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

Combined Financial Statements and Schedule

June 30, 2022 and 2021

(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:

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2022 combined financial statements as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the 2022 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 2022 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 combined financial statements or to the 2022 combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 2022 combined financial statements as a whole.

KPMG LLP

New York, New York
November 16, 2022

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

Combined Statements of Financial Position

June 30, 2022 and 2021

Assets		**2022**	**2021**
Assets:			
Cash and cash equivalents	$	3,449,814	4,543,323
Receivables:			
Government agencies		2,425,310	1,518,593
Contributions and pledges, net (note 4)		1,977,436	2,435,941
Other		92,443	72,894
Prepaid expenses and other assets		632,094	928,734
Investments (note 3)		26,907,787	32,148,318
Beneficial interest in split-interest agreements		1,149,916	1,769,174
Property, plant, and equipment, net (note 5)		6,141,261	5,074,932
Total assets	$	42,776,061	48,491,909
Liabilities and Net Assets			
Liabilities:			
Accounts payable, accrued expenses, and other liabilities	$	1,198,769	1,573,163
Accrued payroll and employee benefits		982,182	898,620
Line of credit (note 6)		1,990,000	1,100,000
Payroll Protection Program loans (note 6)		—	1,528,877
Deferred revenue		316,176	307,541
Asset retirement obligation (note 12)		236,009	222,650
Accrued postretirement benefits (note 8)		13,637,042	17,213,647
Total liabilities		18,360,178	22,844,498
Net assets:			
Net assets without donor restrictions:			
Accrued postretirement benefits (note 8)		(13,637,042)	(17,213,647)
Net investment in property, plant, and equipment		6,141,260	5,074,932
Other (note 7)		14,294,387	15,601,077
Total net assets without donor restrictions		6,798,605	3,462,362
Net assets with donor restrictions:			
Time or purpose restricted (note 7)		9,143,494	13,737,265
Endowment fund corpus (note 7)		8,473,784	8,447,784
Total net assets with donor restrictions		17,617,278	22,185,049
Total net assets		24,415,883	25,647,411
Total liabilities and net assets	$	42,776,061	48,491,909

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, 2022

	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Revenue, gains, and other support:			
New York State grants (note 10)	$ 15,675,310	—	15,675,310
Federal grants (note 10)	549,995	—	549,995
New York State fees for programs for the disabled	2,106,237	—	2,106,237
Other fees for programs for the disabled	2,996,081	—	2,996,081
Forgiveness of Paycheck Protection Program loans (note 6)	1,544,565	—	1,544,565
Contributions and pledges	1,100,542	1,641,194	2,741,736
Change in value of split-interest agreements	—	(619,258)	(619,258)
Investment income utilized in operations (notes 3 and 7)	585,516	415,549	1,001,065
Miscellaneous (note 5)	192,666	—	192,666
Net assets released from restriction for programs and related expenses (note 7)	1,702,930	(1,702,930)	—
Total revenue, gains, and other support	26,453,842	(265,445)	26,188,397
Program expenses (note 9):			
Henry Viscardi School – education and related	15,094,292	—	15,094,292
Vocational programs	2,298,503	—	2,298,503
Transition services	2,040,668	—	2,040,668
Community integration programs	816,706	—	816,706
National Business & Disability Council	69,270	—	69,270
Innovation and expansion	1,053,651	—	1,053,651
Total program expenses	21,373,090	—	21,373,090
Supporting services expenses:			
Management and general	2,900,339	—	2,900,339
Fundraising and external relations	1,379,115	—	1,379,115
Total supporting services expenses	4,279,454	—	4,279,454
Total expenses	25,652,544	—	25,652,544
Change in net assets, before other changes	801,298	(265,445)	535,853
Other changes:			
Postretirement-related changes other than periodic service cost (note 8)	3,370,209	—	3,370,209
Investment loss less than amount utilized in operations (note 3)	(2,702,147)	(2,435,443)	(5,137,590)
Net assets released from restriction for capital (note 7)	1,866,883	(1,866,883)	—
Total other changes	2,534,945	(4,302,326)	(1,767,381)
Change in net assets	3,336,243	(4,567,771)	(1,231,528)
Net assets at beginning of year	3,462,362	22,185,049	25,647,411
Net assets at end of year	$ 6,798,605	17,617,278	24,415,883

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

Combining Statement of Functional Expenses

Year ended June 30, 2022

	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	2022 Total expenses
Salaries	$ 9,449,978	1,416,421	1,434,030	422,531	13,593	320,773	13,057,326	1,351,310	628,974	1,980,284	15,037,610
Health and retirement benefits, payroll taxes, etc.	3,848,601	313,421	315,086	94,726	3,817	75,241	4,650,892	307,821	159,178	466,999	5,117,891
Total salaries and related expenses	13,298,579	1,729,842	1,749,116	517,257	17,410	396,014	17,708,218	1,659,131	788,152	2,447,283	20,155,501
Contracted medical, educational, and vocational services	21,096	—	357	56,875	—	166,313	244,641	—	—	—	244,641
Professional services and fees	584,915	97,846	13,775	7,008	3,530	293,365	1,000,439	258,971	160,668	419,639	1,420,078
Program and fundraising supplies	298,307	34,010	103,143	26,743	25,042	4,762	492,007	37,212	134,501	171,713	663,720
Other supplies and printing	54,212	14,838	11,611	5,368	1,057	4,429	91,515	13,946	33,230	47,176	138,691
Property and equipment rentals	45,653	54,229	3,723	16,403	32	30,772	150,812	81,944	102,496	184,440	335,252
Donated services and in-kind gifts	—	—	—	—	—	—	—	—	—	—	—
Conferences and travel	24,217	32,656	6,322	2,355	9	17,723	83,282	12,360	11,670	24,030	107,312
Transportation of program participants	414	12,096	9,873	20,185	—	—	42,568	—	—	—	42,568
Postage	7,741	1,859	677	106	3	517	10,903	2,774	6,782	9,556	20,459
Telephone	49,843	38,333	11,464	13,603	696	2,116	116,055	10,898	6,412	17,310	133,365
Insurance	146,871	34,452	5,750	28,361	160	10,088	225,682	142,971	7,038	150,009	375,691
Repairs and maintenance – equipment and building	153,274	33,761	5,875	43,501	156	18,530	255,097	208,267	7,092	215,359	470,456
Heat, light, and power	182,739	39,931	6,665	3,968	4,802	11,692	249,797	162,920	8,157	171,077	420,874
Bad debt expense	—	19,172	—	—	12,500	988	32,660	—	12,320	12,320	44,980
Miscellaneous	8,675	29,336	325	30,152	71	38,517	107,076	149,774	24,911	174,685	281,761
Total functional expenses before depreciation and net periodic benefit cost other than service cost	14,876,536	2,172,361	1,928,676	771,885	65,468	995,826	20,810,752	2,741,168	1,303,429	4,044,597	24,855,349
Depreciation	217,756	126,142	111,992	44,821	3,802	57,825	562,338	159,171	75,686	234,857	797,195
Total functional expenses before net periodic benefit cost other than service cost	15,094,292	2,298,503	2,040,668	816,706	69,270	1,053,651	21,373,090	2,900,339	1,379,115	4,279,454	25,652,544
Net periodic benefit cost other than service cost	552,762	—	—	—	—	—	552,762	—	—	—	552,762
Total functional expenses	$ 15,647,054	2,298,503	2,040,668	816,706	69,270	1,053,651	21,925,852	2,900,339	1,379,115	4,279,454	26,205,306

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

Combined Statements of Cash Flows

Years ended June 30, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(1,231,528)	8,225,314
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Postretirement-related changes other than periodic service cost		(3,370,209)	(1,017,458)
Change in value of split-interest agreements		619,258	(179,364)
Depreciation expense		797,195	804,000
Loss on disposal of property and equipment		—	705
Bad debt expense		44,980	41,209
Forgiveness of amounts owed		(1,528,877)	(1,528,877)
Net realized and unrealized losses (gains) on investments		4,812,607	(6,821,428)
Contributions restricted for capital and endowment		(247,303)	(77,338)
Changes in assets and liabilities:			
Receivables		(866,741)	2,854,301
Prepaid expenses and other assets		296,640	(291,639)
Accounts payable, accrued expenses, and other liabilities		(374,394)	514,622
Accrued payroll and employee benefits		(122,834)	(103,852)
Deferred revenue		8,635	(107,950)
Asset retirement obligation		13,359	12,603
Net cash (used in) provided by operating activities		(1,149,212)	2,324,848
Cash flows from investing activities:			
Purchases of investment securities		(21,471,827)	(14,757,934)
Proceeds from redemption and sales of investment securities		21,888,116	15,933,872
Acquisition of property and equipment		(1,863,524)	(1,526,610)
Net cash used in investing activities		(1,447,235)	(350,672)
Cash flows from financing activities:			
Collections of contributions restricted for capital and endowment		601,303	629,338
Proceeds from Paycheck Protection Program loans		—	1,528,877
Proceeds from line of credit		1,597,000	1,766,000
Principal payments on line of credit		(707,000)	(3,816,000)
Net cash provided by financing activities		1,491,303	108,215
Change in cash, cash equivalents, and restricted cash		(1,105,144)	2,082,391
Cash, cash equivalents, and restricted cash at beginning of year		4,965,080	2,882,689
Cash, cash equivalent, and restricted cash at end of year	$	3,859,936	4,965,080
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	$	3,449,814	4,543,323
Restricted cash included in investments		410,122	421,757
Total cash, cash equivalent, and restricted cash shown above	$	3,859,936	4,965,080
Supplemental disclosure:			
Interest paid	$	74,811	68,500

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 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 68% and 63% of the Organization’s operating revenue for the years ended June 30, 2022 and 2021, 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, 2022 or 2021, there were no adjustments related to grant appropriations for prior years.

At June 30, 2022 and 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 2022 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 2022 or 2021 as there were no activities that were not related to its exempt purpose.

(Continued)

(3) Investments and Fair Value Measurements

Investment (loss) income, net for 2022 and 2021 comprised the following:

		2022	2021
Interest and dividend income	$	782,122	493,732
Net realized and unrealized (losses) gains on investments		(4,812,607)	6,821,428
Investment advisory fees		(106,040)	(102,240)
	$	(4,136,525)	7,212,920

Investment (loss) income, net for 2022 and 2021 is reported in the combined statements of activities as follows:

		2022	2021
Without donor restrictions:			
Investment income utilized in operations	$	585,516	1,205,224
Investment (loss) income, (less than) in excess of amount utilized in operations		(2,702,147)	2,560,890
Total		(2,116,631)	3,766,114
With donor restrictions:			
Investment income utilized in operations		415,549	430,182
Investment (loss) income, (less than) in excess of amount utilized in operations		(2,435,443)	3,016,624
Total		(2,019,894)	3,446,806
Total investment (loss) income, net	$	(4,136,525)	7,212,920

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, 2022 and 2021 are summarized in the following table and are all considered Level 1 in the fair value hierarchy:

	2022	2021
Investments:		
Cash and cash equivalents	$ 2,584,339	1,900,616
Domestic fixed income	6,341,928	6,083,733
Domestic equities	12,928,991	16,645,631
International fixed income	540,689	306,273
International equities	4,511,840	7,212,065
	$ 26,907,787	32,148,318

(4) Contributions and Pledges Receivable

(a) Contributions receivable consisted of the following at June 30, 2022 and 2021:

	2022	2021
Total contributions receivable	$ 2,116,432	2,614,009
Less:		
Allowance for uncollectible receivables	(6,000)	(1,000)
Discounted at rates ranging from 0.6% to 3.4%	(132,996)	(177,068)
	$ 1,977,436	2,435,941

Contributions receivable as of June 30, 2022 and 2021 are expected to be collected as follows:

	2022	2021
Less than one year	$ 1,116,432	906,459
One to five years	1,000,000	707,550
More than five years	—	1,000,000
	$ 2,116,432	2,614,009

Contributions receivable totaling $1,750,000 and $2,000,000 are from three donors as of June 30, 2022 and 2021, respectively.

(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 in fiscal year 2021. There were no donated or in-kind gifts received in fiscal year 2022.

(5) Property, Plant, and Equipment

The components of property, plant, and equipment and accumulated depreciation as of June 30, 2022 and 2021 consisted of the following:

		2022	2021
Construction in progress	$	34,350	239,942
Land and improvements		2,583,432	2,570,052
Buildings and improvements		29,546,168	27,890,622
Furniture, fixtures, computer, and other equipment		9,137,961	8,816,194
Vehicles		576,376	537,934
Computer software		1,081,180	1,041,199
		42,959,467	41,095,943
Less accumulated depreciation		36,818,206	36,021,011
Property, plant, and equipment, net	$	6,141,261	5,074,932

Depreciation expense amounted to $797,195 and $804,000 in fiscal years 2022 and 2021, respectively.

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 $336,000 and $328,000 for the years ended June 30, 2022 and 2021, 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 $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, 2022 and 2021, there was $1,500,000 and $1,100,000, respectively, outstanding under the operating line of credit. As of June 30, 2022, there was $490,000 outstanding under the capital renovations line of credit. There was no amount outstanding under the capital renovations line of credit as of June 2021. Both lines of credit expire on January 31, 2024 and bear interest at the Bloomberg Short-Term Bank Yield Daily Floating rate or the Index Floor, plus two percent or 3.6% as of June 30, 2022. 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. 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 August 31, 2021. In March 2022, the SBA notified Abilities that its loan was fully forgiven including estimated interest of $7,692. In April 2022, the SBA notified the Center that its loan was fully forgiven including estimated interest of $7,996. As a result, Forgiveness of Paycheck Protection Program Loans of $1,544,565, which includes the forgiven principal and interest, was recorded on the accompanying combined statement of activities for the 2022 fiscal year.

(7) Net Assets with Donor Restrictions

(a) Released from Restrictions

The following purpose and time restrictions on donor-restricted net assets were satisfied during 2022 and 2021:

	2022		
	Programs and related expenses	**Capital**	**Total**
After-school programs	$ 116,869	—	116,869
Appropriated spending from general purpose endowment	388,072	—	388,072
Day Habilitation program	—	36,175	36,175
Digital accessibility services	13,251	—	13,251
Fine arts program	66,282	3,009	69,291
Inclusive technology program	13,628	185,313	198,941
Independent Living House	25,277	11,181	36,458
Infrastructure projects	—	103,459	103,459
National Center for Disability Entrepreneurship	243,605	—	243,605
Pool renovation	2,895	1,507,999	1,510,894
Project Accessible Oral Health	183,018	—	183,018
Program expansion	70,416	1,754	72,170
Skills development area	95,000	—	95,000
Transition services	238,455	—	238,455
Veterans training program	55,299	—	55,299
All other purposes	190,863	17,993	208,856
	$ 1,702,930	1,866,883	3,569,813

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

(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, 2022 and 2021 and the corresponding purposes for which the income is expendable are as follows:

	2022	2021
Subject to expenditure based on time or for specific purpose:		
After-school programs	$ 265,413	223,527
Beneficial interest in remainder trusts	1,149,916	1,769,174
Capital projects	439	374
Day Habilitation program	93,107	43,010
Fine arts program	520,843	696,459
General comprehensive campaign purposes	900,779	660,272
General purpose endowment income	3,521,827	5,340,154

		2022	2021
Inclusive technology program	$	531,919	671,314
Independent Living House		16,023	—
Kornreich Technology Center		246,235	472,583
National Business & Disability Council		20,549	20,549
National Center for Disability Entrepreneurship		192,513	281,007
New Jersey laboratory project		34,341	34,341
Pool renovation		—	1,479,283
Project Accessible Oral Health		—	182,118
Skills development area		60,373	40,373
Transition services		215,611	254,067
Time restricted pledges		888,179	867,362
Veterans training program		275	45,574
All other purposes		485,152	655,724
Net assets with donor restrictions – time or purpose restricted		9,143,494	13,737,265
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		1,164,136	1,138,136
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	100,458
All other purposes		270,890	270,890
Net assets with donor restrictions – endowed fund corpus		8,473,784	8,447,784
Total net assets with donor restrictions	$	17,617,278	22,185,049

(c) Endowment Funds

The Organization’s endowments consist of 25 individual funds at June 30, 2022 and 2021, 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, 2022:

			With donor restrictions		
		Without donor restrictions	Accumulated gains	Endowment fund corpus	Total
Donor restricted	$	—	4,362,034	8,473,784	12,835,818
Quasi (board designated)		13,492,586	—	—	13,492,586
	$	13,492,586	4,362,034	8,473,784	26,328,404

Changes in endowment net assets for the fiscal year ended June 30, 2022 were as follows:

	Without donor restrictions	With donor restrictions: Accumulated gains	With donor restrictions: Endowment fund corpus	Total
Net assets at June 30, 2021	$ 16,221,382	6,852,327	8,447,784	31,521,493
Investment loss, net	(2,116,631)	(2,019,894)	—	(4,136,525)
Additions	104,135	—	26,000	130,135
Appropriation of endowment assets for expenditure	(585,516)	(414,012)	—	(999,528)
Expenditure of prior year unspent appropriated amount	—	(1,537)	—	(1,537)
Other distributions	(130,784)	(54,850)	—	(185,634)
Net assets at June 30, 2022	$ 13,492,586	4,362,034	8,473,784	26,328,404

The following table presents the net asset classes of the Organization’s endowment funds at June 30, 2021:

	Without donor restrictions	With donor restrictions: Accumulated gains	With donor restrictions: 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:

		Without donor restrictions	With donor restrictions: Accumulated gains	With donor restrictions: 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

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 deficiencies of $5,489 as of June 30, 2022 in connection with one fund, for which the corpus is $100,458. There were no such deficiencies as of June 30, 2021.

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, the board of directors authorized the appropriation of $626,500 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 $1,087,033 and $1,053,412 in fiscal years 2022 and 2021, 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, 2022 and 2021, the Center contributed $15,936 and $23,145, 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, 2022:

		Medical plan	Unused sick/ personal days	Total
Reconciliation of the benefit obligations:				
Benefit obligation at beginning of year	$	16,626,916	586,731	17,213,647
Service cost		155,378	17,086	172,464
Interest cost		450,627	13,490	464,117
Actuarial (gain) loss		(3,945,988)	111,662	(3,834,326)
Benefits paid		(321,754)	(57,106)	(378,860)
Benefit obligation at end of year	$	12,965,179	671,863	13,637,042

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

As of June 30, 2022, 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	$	33,957	—	33,957
Net actuarial (gain) loss		(3,362,857)	319,808	(3,043,049)
	$	(3,328,900)	319,808	(3,009,092)

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

In addition to service and interest costs, the components of projected net periodic postretirement benefit costs for fiscal year 2023 will include the following:

		Medical plan	Unused sick/ personal days	Total
Amortization of net actuarial (gain) loss	$	(329,035)	38,686	(290,349)
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, 2022:

		Medical plan	Unused sick/ personal days	Total
Service cost	$	155,378	17,086	172,464
Interest cost		450,627	13,490	464,117
Amortization of prior service cost		32,034	—	32,034
Amortization of net loss		—	56,611	56,611
Net postretirement benefit expense	$	638,039	87,187	725,226

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

For the year ended June 30, 2022, 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) loss	$	(3,945,988)	111,662	(3,834,326)
Amortization of net gain		—	(56,611)	(56,611)
Amortization of prior service credit		(32,034)	—	(32,034)
Net periodic benefit cost other than service cost		482,661	70,101	552,762
	$	(3,495,361)	125,152	(3,370,209)

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)

	2022	**2021**
Weighted average assumptions as of June 30:		
Discount rate – benefit obligation – medical plan	4.44 %	2.70 %
Discount rate – benefit obligation – unused sick/personal days plan	4.03	1.88
Discount rate – net periodic benefit cost - medical plan	2.70	1.56
Discount rate – net periodic benefit cost - unused sick/personal days plan	1.88	1.56
Rate of compensation increase	4.00	4.00

The actuarial gain in the benefit obligation in 2022 is primarily attributable to an increase in the discount rate from 2.70% in 2021 to 4.44% in 2022 for the medical plan and an increase in the discount rate from 1.88% in 2021 to 4.03% in 2022 for the unused sick/personal days plan. 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.

For measurement purposes, a 7% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2022. The rate was assumed to decrease gradually to 5% for 2025 and remain at that level thereafter. For Medicare Part B benefits, a 6% annual rate of increase was assumed for 2022 and then decreasing gradually to 4% by 2025 and remaining at that level thereafter.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan.

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
2023	$ 437,207	161,034	598,241
2024	489,710	97,242	586,952
2025	534,749	83,376	618,125
2026	571,943	49,873	621,816
2027	602,625	52,839	655,464
2028–2032	3,490,989	202,942	3,693,931

(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 $2,902,075 and $2,905,979 in fiscal years 2022 and 2021, 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.

(Continued)

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, 2022 and 2021:

	2022	2021
Henry Viscardi School	$ 2,029,423	2,051,807
Vocational programs	493,580	470,358
Transition services	82,385	87,798
Community integration programs	49,049	44,890
National Business & Disability Council	2,287	9,032
Innovation and expansion	144,524	148,828
Fundraising and external relations	100,827	93,266
Total program and supporting service overhead	$ 2,902,075	2,905,979

(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, 2022 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, 2021. 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, 2022.

(Continued)

(11) Commitments

At June 30, 2022, the Organization was obligated for minimum annual rental payments under noncancelable operating leases for equipment and facilities as follows:

Year ending June 30:		
2023	$	156,695
2024		28,130
2025		5,496
2026		5,496
2027		3,206
	$	199,023

Rental expenses under leases were $162,906 and $224,330 for the years ended June 30, 2022 and 2021, 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 $236,009 and $222,650 as of June 30, 2022 and 2021, respectively. Accretion expense is recognized annually using the effective-interest method. There was no remediation of asbestos in fiscal year 2022 or 2021.

(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, 2022 and 2021, existing financial assets and liquidity resources available within one year were as follows:

Financial assets available		Resources available at June 30, 2022	Resources appropriated by the board and available in fiscal year ending June 30, 2023	Total
Cash and cash equivalents – without restriction	$	2,295,437	—	2,295,437
Government agencies receivables		2,425,310	—	2,425,310
Contributions (without restriction) due in one year or less		83,165	—	83,165
Other receivables		46,273	—	46,273
Payout on board-designated endowments		—	637,024	637,024
Payout on donor-restricted endowments		—	432,888	432,888
		4,850,185	1,069,912	5,920,097
Liquidity resources				
Bank line of credit ($1,500,000 outstanding as of June 30, 2022)		4,000,000	—	4,000,000
Total financial assets and other liquidity resources	$	8,850,185	1,069,912	9,920,097

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

Additionally, the Organization has $13,492,586 and $16,221,382 (which includes $637,024 and $585,516 appropriated for 2023 and 2022 respectively) in board-designated endowments, as disclosed in note 7(c), as of June 30, 2022 and 2021, respectively, which can be liquidated in one year. Furthermore, the Organization has accumulated general purpose endowment income of $3,088,939 and $4,952,082, as disclosed in note 7(b), as of June 30, 2022 and 2021, respectively, which can be liquidated in one year.

(14) Subsequent Events

The Organization evaluated events subsequent to June 30, 2022 and 2021 and through November 16, 2022, 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

Schedule of NYS Fees for Programs for the Disabled

Year ended June 30, 2022

Program name	Funding source			2022
Project Search	NYS ACCES		$	68,733
Supported Employment	NYS OPWDD			242,800
Job Placement	NYS ACCES			157,388
Diagnostic Vocational Evaluation	NYS ACCES			43,817
Extended Supported Employment Job Coaching	NYS ACCES			74,861
Job Coaching	NYS ACCES			16,366
Intensive Supported Employment Job Coaching	NYS ACCES			130,777
Explore – Pre ETS	NYS ACCES			110,086
Strive– Pre ETS	NYS ACCES			60,800
Client Transportation	NYS ACCES			10,722
Culinary Skills	NYS ACCES	A		40,800
Day Habilitation Without Walls	NYS OPWDD			1,109,799
Employment Training Program	NYS OPWDD			19,085
Pathway to Employment	NYS OPWDD			20,203
Total New York State fees for programs for the disabled			$	2,106,237
Gross tuition for tuition assessment calculations				
A – Culinary Skills			$	40,800
Total gross tuition for tuition assessment calculations			$	40,800

See accompanying independent auditors' report.