net realized and unrealized losses on investments		(1,433,410)	(815,911)
Investment advisory fees		(246,230)	(177,395)
	$	(996,655)	59,652

Investment income, net, for 2016 and 2015 is reported in the combined statements of activities as follows:

		2016	2015
Unrestricted:			
Investment income appropriated for expenditure	$	686,651	1,060,000
Investment loss, net of amount appropriated for expenditure		(1,320,969)	(1,030,788)
Total		(634,318)	29,212
Temporarily restricted:			
Investment income appropriated for expenditure	$	326,781	—
Investment (loss) income, net of amount appropriated for expenditure		(689,118)	30,440
Total		(362,337)	30,440
Total investment income, net	$	(996,655)	59,652

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value in its entirety.

The Organization's assets at June 30, 2016 and 2015 that are reported at fair value are summarized in the following table by their fair value hierarchy:

	2016			
	Level 1	**Level 2**	**Investments measured at net asset value**	**Total**
Investments:				
Cash and cash equivalents	$ 254,049	—	—	254,049
Domestic fixed income	3,711,934	—	—	3,711,934
Domestic equities	7,106,734	—	1,064,590	8,171,324
International fixed income	2,753,989	—	—	2,753,989
International equities	4,070,480	—	—	4,070,480
Global asset allocation funds	6,084,904	—	—	6,084,904
Total investments	$ 23,982,090	—	1,064,590	25,046,680

	2015			
	Level 1	**Level 2**	**Investments measured at net asset value**	**Total**
Investments:				
Cash and cash equivalents	$ 121,869	108,333	—	230,202
Domestic fixed income	2,511,158	—	—	2,511,158
Domestic equities	6,209,182	—	1,128,364	7,337,546
International fixed income	1,332,974	—	—	1,332,974
International equities	4,511,063	—	—	4,511,063
Global asset allocation funds	10,230,830	—	—	10,230,830
Total investments	$ 24,917,076	108,333	1,128,364	26,153,773

The Organization's investments measured at net asset value as of June 30, 2016 and 2015 of $1,064,590 and $1,128,364, respectively, contain redemption restrictions with required written notice ranging from 30 to 95 days. All alternative investments are redeemable annually (as of December 31).

(4) Contributions and Pledges Receivable

(a) Contributions receivable consisted of the following at June 30, 2016 and 2015:

		2016	2015
Total contributions receivable	$	525,218	607,810
Less:			
Allowance for uncollectible receivables		(65,275)	(48,600)
Discounted at rates ranging from 1.8% to 2.2%		(289)	(1,419)
	$	459,654	557,791

Contributions receivable as of June 30, 2016 and 2015 are expected to be collected as follows:

		2016	2015
Less than one year	$	520,218	589,975
One to five years		5,000	17,835
	$	525,218	607,810

(b) The Center received donated services and in-kind gifts from various professional individuals. The amount of these services recorded as contribution revenue and expense in the accompanying combined statements of activities is $47,994 and $16,973 in fiscal 2016 and 2015, respectively.

(5) Property and Equipment

The components of property and equipment and accumulated depreciation as of June 30, 2016 and 2015 consisted of the following:

		2016	2015
Land and improvements	$	2,418,462	2,067,704
Buildings and improvements		25,208,313	24,846,090
Furniture, fixtures, computer, and other equipment		7,348,063	7,114,541
Vehicles		376,959	460,510
Purchased computer software		808,903	803,637
		36,160,700	35,292,482
Less accumulated depreciation		32,194,707	31,597,425
Property and equipment, net	$	3,965,993	3,695,057

Depreciation expense amounted to $752,098 and $705,081 in fiscal 2016 and 2015, respectively.

(Continued)

In April 1997, the Center executed an agreement, which is set to expire in March 2017, to lease 9,040 square feet of its facility to St. Charles Hospital. Rental payments under this lease agreement were $281,795 and $330,352, for the years ended June 30, 2016 and 2015, respectively. Such payments are recorded as miscellaneous revenue in the accompanying combined statements of activities. Future annual rental payments receivable under the lease are $213,367 for fiscal 2017.

(6) Line of Credit

The Center has an approved working capital line of credit of $8 million with a financial institution. As of June 30, 2016 and 2015, there was $4,075,000 and $4,950,000, respectively, outstanding under this line. The line expires on January 31, 2017 and bears interest at the London Interbank Offered Rate (LIBOR) Daily Floating Rate plus 2%. The line is secured by the Organization's investments with the financial institution.

(7) Temporarily Restricted and Permanently Restricted Net Assets

(a) Released from Restrictions

The following purpose and time restrictions on temporarily restricted net assets were satisfied during 2016 and 2015:

	2016		
	Programs and related expenses	**Capital**	**Total**
After-school programs	$ 139,296	2,983	142,279
Fine arts program	73,265	5,407	78,672
National Business & Disability Council	91,427	—	91,427
Kornreich Technology Center	9,532	2,645	12,177
Inclusive technology program	26,695	22,875	49,570
Skills development area	60,138	2,823	62,961
Abilities, Inc. computer upgrade	5,505	66,361	71,866
Transition services	27,896	—	27,896
Appropriated spending from general purpose endowment	262,874	—	262,874
All other purposes	136,080	11,583	147,663
	$ 832,708	114,677	947,385

		2015		
		Programs and related expenses	**Capital**	**Total**
After-school programs	$	132,679	—	132,679
Fine arts program		105,851	11,795	117,646
National Business & Disability Council		100,502	—	100,502
Kornreich Technology Center		15,885	59,387	75,272
School bus		—	60,008	60,008
Inclusive technology program		27,119	17,957	45,076
Skills development area		42,255	—	42,255
Abilities, Inc. computer upgrade		—	39,807	39,807
Transition services		30,415	—	30,415
Henry Viscardi School computer upgrade		—	24,626	24,626
Career Readiness and Testing Center		12,535	—	12,535
All other purposes		152,380	11,321	163,701
	$	619,621	224,901	844,522

(b) Composition

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following purposes:

		2016	**2015**
Abilities, Inc. computer upgrade	$	6,679	55,557
Inclusive technology program		110,537	58,494
Kornreich Technology Center		397,841	297,301
Skills development area		24,945	27,883
Transition services		—	7,896
HorseAbility therapeutic riding program		25,000	25,000
National Business & Disability Council		151,077	142,410
Fine arts program		84,587	58,333
After-school programs		181,284	119,096
New Jersey laboratory project		34,341	34,341
General purpose endowment income		2,432,303	3,142,482
Beneficial interest in remainder trusts		2,129,434	2,202,476
All other purposes		288,940	313,159
	$	5,866,968	6,484,428

Permanently restricted net assets at June 30, 2016 and 2015 are restricted to investment in perpetuity, with the accumulated investment income available to support the following purposes:

		2016	2015
General – Center	$	4,091,103	4,091,103
General education – School		1,577,197	1,577,197
Kornreich Technology Center		1,111,636	1,108,086
To be designated by donor – School		400,000	400,000
Multimedia technology – School		300,000	300,000
Information services – Center		200,000	200,000
Information services – School		100,000	100,000
Fine arts programs – School		120,000	120,000
School art program – School		100,000	100,000
Career and Employment Institute		50,000	50,000
All other purposes		270,890	270,890
	$	8,320,826	8,317,276

(c) Endowment Funds

The Organization's endowments consist of 24 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Organization to function as endowments (quasi-endowment). As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC Topic 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The following table presents the net asset classes of the Organization's endowment funds at June 30, 2016:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$	(18,674)	2,930,057	8,320,826	11,232,209
Quasi (board-designated)		13,312,237	—	—	13,312,237
	$	13,293,563	2,930,057	8,320,826	24,544,446

Changes in endowment net assets for the fiscal year ended June 30, 2016 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2015	$	13,613,794	3,614,804	8,317,276	25,545,874
Investment income, net		(634,318)	(362,337)	—	(996,655)
Additions		1,000,738	—	3,550	1,004,288
Appropriation of endowment assets for expenditure		(686,651)	(326,781)	—	(1,013,432)
Unspent appropriated amount		—	55,606	—	55,606
Other distributions		—	(51,235)	—	(51,235)
Net assets at June 30, 2016	$	13,293,563	2,930,057	8,320,826	24,544,446

The following table presents the net asset classes of the Organization's endowment funds at June 30, 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$	—	3,614,804	8,317,276	11,932,080
Quasi (board-designated)		13,613,794	—	—	13,613,794
	$	13,613,794	3,614,804	8,317,276	25,545,874

(Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2015 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2014	$ 14,642,472	3,722,815	8,313,776	26,679,063
Investment income, net	29,212	30,440	—	59,652
Additions	2,110	—	3,500	5,610
Appropriation of endowment assets for expenditure	(1,060,000)	—	—	(1,060,000)
Other distributions	—	(138,451)	—	(138,451)
Net assets at June 30, 2015	$ 13,613,794	3,614,804	8,317,276	25,545,874

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund for perpetual duration. There was a deficiency as of June 30, 2016 of $18,674. There was no deficiency as of June 30, 2015.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, as approved by the board of directors, the Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. The Organization has a policy of appropriating 4% of the net investment value, after deducting for 3% inflation and 1% in fees, on the endowment funds for spending unless otherwise explicitly stipulated by the donor. However, as a matter of practice the Organization does not appropriate spending from donor-restricted endowments when the value of the total endowment falls below certain agreed-upon levels. In 2016, the board of trustees authorized the appropriation of $686,651 from the board-designated endowment funds to subsidize certain operating costs and $326,781 from the donor restricted endowment funds. In 2015, the board of trustees authorized the appropriation of $1,060,000 from only the board-designated endowment funds to subsidize certain operating costs.

(8) Retirement Benefits

(a) Employees of the Organization who meet certain age and service requirements are covered under a defined-contribution retirement plan with the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which provides for the purchase of annuities for plan participants. Under the provisions of the Collective Bargaining Agreement (the Agreement) with the Henry Viscardi School Faculty Association, the School's employees hired after February 7, 2001 participate in the New York State's Employee Retirement Systems Pension Plan. Retirement expense under these plans amounted to approximately $988,913 and $1,028,108 in fiscal 2016 and 2015, respectively.

In fiscal year 2012, the Center implemented a deferred compensation plan under Section 457(b) of the Internal Revenue Code in which the Center contributes 4% of the base salary of certain eligible employees and up to 3% of the base salary that other designated eligible employees contribute to the plan on a pretax basis. For the years ended June 30, 2016 and 2015, the Center contributed $23,483 and $25,463, respectively, to the plan.

(b) Under the provisions of the Agreement, all union employees of the School are entitled to receive payment of certain of their unused sick/personal days upon retirement. In addition, under the Agreement, the School is required to provide certain healthcare benefits to retired employees. Expenditures under these plans are reimbursable expenses under the School's New York State grant when actual payments to retirees are made subject to the specific limitations on grant expenditures. These future reimbursements are not considered in the actuarial calculation of the postretirement benefit. Employees hired after September 1, 2013 are not eligible for the postretirement healthcare benefits.

The following table summarizes the School's accrued benefit costs associated with its unfunded postretirement plans at June 30, 2016:

		Medical plan	Unused sick/ personal days	Total
Reconciliation of the benefit obligations:				
Benefit obligation at beginning of year	$	12,984,934	487,408	13,472,342
Service cost		308,357	7,938	316,295
Interest cost		607,181	19,203	626,384
Actuarial loss (gain)		1,894,654	(36,299)	1,858,355
Benefits paid		(177,848)	(42,324)	(220,172)
Benefit obligation at end of year	$	15,617,278	435,926	16,053,204

The following table summarizes the School's accrued benefit costs associated with its unfunded postretirement plans at June 30, 2015:

	Medical plan	Unused sick/ personal days	Total
Reconciliation of the benefit obligations:			
Benefit obligation at beginning of year	$ 13,646,961	465,163	14,112,124
Service cost	282,475	8,109	290,584
Interest cost	522,588	17,627	540,215
Actuarial (gain) loss	(1,319,047)	18,544	(1,300,503)
Plan amendment	—	(14,779)	(14,779)
Benefits paid	(148,043)	(7,256)	(155,299)
Benefit obligation at end of year	$ 12,984,934	487,408	13,472,342

In addition to service and interest costs, the components of projected net periodic postretirement benefit costs for fiscal 2017 will include the following:

	Medical plan	Unused sick/ personal days	Total
Amortization of net actuarial loss	$ 33,208	13,607	46,815
Amortization of net prior service cost (credit)	32,034	(2,548)	29,486

The following table provides the components of the net periodic benefit costs for the year ended June 30, 2016:

	Medical plan	Unused sick/ personal days	Total
Service cost	$ 308,357	7,938	316,295
Interest cost	607,181	19,203	626,384
Amortization of prior service cost (credit)	32,034	(2,548)	29,486
Amortization of net loss	—	17,164	17,164
Net postretirement benefit expense	$ 947,572	41,757	989,329

The following table provides the components of the net periodic benefit costs for the year ended June 30, 2015:

		Medical plan	Unused sick/ personal days	Total
Service cost	$	282,475	8,109	290,584
Interest cost		522,588	17,627	540,215
Amortization of prior service cost (credit)		32,034	(2,548)	29,486
Amortization of net loss		—	29,297	29,297
Net postretirement benefit expense	$	837,097	52,485	889,582

For the year ended June 30, 2016, the other changes in benefit obligations recognized in postretirement-related changes other than net periodic benefit cost are as follows:

		Medical plan	Unused sick/ personal days	Total
Net loss (gain)	$	1,894,654	(36,299)	1,858,355
Amortization of net gain		—	(17,164)	(17,164)
Amortization of prior service (cost) credit		(32,034)	2,548	(29,486)
	$	1,862,620	(50,915)	1,811,705

For the year ended June 30, 2015, the other changes in benefit obligations recognized in postretirement-related changes other than net periodic benefit cost are as follows:

		Medical plan	Unused sick/ personal days	Total
Net (gain) loss	$	(1,319,047)	18,544	(1,300,503)
Amortization of net loss		—	(29,297)	(29,297)
Prior service credit		—	(14,779)	(14,779)
Amortization of prior service (cost) credit		(32,034)	2,548	(29,486)
	$	(1,351,081)	(22,984)	(1,374,065)

	2016	2015
Weighted average assumptions as of June 30:		
Discount rate – benefit obligation	3.55%	4.40%
Discount rate – net periodic benefit cost	4.40	3.89
Rate of compensation increase	4.00	4.00

The actuarial loss in the benefit obligation in 2016 is primarily attributable to a decrease in the discount rate from 4.40% in 2015 to 3.55% in 2016. The actuarial gain in the benefit obligation in 2015 is primarily attributable to an increase in the discount rate from 3.89% in 2014 to 4.40% in 2015.

For measurement purposes, a 5% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2016 and thereafter.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

Effect of change in medical cost trend rate	2016	
	1% increase	1% decrease
Effect on total of service cost and interest	$ 217,419	(167,101)
Effect on accumulated postretirement benefit obligation	3,082,204	(2,425,446)

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next 75 years. The following table presents a summary of the expected future payments for the next 10 years:

	Medical plan	Unused sick/ personal days	Total
2017	$ 296,000	84,000	380,000
2018	341,000	48,000	389,000
2019	381,000	40,000	421,000
2020	421,000	40,000	461,000
2021	459,000	36,000	495,000
2022–2026	2,903,000	142,000	3,045,000

(9) Functional and Organizational Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the combined statements of activities. Accordingly, certain operating costs amounting to $2,867,521 and $2,763,748 in fiscal 2016 and 2015, respectively, have been allocated among the Organization's programs.

The Center entered into an administrative services agreement with Abilities, and the School, where the Center incurs all common central administrative overhead costs for those entities. These costs relate principally to maintenance, utilities, management, accounting, data processing, and purchasing services. Such costs are allocated among the entities based upon a formula that reflects management's estimate of usage of such services. The fees charged by the Center to Abilities, and the School eliminate in consolidation and combination.

The following schedule summarizes the indirect costs, which are included in program expenses and fund-raising and external relations in the combined statements of activities for the years ended June 30, 2016 and 2015:

		2016	2015
Henry Viscardi School	$	1,965,644	1,917,576
Vocational programs		478,168	485,593
Transition services		103,057	84,951
Community integration programs		78,839	69,793
National Policy, Research, and Technical Assistance Center		39,353	32,311
National Business & Disability Council		11,536	12,710
Innovation and expansion		77,853	59,611
Fund-raising and external relations		113,071	101,203
Total program and supporting service overhead	$	2,867,521	2,763,748

(10) Contingencies

The Center and School are recipients of funding from both federal and state governmental agencies. Consequently, certain revenue included in the accompanying combined statements of activities is subject to audit by the grant agencies. Although such audits could result in reimbursement to the grantor agencies, management believes that any disallowances resulting from such audits would be immaterial to the combined financial position and results of operations of the Organization. Future funding from these agencies may be adversely affected by changes in reimbursement regulations, education law, or budgetary constraints experienced by such agencies.

Claims have been asserted against the Organization by various claimants. The claims are in various stages and some may ultimately be brought to trial. Incidents occurring through June 30, 2016 may result in the assertion of additional claims. In the opinion of management, losses from these asserted and unasserted actions, if any, will be settled within the limits of insurance coverage after paying a deductible.

Indirect cost allowance recoveries under certain government grants are accrued on an estimated basis in the period the work is performed. Such estimates are subject to revision based upon actual indirect costs for the years. Final rates have been negotiated and accepted by the cognizant government granting agency for years through June 30, 2015. Management does not anticipate a material adverse impact on the combined financial position of the Organization as a result of changes to the interim rates utilized through June 30, 2016.

(11) Commitments

At June 30, 2016, the Organization was obligated for minimum annual rental payments under noncancelable operating leases for equipment and facilities as follows:

Year ending June 30:		
2017	$	99,578
2018		74,128
2019		48,161
2020		7,726
	$	229,593

Rental expenses under leases were $119,429 and $97,678 for the years ended June 30, 2016 and 2015, respectively.

(12) Asset Retirement Obligation

The Organization accrues for costs related to legal obligations to perform asbestos abatement as a conditional asset retirement obligation and estimated that the present value of the cost of remediation is $210,358 and $198,451 as of June 30, 2016 and 2015, respectively. Accretion expense is recognized annually using the effective-interest method. There was no remediation of asbestos in fiscal 2016. The cost of remediating asbestos during fiscal 2015 was $5,400.

(13) Subsequent Events

The Organization evaluated events subsequent to June 30, 2016 and 2015 and through November 15, 2016, the date on which the combined financial statements were available to be issued and concluded that no additional disclosures are required.

Schedule 1

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combining Schedule of Functional Expenses

Year ended June 30, 2016

(With summarized comparative totals for the year ended June 30, 2015)

	Program expenses								Supporting and other expenses				
	Henry Viscardi School	Vocational programs	Transition services	Community integration programs	NETAC	National Business & Disability Council	Innovation and expansion	Total program services	Management and general	Fund-raising and external relations	Total supporting services	2016 Total expenses	2015 Total expenses
Salaries	$ 9,084,081	1,525,247	1,340,149	591,825	269,798	97,075	341,067	13,249,242	878,226	548,994	1,427,220	14,676,462	13,240,737
Health and retirement benefits, payroll taxes, etc.	4,216,632	422,725	395,075	169,102	58,491	27,910	81,691	5,371,626	187,383	125,622	313,005	5,684,631	5,295,867
Total salaries and related expenses	13,300,713	1,947,972	1,735,224	760,927	328,289	124,985	422,758	18,620,868	1,065,609	674,616	1,740,225	20,361,093	18,536,604
Contracted medical, educational, and vocational services	23,428	12,177	533	30,432	1,179,097	105,340	32,329	1,383,336	871	162,521	163,392	1,546,728	951,756
Professional services and fees	577,404	83,157	13,340	18,448	28,401	1,132	46,141	768,023	170,839	36,368	207,207	975,230	866,288
Program and fund-raising supplies	357,556	32,995	109,283	10,643	10,406	38,723	24,149	583,755	14,977	169,709	184,686	768,441	748,088
Other supplies and printing	67,608	16,816	7,146	5,959	12,183	4,183	20,351	134,246	4,702	62,996	67,698	201,944	160,338
Property and equipment rentals	69,081	33,678	2,792	22,726	18,415	30,648	12,438	189,778	35,874	68,028	103,902	293,680	223,355
Donated services and in-kind gifts	32,172	14,785	—	1,037	—	—	—	47,994	—	—	—	47,994	23,779
Conferences and travel	52,163	63,700	16,149	15,578	39,315	8,477	5,370	200,752	14,280	15,010	29,290	230,042	204,942
Transportation of program participants	14,607	75,213	7,289	—	—	—	—	97,109	—	125	125	97,234	88,361
Postage	12,756	5,972	2,220	720	3,132	25	3,909	28,734	3,831	10,103	13,934	42,668	32,208
Telephone	47,421	26,735	9,058	10,285	2,287	5,289	5,933	107,008	10,275	9,565	19,840	126,848	120,515
Insurance	133,742	30,555	6,585	11,455	2,515	737	4,975	190,564	111,280	7,225	118,505	309,069	265,943
Repairs and maintenance – equipment and building	172,515	38,530	8,475	18,929	3,152	924	30,374	272,899	139,492	9,387	148,879	421,778	425,426
Heat, light, and power	185,081	44,315	9,492	7,298	3,624	1,753	7,170	258,733	160,390	10,414	170,804	429,537	458,107
Bad debt expense	—	65,364	1,774	4,365	—	7,500	—	79,003	—	17,150	17,150	96,153	22,706
Miscellaneous	93,638	29,678	5,672	2,630	204	2,651	8,317	142,790	9,056	46,601	55,657	198,447	175,703
Total functional expenses before depreciation	15,139,885	2,521,642	1,935,032	921,432	1,631,020	332,367	624,214	23,105,592	1,741,476	1,299,818	3,041,294	26,146,886	23,304,119
Depreciation	226,070	120,510	92,476	44,036	77,947	15,884	29,831	606,754	83,225	62,119	145,344	752,098	705,081
Total functional expenses	$ 15,365,955	2,642,152	2,027,508	965,468	1,708,967	348,251	654,045	23,712,346	1,824,701	1,361,937	3,186,638	26,898,984	24,009,200

See accompanying independent auditors' report.

Schedule 1

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Combining Schedule of Functional Expenses

Year ended June 30, 2015

	Program expenses								Supporting and other expenses			
	Henry Viscardi School	Vocational programs	Transition services	Community integration programs	NETAC	National Business & Disability Council	Innovation and expansion	Total program services	Management and general	Fund-raising and external relations	Total supporting services	2015 Total expenses
Salaries	$ 8,446,337	1,585,794	1,089,789	468,453	168,384	82,442	125,510	11,966,709	783,241	490,787	1,274,028	13,240,737
Health and retirement benefits, payroll taxes, etc.	3,986,312	456,499	335,530	138,243	39,148	41,978	26,338	5,024,048	161,470	110,349	271,819	5,295,867
Total salaries and related expenses	12,432,649	2,042,293	1,425,319	606,696	207,532	124,420	151,848	16,990,757	944,711	601,136	1,545,847	18,536,604
Contracted medical, educational, and vocational services	35,938	4,082	4,131	30,556	591,202	111,909	45,960	823,778	—	127,978	127,978	951,756
Professional services and fees	550,902	74,413	11,787	9,245	26,789	6,504	40,171	719,811	131,016	15,461	146,477	866,288
Program and fund-raising supplies	428,909	37,471	65,893	15,137	11,966	22,945	5,614	587,935	52,343	107,810	160,153	748,088
Other supplies and printing	56,351	17,847	6,609	4,868	14,562	2,973	2,306	105,516	4,758	50,064	54,822	160,338
Property and equipment rentals	45,541	31,933	3,603	14,122	5,573	32,351	6,567	139,690	28,868	54,797	83,665	223,355
Donated services and in-kind gifts	16,272	7,507	—	—	—	—	—	23,779	—	—	—	23,779
Conferences and travel	42,370	62,792	14,763	11,790	44,531	3,952	2,215	182,413	9,358	13,171	22,529	204,942
Transportation of program participants	19,770	63,566	4,825	—	—	—	—	88,161	—	200	200	88,361
Postage	12,659	4,770	2,340	767	598	62	231	21,427	3,331	7,450	10,781	32,208
Telephone	33,515	20,692	6,490	5,866	3,162	35,505	2,647	107,877	6,345	6,293	12,638	120,515
Insurance	117,584	28,456	4,978	9,916	1,893	745	3,493	167,065	92,948	5,930	98,878	265,943
Repairs and maintenance – equipment and building	188,687	44,637	7,797	15,960	2,960	1,207	9,287	270,535	145,291	9,600	154,891	425,426
Heat, light, and power	205,953	50,472	8,801	7,231	3,347	1,317	6,176	283,297	164,325	10,485	174,810	458,107
Bad debt expense	2,445	—	—	—	—	5,000	—	7,445	—	15,261	15,261	22,706
Miscellaneous	93,289	28,799	1,328	4,329	1,250	8,167	144	137,306	2,856	35,541	38,397	175,703
Total functional expenses before depreciation	14,282,834	2,519,730	1,568,664	736,483	915,365	357,057	276,659	20,656,792	1,586,150	1,061,177	2,647,327	23,304,119
Depreciation	154,704	153,725	95,702	44,932	55,845	21,784	16,879	543,571	96,769	64,741	161,510	705,081
Total functional expenses	$ 14,437,538	2,673,455	1,664,366	781,415	971,210	378,841	293,538	21,200,363	1,682,919	1,125,918	2,808,837	24,009,200

See accompanying independent auditors' report.

Schedule 2

THE VISCARDI CENTER, INC.;
ITS SUBSIDIARY, ABILITIES, INC.;
AND HENRY VISCARDI SCHOOL

Schedule of NYS Fees for Programs for the Disabled

Year ended June 30, 2016

Program name	Funding source		2016
Assistive Technology Evaluation	NYS ACCES	$	13,473
Project Search	NYS ACCES		55,734
Follow-Along	NYS OPWDD		140,066
Job Placement	NYS ACCES		169,703
Diagnostic Vocational Evaluation	NYS ACCES		117,694
Extended Supported Employment Job Coaching	NYS ACCES		87,489
Job Coaching	NYS ACCES		29,316
Driver Education	NYS ACCES		75,823
Commission for the Blind and Visually Handicapped	NYS CBVH		850
Intensive Supported Employment Job Coaching	NYS ACCES		200,346
Business Skills with Office Technology	NYS ACCES	B	79,691
Work Readiness - Skill Development	NYS ACCES		32,547
Client Transportation	NYS ACCES		104,277
Worker Adjustment Training	NYS ACCES		77,388
Culinary Skills	NYS ACCES	C	60,445
Printing, Packaging, Shipping, and Mailing (PPSM) Training Program	NYS ACCES	A	—
Total New York State fees for programs for the disabled		$	1,244,842
Gross tuition for tuition assessment calculations			
A – PPSM Training Program		$	—
B – Business Skills with Office Technology			79,691
C – Culinary Skills			60,445
Total gross tuition for tuition assessment calculations		$	140,136

See accompanying independent auditors' report.