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

Combined Financial Statements and Schedule

June 30, 2021 and 2020

(With Independent Auditors’ Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

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

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, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 audit 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, 2021 and 2020, 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 schedule 1 is presented for purposes of additional analysis and is not a required part of the 2021 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 2021 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 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 2021 combined financial statements or to the 2021 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 2021 combined financial statements taken as a whole.

KPMG LLP

November 17, 2021

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

Combined Statements of Financial Position

June 30, 2021 and 2020

Assets		**2021**	**2020**
Assets:			
Cash and cash equivalents	$	4,543,323	2,436,666
Receivables:			
Government agencies		1,518,593	3,184,006
Contributions and pledges, net (note 4)		2,435,941	4,214,390
Other		72,894	76,542
Prepaid expenses and other assets		928,734	637,095
Investments (note 3)		32,148,318	26,527,094
Beneficial interest in split-interest agreements		1,769,174	1,589,810
Property, plant, and equipment, net (note 5)		5,074,932	4,353,027
Total assets	$	48,491,909	43,018,630
Liabilities and Net Assets			
Liabilities:			
Accounts payable, accrued expenses, and other liabilities	$	1,573,163	1,058,541
Accrued payroll and employee benefits		898,620	811,658
Line of credit (note 6)		1,100,000	3,150,000
Payroll Protection Program loans (note 6)		1,528,877	1,528,877
Deferred revenue		307,541	415,491
Asset retirement obligation (note 12)		222,650	210,047
Accrued postretirement benefits (note 8)		17,213,647	18,421,919
Total liabilities		22,844,498	25,596,533
Net assets:			
Net assets without donor restrictions:			
Accrued postretirement benefits (note 8)		(17,213,647)	(18,421,919)
Net investment in property, plant, and equipment		5,074,932	4,353,027
Other (note 7)		15,601,077	11,868,495
Total net assets (deficit) without donor restrictions		3,462,362	(2,200,397)
Net assets with donor restrictions:			
Time or purpose restricted (note 7)		13,737,265	11,228,392
Endowment fund corpus (note 7)		8,447,784	8,394,102
Total net assets with donor restrictions		22,185,049	19,622,494
Total net assets		25,647,411	17,422,097
Total liabilities and net assets	$	48,491,909	43,018,630

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, 2021

	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Revenue, gains, and other support:			
New York State grants (note 10)	$ 15,321,060	—	15,321,060
Federal grants (note 10)	607,959	—	607,959
New York State fees for programs for the disabled	1,273,215	—	1,273,215
Other fees for programs for the disabled	2,547,598	—	2,547,598
Forgiveness of Paycheck Protection Program loans (note 6)	1,543,513	—	1,543,513
Contributions and pledges	917,015	1,929,149	2,846,164
Change in value of split-interest agreements	—	179,364	179,364
Investment income utilized in operations (notes 3 and 7)	1,205,224	430,182	1,635,406
Miscellaneous (note 5)	201,118	—	201,118
Net assets released from restriction for programs and related expenses (note 7)	1,928,819	(1,928,819)	—
Total revenue, gains, and other support	25,545,521	609,876	26,155,397
Program expenses (note 9):			
Henry Viscardi School – education and related	14,757,574	—	14,757,574
Vocational programs	2,186,552	—	2,186,552
Transition services	1,794,749	—	1,794,749
Community integration programs	586,268	—	586,268
National Business & Disability Council	239,435	—	239,435
Innovation and expansion	1,138,160	—	1,138,160
Total program expenses	20,702,738	—	20,702,738
Supporting services expenses:			
Management and general	2,759,215	—	2,759,215
Fundraising and external relations	1,063,102	—	1,063,102
Total supporting services expenses	3,822,317	—	3,822,317
Total expenses	24,525,055	—	24,525,055
Change in net assets, before other changes	1,020,466	609,876	1,630,342
Other changes:			
Postretirement-related changes other than periodic service cost (note 8)	1,017,458	—	1,017,458
Investment income in excess of amounts utilized in operations (note 3)	2,560,890	3,016,624	5,577,514
Net assets released from restriction for capital (note 7)	1,063,945	(1,063,945)	—
Total other changes	4,642,293	1,952,679	6,594,972
Change in net assets	5,662,759	2,562,555	8,225,314
Net assets at beginning of year	(2,200,397)	19,622,494	17,422,097
Net assets at end of year	$ 3,462,362	22,185,049	25,647,411

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, 2020

	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Revenue, gains, and other support:			
New York State grants (note 10)	$ 15,503,229	—	15,503,229
Federal grants (note 10)	1,023,330	—	1,023,330
New York State fees for programs for the disabled	1,448,290	—	1,448,290
Other fees for programs for the disabled	2,630,127	—	2,630,127
Contributions and pledges	958,245	1,635,686	2,593,931
Change in value of split-interest agreements	—	127,083	127,083
Investment income utilized in operations (notes 3 and 7)	1,577,948	382,754	1,960,702
Miscellaneous (note 5)	319,204	—	319,204
Net assets released from restriction for programs and related expenses (note 7)	2,283,655	(2,283,655)	—
Total revenue, gains, and other support	25,744,028	(138,132)	25,605,896
Program expenses (note 9):			
Henry Viscardi School – education and related	15,013,181	—	15,013,181
Vocational programs	2,330,356	—	2,330,356
Transition services	1,801,547	—	1,801,547
Community integration programs	851,926	—	851,926
Employer Assistance and Resource Network on Disability Inclusion	507,412	—	507,412
National Business & Disability Council	262,335	—	262,335
Innovation and expansion	1,314,944	—	1,314,944
Total program expenses	22,081,701	—	22,081,701
Supporting services expenses:			
Management and general	2,651,158	—	2,651,158
Fundraising and external relations	1,070,144	—	1,070,144
Total supporting services expenses	3,721,302	—	3,721,302
Total expenses	25,803,003	—	25,803,003
Change in net assets, before other changes	(58,975)	(138,132)	(197,107)
Other changes:			
Postretirement-related changes other than periodic service cost (note 8)	(2,320,805)	—	(2,320,805)
Investment loss less than amounts utilized in operations (note 3)	(1,308,445)	(230,520)	(1,538,965)
Net assets released from restriction for capital (note 7)	228,194	(228,194)	—
Total other changes	(3,401,056)	(458,714)	(3,859,770)
Change in net assets	(3,460,031)	(596,846)	(4,056,877)
Net assets at beginning of year	1,259,634	20,219,340	21,478,974
Net assets at end of year	$ (2,200,397)	19,622,494	17,422,097

See accompanying notes to combined financial statements.

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

Combining Statement of Functional Expenses

Year ended June 30, 2021

	Program expenses							Supporting and other expenses			
	Henry Viscardi School	**Vocational programs**	**Transition services**	**Community integration programs**	**National Business & Disability Council**	**Innovation and expansion**	**Total program services**	**Management and general**	**Fundraising and external relations**	**Total supporting services**	**2021 Total expenses**
Salaries	$ 9,421,155	1,306,108	1,254,290	325,740	64,348	395,863	12,767,504	1,417,799	516,258	1,934,057	14,701,561
Health and retirement benefits, payroll taxes, etc.	3,754,408	347,134	336,698	87,431	16,822	100,635	4,643,128	333,991	140,237	474,228	5,117,356
Total salaries and related expenses	13,175,563	1,653,242	1,590,988	413,171	81,170	496,498	17,410,632	1,751,790	656,495	2,408,285	19,818,917
Contracted medical, educational, and vocational services	16,500	—	319	7,608	40,098	171,950	236,475	—	—	—	236,475
Professional services and fees	477,748	82,799	11,840	5,765	6,314	300,000	884,466	220,933	78,175	299,108	1,183,574
Program and fundraising supplies	234,747	30,907	49,012	20,665	37,679	4,044	377,054	41,136	91,589	132,725	509,779
Other supplies and printing	47,076	12,843	9,706	5,644	1,063	8,864	85,196	5,014	34,710	39,724	124,920
Property and equipment rentals	54,485	55,335	2,098	17,775	39,554	13,339	182,586	53,863	52,085	105,948	288,534
Donated services and in-kind gifts	600	14,303	—	—	—	—	14,903	—	31,303	31,303	46,206
Conferences and travel	5,931	28,850	2,351	1,249	469	331	39,181	4,621	5,976	10,597	49,778
Transportation of program participants	1,500	20,060	—	—	—	—	21,560	—	—	—	21,560
Postage	9,615	3,111	387	144	14	350	13,621	3,176	6,727	9,903	23,524
Telephone	58,426	36,005	8,800	11,584	6,259	1,549	122,623	13,300	8,152	21,452	144,075
Insurance	125,371	27,657	5,163	22,047	531	8,751	189,520	120,580	5,484	126,064	315,584
Repairs and maintenance – equipment and building	123,757	27,752	5,211	14,385	514	33,303	204,922	177,475	5,457	182,932	387,854
Heat, light, and power	139,449	29,350	5,479	2,801	6,109	9,287	192,475	126,018	5,820	131,838	324,313
Bad debt expense	—	15,434	—	—	5,625	16,630	37,689	—	3,520	3,520	41,209
Miscellaneous	35,777	25,116	1,788	30,239	481	8,829	102,230	85,100	17,423	102,523	204,753
Total functional expenses before depreciation and net periodic benefit cost other than service cost	14,506,545	2,062,764	1,693,142	553,077	225,880	1,073,725	20,115,133	2,603,006	1,002,916	3,605,922	23,721,055
Depreciation	251,029	123,788	101,607	33,191	13,555	64,435	587,605	156,209	60,186	216,395	804,000
Total functional expenses before net periodic benefit cost other than service cost	14,757,574	2,186,552	1,794,749	586,268	239,435	1,138,160	20,702,738	2,759,215	1,063,102	3,822,317	24,525,055
Net periodic benefit cost other than service cost	513,172	—	—	—	—	—	513,172	—	—	—	513,172
Total functional expenses	$ 15,270,746	2,186,552	1,794,749	586,268	239,435	1,138,160	21,215,910	2,759,215	1,063,102	3,822,317	25,038,227

See accompanying notes to combined financial statements.

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

Combining Statement of Functional Expenses

Year ended June 30, 2020

	Program expenses								Supporting and other expenses			
	Henry Viscardi School	Vocational programs	Transition services	Community integration programs	EARN	National Business & Disability Council	Innovation and expansion	Total program services	Management and general	Fundraising and external relations	Total supporting services	2020 Total expenses
Salaries	$ 9,509,567	1,433,687	1,257,793	484,424	120,079	89,924	615,606	13,511,080	1,290,414	578,203	1,868,617	15,379,697
Health and retirement benefits, payroll taxes, etc.	3,620,983	346,945	320,895	120,444	29,666	21,680	159,448	4,620,061	308,353	146,409	454,762	5,074,823
Total salaries and related expenses	13,130,550	1,780,632	1,578,688	604,868	149,745	111,604	775,054	18,131,141	1,598,767	724,612	2,323,379	20,454,520
Contracted medical, educational, and vocational services	123,707	864	—	33,181	299,075	24,556	11,980	493,363	—	—	—	493,363
Professional services and fees	575,776	88,426	13,814	6,538	1,341	7,096	319,867	1,012,858	250,542	46,043	296,585	1,309,443
Program and fundraising supplies	277,860	29,741	68,425	17,037	1,696	20,232	24,503	439,494	30,791	80,475	111,266	550,760
Other supplies and printing	64,567	12,863	8,377	6,094	1,683	1,329	24,835	119,748	6,961	31,267	38,228	157,976
Property and equipment rentals	55,112	61,721	7,444	18,761	10,490	43,704	20,096	217,328	60,742	54,115	114,857	332,185
Donated services and in-kind gifts	34,998	14,288	—	500	—	—	—	49,786	—	2,300	2,300	52,086
Conferences and travel	32,992	40,688	9,284	7,651	12,616	6,140	21,657	131,028	23,283	19,449	42,732	173,760
Transportation of program participants	20,962	21,903	52	36,462	—	—	—	79,379	—	—	—	79,379
Postage	8,045	3,676	1,643	98	2,640	51	1,476	17,629	3,596	5,249	8,845	26,474
Telephone	44,994	34,382	8,143	12,576	225	6,205	8,794	115,319	11,188	6,978	18,166	133,485
Insurance	102,284	23,067	4,331	38,415	569	487	7,465	176,618	109,669	4,611	114,280	290,898
Repairs and maintenance – equipment and building	91,964	17,994	3,970	20,424	444	380	20,957	156,133	119,327	3,732	123,059	279,192
Heat, light, and power	127,098	29,788	5,593	3,475	735	4,913	9,640	181,242	139,881	5,954	145,835	327,077
Bad debt expense	716	2,500	—	1,515	—	21,250	52	26,033	—	2,350	2,350	28,383
Miscellaneous	29,264	50,145	809	1,310	530	1,140	2,166	85,364	162,533	28,969	191,502	276,866
Total functional expenses before depreciation and net periodic benefit cost other than service cost	14,720,889	2,212,678	1,710,573	808,905	481,789	249,087	1,248,542	21,432,463	2,517,280	1,016,104	3,533,384	24,965,847
Depreciation	292,292	117,678	90,974	43,021	25,623	13,248	66,402	649,238	133,878	54,040	187,918	837,156
Total functional expenses before net periodic benefit cost other than service cost	15,013,181	2,330,356	1,801,547	851,926	507,412	262,335	1,314,944	22,081,701	2,651,158	1,070,144	3,721,302	25,803,003
Net periodic benefit cost other than service cost	612,419	—	—	—	—	—	—	612,419	—	—	—	612,419
Total functional expenses	$ 15,625,600	2,330,356	1,801,547	851,926	507,412	262,335	1,314,944	22,694,120	2,651,158	1,070,144	3,721,302	26,415,422

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, 2021 and 2020

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	8,225,314	(4,056,877)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Postretirement-related changes other than periodic service cost		(1,017,458)	2,320,805
Change in value of split-interest agreements		(179,364)	(127,083)
Depreciation expense		804,000	837,156
Loss on disposal of property and equipment		705	—
Bad debt expense		41,209	28,383
Forgiveness of amounts owed		(1,528,877)	—
Net realized and unrealized (gains) losses on investments		(6,821,428)	97,709
Contributions restricted for capital and endowment		(77,338)	(115,550)
Changes in assets and liabilities:			
Receivables		2,854,301	(772,569)
Prepaid expenses and other assets		(291,639)	(186,362)
Accounts payable, accrued expenses, and other liabilities		514,622	(474,500)
Accrued payroll and employee benefits		(103,852)	(86,721)
Deferred revenue		(107,950)	(135,943)
Asset retirement obligation		12,603	11,889
Net cash provided by (used in) operating activities		2,324,848	(2,659,663)
Cash flows from investing activities:			
Purchases of investment securities		(14,757,934)	(17,650,708)
Proceeds from redemption and sales of investment securities		15,933,872	19,571,681
Acquisition of property and equipment		(1,526,610)	(872,755)
Proceeds from split-interest agreements		—	168,171
Net cash (used in) provided by investing activities		(350,672)	1,216,389
Cash flows from financing activities:			
Collections of contributions restricted for capital and endowment		629,338	455,550
Proceeds from Paycheck Protection Program loans		1,528,877	1,528,877
Proceeds from line of credit		1,766,000	2,982,492
Principal payments on line of credit		(3,816,000)	(3,032,492)
Net cash provided by financing activities		108,215	1,934,427
Change in cash, cash equivalents, and restricted cash		2,082,391	491,153
Cash, cash equivalents, and restricted cash at beginning of year		2,882,689	2,391,536
Cash, cash equivalent, and restricted cash at end of year	$	4,965,080	2,882,689
Reconciliation of cash, cash equivalent, and restricted cash reported within the statement of financial position that sum to the amounts above:			
Cash and cash equivalents	$	4,543,323	2,436,666
Restricted cash included in investments		421,757	446,023
Total cash, cash equivalent, and restricted cash shown above	$	4,965,080	2,882,689
Supplemental disclosure:			
Interest paid	$	68,500	124,514

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 170 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, assistive technology services, and benefits counseling for people with disabilities, as well as their families.

The Employer Assistance and Resource Network on Disability Inclusion (EARN) is a federally funded program that provides technical support to help employers recruit, hire, retain, and promote workers with disabilities. This program was previously known as The National Employer Policy, Research, and Technical Assistance Center. This program was administered by the Center through December 2019.

The National Business & Disability Council, along with other companies, conducts training seminars, programs, conferences, and technical assistance to its members to facilitate the employment of persons with disabilities.

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 63% and 66% of the Organization’s operating revenue for the years ended June 30, 2021 and 2020, 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 combined 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. 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 remaining 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 net asset values provided by external investment managers. The Organization, as a practical expedient, uses net asset value per share or its equivalent for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value.

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 net assets without donor restrictions 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, land, and building improvements	5 – 40 Years
Furniture, fixtures, and equipment	3 – 15 Years
Vehicles and computer software	3 – 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) Net Assets

Net assets without donor restrictions are available for use at the discretion of the board of trustees and/or management for general operating purposes and are disclosed in note 7.

The Organization 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 to net assets without donor restrictions and reported in the combined statements of activities as released from restriction.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board-approved spending policy.

(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. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor’s obligation to the transferred assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as without donor restrictions 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 with donor restrictions until the purpose restriction is satisfied. 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 government payors and are recognized as the related conditions (generally, as services are performed) are met. Certain appropriations and rates are subject to audit and adjustment by government 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, 2021 or 2020, there were no adjustments related to grant appropriations for prior years.

At June 30, 2021, deferred revenue primarily represents New York State Medicaid payments received prior to June 30 for related services that will be used in fiscal years subsequent to 2021 for the educational program. Payments received prior to June 30 for fundraising events occurring subsequent to the fiscal year-end are also included. At June 30, 2020, deferred revenue primarily represents New York State Medicaid payments received prior to June 30 for related services that will be used in fiscal years subsequent to 2020 for the educational program. Payments received prior to June 30 for fundraising events occurring subsequent to the fiscal year-end are also included.

(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 2021 or 2020 as there were no activities that were not related to its exempt purpose.

(3) Investments and Fair Value Measurements

Investment income, net for 2021 and 2020 comprised the following:

		2021	2020
Interest and dividend income	$	493,732	612,333
Net realized and unrealized gains (losses) on investments		6,821,428	(97,709)
Investment advisory fees		(102,240)	(92,887)
	$	7,212,920	421,737

Investment income, net for 2021 and 2020 is reported in the combined statements of activities as follows:

		2021	2020
Without donor restrictions:			
Investment income utilized in operations	$	1,205,224	1,577,948
Investment income (loss), in excess of (less than) amount utilized in operations		2,560,890	(1,308,445)
Total		3,766,114	269,503
With donor restrictions:			
Investment income utilized in operations		430,182	382,754
Investment income (loss), in excess of (less than) amount utilized in operations		3,016,624	(230,520)
Total		3,446,806	152,234
Total investment income, net	$	7,212,920	421,737

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. Financial Accounting Standards Board Accounting Standards Codification 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 directly held investments at June 30, 2021 and 2020 are summarized in the following table and are all considered Level 1 in the fair value hierarchy:

		2021	2020
Investments:			
Cash and cash equivalents	$	1,900,616	2,162,872
Domestic fixed income		6,083,733	5,956,317
Domestic equities		16,645,631	12,352,030
International fixed income		306,273	534,109
International equities		7,212,065	4,832,100
Global asset allocation fund		—	689,666
	$	32,148,318	26,527,094

(4) Contributions and Pledges Receivable

(a) Contributions receivable consisted of the following at June 30, 2021 and 2020:

		2021	2020
Total contributions receivable	$	2,614,009	4,466,998
Less:			
Allowance for uncollectible receivables		(1,000)	(1,000)
Discounted at rates ranging from 0.6% to 3.4%		(177,068)	(251,608)
	$	2,435,941	4,214,390

Contributions receivable as of June 30, 2021 and 2020 are expected to be collected as follows:

		2021	2020
Less than one year	$	906,459	1,824,898
One to five years		707,550	1,642,100
More than five years		1,000,000	1,000,000
	$	2,614,009	4,466,998

Contributions receivable totaling $2 million are from three donors as of June 30, 2021.

(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 $46,206 and $52,086 in fiscal years 2021 and 2020, respectively.

(5) Property, Plant, and Equipment

The components of property, plant, and equipment and accumulated depreciation as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
Construction in progress	$ 239,942	586,768
Land and improvements	2,570,052	2,543,642
Buildings and improvements	27,890,622	26,458,182
Furniture, fixtures, computer, and other equipment	8,816,194	8,447,702
Vehicles	537,934	494,313
Computer software	1,041,199	1,041,199
	41,095,943	39,571,806
Less accumulated depreciation	36,021,011	35,218,779
Property, plant, and equipment, net	$ 5,074,932	4,353,027

Depreciation expense amounted to $804,000 and $837,156 in fiscal years 2021 and 2020, respectively.

In April 1997, the Center executed an agreement, which expired in December 2019, to lease 9,040 square feet of its facility to St. Charles Hospital. The rental payments under this lease agreement were $149,476 for the year ended June 30, 2020. Such payments are recorded as miscellaneous revenue in the accompanying combined statements of activities.

In December 2019, the Center executed an agreement, which began on January 1, 2020 and expires in December 2029, to lease approximately 9,000 square feet of its facility to Beacon Church of Long Island. The rental payments under this lease agreement were $328,000 and $168,000 for the years ended June 30, 2021 and 2020, respectively. Such payments are recorded as miscellaneous revenue in the accompanying combined statements of activities. Future annual rental payments expected under the current lease are $336,000 for fiscal year 2022, $339,360 for fiscal year 2023, and $346,146 for fiscal 2024. Future annual rental payments for fiscal years 2025 through fiscal 2030 include increases to the rent in effect as of the end of the fifth year of the term of the lease, plus an increase equal to the percentage increase of the Consumer Price Index for the applicable Metropolitan Statistical Area for the prior year, as published by the U.S. Department of Labor.

(6) Debt Obligations

(a) Line of Credit

In March 2015, the Center entered into an agreement to create an $8 million revolving line of credit with a financial institution to facilitate its operating cash flow requirements. On January 9, 2020, an amendment to the line of credit agreement was executed, which reduced the existing operating line of credit to $5.5 million and created a second line of credit of $3 million for capital renovations and improvements that are being funded by a comprehensive fundraising campaign over a 5 year period. As of June 30, 2021 and 2020, there was $1,100,000 and $3,150,000, respectively, outstanding under the operating line of credit. There were no amounts outstanding under the capital renovations line of credit as of June 2021 and 2020. Both lines of credit expire on January 31, 2022 and bear interest at the Bank's prime rate minus one-quarter of one percent or 3% as of June 30, 2021. The lines are secured by the Organization's investments with the financial institution.

(b) Paycheck Protection Program Loans

In May 2020, the Center and Abilities received loans of $772,122 and $756,755, respectively, under the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration (SBA). The Center and Abilities submitted their loan forgiveness applications, as required, within 10 months of the completion of the 24-week covered period, which ended on October 18, 2020. In April 2021, the SBA notified the Center that its loan was fully forgiven including estimated interest of $7,193. In May 2021, the SBA notified Abilities that its loan was fully forgiven including estimated interest of $7,443. As a result, Forgiveness of Paycheck Protection Program Loans of $1,543,513, which includes the forgiven principal and interest, was recorded on the accompanying combined statement of activities for the 2021 fiscal year.

In March 2021, the Center and Abilities received second draw PPP loans of $772,122 and $756,755, respectively. Under the program, the Center and Abilities must, and plan to, submit their loan forgiveness applications within 10 months of the completion of the 24-week covered period, which ended on August 31, 2021. As borrowers under the program, the Center and Abilities are not required to make any payments until the forgiveness amount is remitted to the lender by the SBA. If the loans are fully forgiven, the Center and Abilities are not responsible for any payments. If only a portion of the loans are forgiven, or if the forgiveness applications are denied, any remaining balance due on the loans must be repaid on or before the maturity date of the loans, March 17, 2026. Interest accrues at a rate of 1% during the time between disbursement of the loan, March 17, 2021, and the SBA remittance of the forgiveness amount. The Center and Abilities are responsible for paying the accrued interest on any amount of the loans that are not forgiven.

(7) Net Assets with Donor Restrictions

(a) Released from Restrictions

The following purpose and time restrictions on donor-restricted net assets were satisfied during 2021 and 2020:

	2021		
	Programs and related expenses	Capital	Total
After-school programs	$ 17,178	—	17,178
Appropriated spending from general purpose endowment	354,136	—	354,136
Fine arts program	79,782	—	79,782
National Business & Disability Council	133,781	—	133,781
Skills development area	40,012	1,579	41,591
Transition services	231,978	15,677	247,655
Project Accessible Oral Health	317,065	—	317,065
Marketing and expansion of programs	139,212	—	139,212
Digital accessibility services	55,000	—	55,000
Veterans training program	128,956	—	128,956
National Center for Disability Entrepreneurship	187,199	—	187,199
Roof and other infrastructure projects	5,127	196,200	201,327
Independent Living House	—	803,543	803,543
All other purposes	239,393	46,946	286,339
	$ 1,928,819	1,063,945	2,992,764

	2020		
	Programs and related expenses	Capital	Total
After-school programs	$ 62,451	7,640	70,091
Appropriated spending from general purpose endowment	349,040	—	349,040
Fine arts program	84,744	2,775	87,519
Inclusive technology program	2,824	104,524	107,348
Kornreich Technology Center	4,045	—	4,045
National Business & Disability Council	119,639	—	119,639
Skills development area	75,595	—	75,595
Transition services	113,918	—	113,918
Project Accessible Oral Health	193,556	—	193,556
Proceeds from split-interest agreements	168,171	—	168,171
Marketing and expansion of programs	493,650	—	493,650
Digital accessibility services	116,400	—	116,400
Veterans training program	31,861	—	31,861
National Center for Disability Entrepreneurship	158,162	—	158,162
HVAC and other infrastructure projects	3,174	89,607	92,781
All other purposes	306,425	23,648	330,073
	$ 2,283,655	228,194	2,511,849

(b) Composition

Net assets with donor restrictions consist of contributions received from donors whose use is limited by either in-perpetuity donor restrictions or donor-imposed stipulations based on time or purpose. The restricted amounts as of June 30, 2021 and 2020 and the corresponding purposes for which the income is expendable are as follows:

	2021	2020
Subject to expenditure based on time or for specific purpose:		
After-school programs	$ 223,527	122,770
Beneficial interest in remainder trusts	1,769,174	1,589,810
Capital projects	374	279
Day Habilitation program	43,010	43,010
Fine arts program	696,459	636,682
General comprehensive campaign purposes	660,272	588,486
General purpose endowment income	5,340,154	3,167,755

		2021	**2020**
Inclusive technology program	$	671,314	408,480
Independent Living House		—	623,954
Kornreich Technology Center		472,583	324,137
National Business & Disability Council		20,549	129,331
National Center for Disability Entrepreneurship		281,007	321,238
New Jersey laboratory project		34,341	34,341
Pool renovation		1,479,283	1,456,913
Program expansion		—	14,504
Project Accessible Oral Health		182,118	133,283
Skills development area		40,373	31,414
Transition services		254,067	261,322
Time restricted pledges		867,362	847,033
Veterans training program		45,574	64,530
All other purposes		655,724	429,120
Net assets with donor restrictions – time or purpose restricted		13,737,265	11,228,392
Net assets held as endowed assets to generate income for specific purposes:			
General – Center		4,091,103	4,091,103
General education – School		1,577,197	1,577,197
Kornreich Technology Center		1,138,136	1,134,636
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
Vocational and educational programs – Abilities, Inc.		50,000	50,000
Scholarships – School		100,458	50,276
All other purposes		270,890	270,890
Net assets with donor restrictions – endowed fund corpus		8,447,784	8,394,102
Total net assets with donor restrictions	$	22,185,049	19,622,494

(c) Endowment Funds

The Organization's endowments consist of 25 individual funds at June 30, 2021 and 2020, 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 designated to be held in perpetuity to be classified as donor-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, 2021:

		With donor restrictions		
	Without donor restrictions	Accumulated gains	Endowment fund corpus	Total
Donor restricted	$ —	6,852,327	8,447,784	15,300,111
Quasi (board designated)	16,221,382	—	—	16,221,382
	$ 16,221,382	6,852,327	8,447,784	31,521,493

Changes in endowment net assets for the fiscal year ended June 30, 2021 were as follows:

		With donor restrictions		
	Without donor restrictions	Accumulated gains	Endowment fund corpus	Total
Net assets at June 30, 2020	$ 13,660,568	3,912,226	8,394,102	25,966,896
Investment income, net	3,766,114	3,446,806	—	7,212,920
Additions	90,208	—	53,682	143,890
Appropriation of endowment assets for expenditure	(1,205,224)	(426,653)	—	(1,631,877)
Expenditure of prior year unspent appropriated amount	—	(3,529)	—	(3,529)
Other distributions	(90,284)	(76,523)	—	(166,807)
Net assets at June 30, 2021	$ 16,221,382	6,852,327	8,447,784	31,521,493

The following table presents the net asset classes of the Organization's endowment funds at June 30, 2020:

		With donor restrictions		
	Without donor restrictions	Accumulated gains	Endowment fund corpus	Total
Donor restricted	$ —	3,912,226	8,394,102	12,306,328
Quasi (board designated)	13,660,568	—	—	13,660,568
	$ 13,660,568	3,912,226	8,394,102	25,966,896

Changes in endowment net assets for the fiscal year ended June 30, 2020 were as follows:

			With donor restrictions		
		Without donor restrictions	Accumulated gains	Endowment fund corpus	Total
Net assets at June 30, 2019	$	14,980,108	4,207,520	8,386,602	27,574,230
Investment income, net		269,502	152,235	—	421,737
Additions		332,252	—	7,500	339,752
Appropriation of endowment assets for expenditure		(1,577,948)	(381,626)	—	(1,959,574)
Expenditure of prior year unspent appropriated amount		—	(1,128)	—	(1,128)
Other distributions		(343,346)	(64,775)	—	(408,121)
Net assets at June 30, 2020	$	13,660,568	3,912,226	8,394,102	25,966,896

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 were no such deficiencies as of June 30, 2021 or 2020.

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 7% 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 2% 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 2021 and 2020, the board of directors authorized the appropriation of $626,500 and $1 million, respectively, over the designated spending rate policy, from 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 $1,053,412 and $998,111 in fiscal years 2021 and 2020, 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, 2021 and 2020, the Center contributed $23,145 and $22,743, 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, 2021:

		Medical plan	Unused sick/ personal days	Total
Reconciliation of the benefit obligations:				
Benefit obligation at beginning of year	$	17,742,274	679,645	18,421,919
Service cost		141,457	10,942	152,399
Interest cost		433,719	9,174	442,893
Actuarial gain		(1,393,447)	(66,904)	(1,460,351)
Benefits paid		(297,087)	(46,126)	(343,213)
Benefit obligation at end of year	$	16,626,916	586,731	17,213,647

The following table summarizes the School's accrued benefit costs associated with its unfunded postretirement plans at June 30, 2020:

	Medical plan	Unused sick/ personal days	Total
Reconciliation of the benefit obligations:			
Benefit obligation at beginning of year	$ 15,663,481	577,118	16,240,599
Service cost	128,883	8,272	137,155
Interest cost	516,205	19,133	535,338
Actuarial loss	1,710,345	75,122	1,785,467
Benefits paid	(276,640)	—	(276,640)
Benefit obligation at end of year	$ 17,742,274	679,645	18,421,919

As of June 30, 2021, the items not yet recognized as a component of net periodic postretirement benefit cost are as follows:

	Medical plan	Unused sick/ personal days	Total
Prior service cost	$ 65,991	—	65,991
Net actuarial loss	583,131	264,757	847,888
	$ 649,122	264,757	913,879

As of June 30, 2020, the items not yet recognized as a component of net periodic postretirement benefit cost are as follows:

	Medical plan	Unused sick/ personal days	Total
Prior service cost	$ 98,026	—	98,026
Net actuarial loss	1,976,578	369,905	2,346,483
	$ 2,074,604	369,905	2,444,509

(Continued)

In addition to service and interest costs, the components of projected net periodic postretirement benefit costs for fiscal year 2022 will include the following:

		Medical plan	Unused sick/ personal days	Total
Amortization of net actuarial loss	$	—	31,511	31,511
Amortization of net prior service cost		32,035	—	32,035

The following table provides the components of the net periodic benefit costs for the year ended June 30, 2021:

		Medical plan	Unused sick/ personal days	Total
Service cost	$	141,457	10,942	152,399
Interest cost		433,719	9,174	442,893
Amortization of prior service cost		32,035	—	32,035
Amortization of net loss		—	38,244	38,244
Net postretirement benefit expense	$	607,211	58,360	665,571

The following table provides the components of the net periodic benefit costs for the year ended June 30, 2020:

		Medical plan	Unused sick/ personal days	Total
Service cost	$	128,883	8,272	137,155
Interest cost		516,205	19,133	535,338
Amortization of prior service cost (credit)		32,034	(2,039)	29,995
Amortization of net loss		—	47,086	47,086
Net postretirement benefit expense	$	677,122	72,452	749,574

(Continued)

For the year ended June 30, 2021, the other changes in benefit obligations recognized in postretirement-related changes other than periodic service cost are as follows:

		Medical plan	Unused sick/ personal days	Total
Net gain	$	(1,393,447)	(66,904)	(1,460,351)
Amortization of net gain		—	(38,244)	(38,244)
Amortization of prior service credit		(32,035)	—	(32,035)
Net periodic benefit cost other than service cost		465,754	47,418	513,172
	$	(959,728)	(57,730)	(1,017,458)

For the year ended June 30, 2020, the other changes in benefit obligations recognized in postretirement-related changes other than periodic service cost are as follows:

		Medical plan	Unused sick/ personal days	Total
Net loss	$	1,710,345	75,122	1,785,467
Amortization of net gain		—	(47,086)	(47,086)
Amortization of prior service (credit) cost		(32,034)	2,039	(29,995)
Net periodic benefit cost other than service cost		548,239	64,180	612,419
	$	2,226,550	94,255	2,320,805

	2021	2020
Weighted average assumptions as of June 30:		
Discount rate – benefit obligation – medical plan	2.70 %	2.56 %
Discount rate – benefit obligation – unused sick/personal days plan	1.88	1.56
Discount rate – net periodic benefit cost	1.56	3.40
Rate of compensation increase	4.00	4.00

The actuarial gain in the benefit obligation in 2021 is primarily attributable to an increase in the discount rate from 2.56% in 2020 to 2.70% in 2021 for the medical plan and an increase in the discount rate from 1.56% in 2020 to 1.88% in 2021 for the unused sick/personal days plan. The actuarial loss in the benefit obligation in 2020 is primarily attributable to a decrease in the discount rate from 3.40% in 2019 to 2.56% in 2020 for the medical plan and 1.56% for the unused sick/personal days plan.

For measurement purposes, a 7% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2021. The rate was assumed to decrease gradually to 5% for 2024 and remain at that level thereafter. For Medicare Part B benefits, a 6% annual rate of increase was assumed for 2021 and then decreasing gradually to 4% by 2024 and remaining at that level 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		2021 1% Increase	2021 1% Decrease
Effect on total of service cost and interest	$	118,198	(92,907)
Effect on accumulated postretirement benefit obligation		2,896,451	(2,335,639)

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
2022	$	435,578	101,900	537,478
2023		481,565	88,481	570,046
2024		533,648	57,464	591,112
2025		577,691	59,666	637,357
2026		617,020	45,562	662,582
2027–2031		3,549,944	162,511	3,712,455

(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 indirect operating costs amounting to $2,905,979 and $2,653,813 in fiscal years 2021 and 2020, 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 (utilizing a combination of square footage, time studies and ratio value) that reflects management's estimate of usage of such services. The fees charged by the Center to Abilities and the School are eliminated in consolidation and combination.

The following schedule summarizes the indirect costs, which are included in program expenses and fundraising and external relations in the combined statements of activities for the years ended June 30, 2021 and 2020:

		2021	2020
Henry Viscardi School	$	2,051,807	1,841,368
Vocational programs		470,358	433,591
Transition services		87,798	81,418
Community integration programs		44,890	50,579
Employer Assistance and Resource Network on Disability Inclusion		—	10,697
National Business & Disability Council		9,032	9,163
Innovation and expansion		148,828	140,326
Fundraising and external relations		93,266	86,671
Total program and supporting service overhead	$	2,905,979	2,653,813

(10) Contingencies

The Center and School are recipients of funding from both federal and state government 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, 2021 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, 2020. 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, 2021.

(11) Commitments

At June 30, 2021, the Organization was obligated for minimum annual rental payments under noncancelable operating leases for equipment and facilities as follows:

Year ending June 30:		
2022	$	159,242
2023		151,199
2024		22,634
	$	333,075

Rental expenses under leases were $224,330 and $242,092 for the years ended June 30, 2021 and 2020, 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 $222,650 and $210,047 as of June 30, 2021 and 2020, respectively. Accretion expense is recognized annually using the effective-interest method. There was no remediation of asbestos in fiscal year 2021 or 2020.

(13) Availability of Financial Assets for General Expenditures

Resources available to the Organization to fund general expenditures, such as operating expenses, interest on the line of credit, and internally funded capital improvements, have seasonal variations related to the timing of program service billings, receipt of gifts and pledge payments, and transfers from the endowment for board-appropriated amounts. The Organization actively manages its resources, utilizing a combination of short, medium, and long-term operating investment strategies to align its cash inflows with anticipated outflows, in accordance with policies approved by the board of trustees.

As further described in note 6, the Organization may draw upon a revolving credit facility to manage its cash flows. At June 30, 2021 and 2020, existing financial assets and liquidity resources available within one year were as follows:

Financial assets available		**Resources available at June 30, 2021**	**Resources appropriated by the board and available in fiscal year ending June 30, 2022**	**Total**
Cash and cash equivalents – without restriction	$	3,165,410	—	3,165,410
Government agencies receivables		1,518,593	—	1,518,593
Contributions (without restriction) due in one year or less		116,135	—	116,135
Other receivables		33,438	—	33,438
Payout on board-designated endowments		—	585,516	585,516
Payout on donor-restricted endowments		—	388,072	388,072
		4,833,576	973,588	5,807,164
Liquidity resources				
Bank line of credit ($1,100,000 outstanding as of June 30, 2021)		4,400,000	—	4,400,000
Total financial assets and other liquidity resources	$	9,233,576	973,588	10,207,164

Financial assets available		Resources available at June 30, 2020	Resources appropriated by the board and available in fiscal year ending June 30, 2021	Total
Cash and cash equivalents – without restriction	$	1,292,038	—	1,292,038
Government agencies receivables		3,184,006	—	3,184,006
Contributions (without restriction) due in one year or less		359,435	—	359,435
Other receivables		28,283	—	28,283
Payout on board-designated endowments		—	578,724	578,724
Payout on donor-restricted endowments		—	354,136	354,136
		4,863,762	932,860	5,796,622
Liquidity resources				
Bank line of credit ($3,150,000 outstanding as of June 30, 2020)		2,350,000	—	2,350,000
Total financial assets and other liquidity resources	$	7,213,762	932,860	8,146,622

Additionally, the Organization has $16,221,382 and $13,660,568 (which includes $585,516 and $578,724 appropriated for 2022 and 2021 respectively) in board-designated endowments, as disclosed in note 7(c), as of June 30, 2021 and 2020, respectively, which can be liquidated in one year. Furthermore, the Organization has accumulated general purpose endowment income of $4,952,082 and $2,813,619, as disclosed in note 7(b), as of June 30, 2021 and 2020, respectively, which can be liquidated in one year.

(14) Impact of COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and consequently, the building in Albertson, New York was closed.

The School suspended in-person learning and transitioned to full-remote learning for the remainder of the 2020 school year. Payments from the New York State Education Department (NYSED) to the School were delayed and included a 20% holdback. As of June 30, 2020, $653,624 was owed to the School by NYSED. During the 2021 fiscal year all 2020 fiscal year amounts previously held back by NYSED were remitted to the School and the 20% holdback on payments was discontinued by the State. The School made in-person learning an option during 2021 while still offering full-remote learning.

Abilities vocational and community integration programs were significantly curtailed in fiscal 2020 and its transition services continued in a remote setting on a smaller scale. Abilities funding from New York State was not materially affected by the State's fiscal predicament. During fiscal 2021, Abilities programs resumed in an in-person setting.

The Center has held virtual fundraisers in place of traditional in-person events and has canceled an event, resulting in decreases in contributions in fiscal 2021 and 2020.

The incidence of the pandemic has therefore negatively impacted the Organization and it is anticipated that the effects of the pandemic may continue to negatively impact the Organization. However, given the uncertainty of the pandemic's duration, severity, and economic impacts, the ultimate financial effects cannot be known at this time.

(15) Subsequent Events

The Organization evaluated events subsequent to June 30, 2021 and 2020 and through November 17, 2021 the date on which the combined financial statements were available to be issued, and concluded that no additional disclosures are required.

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, 2021

Program name	Funding source			2021
Project Search	NYS ACCES		$	61,740
Supported Employment	NYS OPWDD			168,168
Job Placement	NYS ACCES			133,362
Diagnostic Vocational Evaluation	NYS ACCES			49,575
Extended Supported Employment Job Coaching	NYS ACCES			67,540
Job Coaching	NYS ACCES			6,405
Intensive Supported Employment Job Coaching	NYS ACCES			98,675
Explore – Pre ETS	NYS ACCES			34,069
Strive– Pre ETS	NYS ACCES			40,200
Client Transportation	NYS ACCES			19,822
Culinary Skills	NYS ACCES	A		49,800
Day Habilitation Without Walls	NYS OPWDD			519,361
Employment Training Program	NYS OPWDD			10,908
Pathway to Employment	NYS OPWDD			13,590
Total New York State fees for programs for the disabled			$	1,273,215
Gross tuition for tuition assessment calculations				
A – Culinary Skills			$	49,800
Total gross tuition for tuition assessment calculations			$	49,800

See accompanying independent auditors' report.