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

Combined Financial Statements and Schedule

June 30, 2023 and 2022

(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 subsidiaries, Abilities Inc.; and Henry Viscardi School:

*Opinion*

We have audited the combined financial statements of The Viscardi Center, Inc.; its subsidiaries, Abilities Inc.; and Henry Viscardi School (collectively, the Organization), which comprise the combined balance sheets as of June 30, 2023 and 2022, 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, 2023 and 2022, 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 audits were conducted for the purpose of forming an opinion on the 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 2023combined 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 2023combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023combined financial statements or to the 2023combined 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 2023 combined financial statements as a whole.

KPMG LLP

New York, New York
November 30, 2023

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

Combined Statements of Financial Position

June 30, 2023 and 2022

| **Assets** | | **2023** | **2022** |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents | $ | 2,901,574 | 3,449,814 |
| Receivables: | | | |
| Government agencies | | 3,229,774 | 2,425,310 |
| Contributions and pledges, net (note 4) | | 2,433,646 | 1,977,436 |
| Other | | 173,466 | 92,443 |
| Prepaid expenses and other assets | | 766,313 | 632,094 |
| Operating lease right of use assets | | 56,956 | — |
| Investments (note 3) | | 29,606,312 | 26,907,787 |
| Beneficial interest in split-interest agreements (note 7(b)) | | 1,147,042 | 1,149,916 |
| Property, plant, and equipment, net (note 5) | | 5,645,027 | 6,141,261 |
| Total assets | $ | 45,960,110 | 42,776,061 |
| **Liabilities and Net Assets** | | | |
| Liabilities: | | | |
| Accounts payable, accrued expenses, and other liabilities | $ | 1,032,692 | 985,904 |
| Accrued payroll and employee benefits | | 1,166,102 | 1,195,047 |
| Operating lease liability | | 57,851 | — |
| Line of credit (note 6) | | 2,480,000 | 1,990,000 |
| Deferred revenue | | 563,062 | 316,176 |
| Asset retirement obligation (note 11) | | 250,170 | 236,009 |
| Accrued postretirement benefits (note 8) | | 12,675,815 | 13,637,042 |
| Total liabilities | | 18,225,692 | 18,360,178 |
| Net assets: | | | |
| Net assets without donor restrictions: | | | |
| Accrued postretirement benefits (note 8) | | (12,675,815) | (13,637,042) |
| Net investment in property, plant, and equipment | | 5,645,027 | 6,141,260 |
| Other (note 7) | | 15,949,812 | 14,294,387 |
| Total net assets without donor restrictions | | 8,919,024 | 6,798,605 |
| Net assets with donor restrictions: | | | |
| Time or purpose restricted (note 7) | | 10,328,110 | 9,143,494 |
| Endowment fund corpus (note 7) | | 8,487,284 | 8,473,784 |
| Total net assets with donor restrictions | | 18,815,394 | 17,617,278 |
| Total net assets | | 27,734,418 | 24,415,883 |
| Total liabilities and net assets | $ | 45,960,110 | 42,776,061 |

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, 2023

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Operating activities: | | | |
| Revenue, gains, and other support: | | | |
| New York State grants (note 10) | $ 15,978,553 | — | 15,978,553 |
| New York State capital program grants | 41,511 | — | 41,511 |
| Federal grants (note 10) | 596,694 | — | 596,694 |
| New York State fees for programs for the disabled | 2,637,000 | — | 2,637,000 |
| Other fees for programs for the disabled | 3,476,771 | — | 3,476,771 |
| Contributions and pledges | 2,081,678 | 2,157,629 | 4,239,307 |
| Change in value of split-interest agreements | — | (2,874) | (2,874) |
| Investment income utilized in operations (notes 3 and 7) | 637,024 | 457,475 | 1,094,499 |
| Miscellaneous (note 5) | 282,666 | — | 282,666 |
| Net assets released from restriction for programs and related expenses (note 7) | 2,272,404 | (2,272,404) | — |
| Total revenue, gains, and other support | 28,004,301 | 339,826 | 28,344,127 |
| Program expenses (note 9): | | | |
| Henry Viscardi School – education and related | 15,727,035 | — | 15,727,035 |
| Vocational programs | 2,430,083 | — | 2,430,083 |
| Transition services | 2,575,544 | — | 2,575,544 |
| Community integration programs | 1,160,012 | — | 1,160,012 |
| Innovation and expansion | 1,087,880 | — | 1,087,880 |
| Total program expenses | 22,980,554 | — | 22,980,554 |
| Supporting services expenses: | | | |
| Management and general | 3,001,643 | — | 3,001,643 |
| Fundraising and external relations | 1,493,826 | — | 1,493,826 |
| Total supporting services expenses | 4,495,469 | — | 4,495,469 |
| Total expenses | 27,476,023 | — | 27,476,023 |
| Change in net assets, before other changes | 528,278 | 339,826 | 868,104 |
| Other changes: | | | |
| Postretirement-related changes other than periodic service cost (note 8) | 561,608 | — | 561,608 |
| Investment income in excess of amount utilized in operations (note 3) | 941,467 | 947,356 | 1,888,823 |
| Net assets released from restriction for capital (note 7) | 89,066 | (89,066) | — |
| Total other changes | 1,592,141 | 858,290 | 2,450,431 |
| Change in net assets | 2,120,419 | 1,198,116 | 3,318,535 |
| Net assets at beginning of year | 6,798,605 | 17,617,278 | 24,415,883 |
| Net assets at end of year | $ 8,919,024 | 18,815,394 | 27,734,418 |

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**

Combining Statement of Functional Expenses

Year ended June 30, 2023

| | Program expenses | | | | | | Supporting and other expenses | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Henry Viscardi School | Vocational programs | Transition services | Community integration programs | Innovation and expansion | Total program services | Management and general | Fundraising and external relations | Total supporting services | 2023 Total expenses |
| Salaries | $ 9,859,567 | 1,495,189 | 1,784,600 | 642,117 | 521,009 | 14,302,482 | 1,374,386 | 553,706 | 1,928,092 | 16,230,574 |
| Health and retirement benefits, payroll taxes, etc. | 3,888,336 | 329,740 | 394,788 | 144,355 | 112,132 | 4,869,351 | 290,277 | 137,142 | 427,419 | 5,296,770 |
| Total salaries and related expenses | 13,747,903 | 1,824,929 | 2,179,388 | 786,472 | 633,141 | 19,171,833 | 1,664,663 | 690,848 | 2,355,511 | 21,527,344 |
| Contracted medical, educational, and vocational services | 42,282 | 1,050 | 12,371 | 58,908 | — | 114,611 | — | — | — | 114,611 |
| Professional services and fees | 596,766 | 128,081 | 17,879 | 10,115 | 296,480 | 1,049,321 | 266,401 | 267,057 | 533,458 | 1,582,779 |
| Program and fundraising supplies | 357,384 | 36,405 | 131,852 | 41,033 | 2,687 | 569,361 | 25,254 | 218,830 | 244,084 | 813,445 |
| Other supplies and printing | 55,130 | 15,078 | 18,450 | 8,288 | 5,474 | 102,420 | 5,820 | 45,161 | 50,981 | 153,401 |
| Property and equipment rentals | 40,783 | 54,779 | 19,163 | 21,322 | 23,514 | 159,561 | 74,091 | 97,935 | 172,026 | 331,587 |
| Donated services and in-kind gifts | — | 2 | — | — | — | 2 | — | 1,000 | 1,000 | 1,002 |
| Conferences and travel | 35,192 | 30,949 | 17,051 | 6,031 | 20,679 | 109,902 | 26,676 | 21,948 | 48,624 | 158,526 |
| Transportation of program participants | 3,153 | 10,132 | 4,704 | 21,815 | 178 | 39,982 | — | 565 | 565 | 40,547 |
| Postage | 9,315 | 2,863 | 464 | 361 | 1,266 | 14,269 | 2,530 | 7,796 | 10,326 | 24,595 |
| Telephone | 59,286 | 46,635 | 15,081 | 17,644 | 2,180 | 140,826 | 12,440 | 7,188 | 19,628 | 160,454 |
| Insurance | 168,554 | 38,963 | 8,491 | 36,757 | 8,059 | 260,824 | 157,911 | 8,665 | 166,576 | 427,400 |
| Repairs and maintenance – equipment and building | 179,936 | 41,033 | 9,354 | 53,679 | 10,174 | 294,176 | 222,728 | 9,328 | 232,056 | 526,232 |
| Heat, light, and power | 212,062 | 49,517 | 10,249 | 6,181 | 9,727 | 287,736 | 187,793 | 10,460 | 198,253 | 485,989 |
| Bad debt expense | — | — | — | — | — | — | — | 3,750 | 3,750 | 3,750 |
| Miscellaneous | 31,203 | 27,104 | 1,148 | 32,900 | 19,453 | 111,808 | 203,946 | 27,953 | 231,899 | 343,707 |
| Total functional expenses before depreciation and net periodic benefit cost other than service cost | 15,538,949 | 2,307,520 | 2,445,645 | 1,101,506 | 1,033,012 | 22,426,632 | 2,850,253 | 1,418,484 | 4,268,737 | 26,695,369 |
| Depreciation | 188,086 | 122,563 | 129,899 | 58,506 | 54,868 | 553,922 | 151,390 | 75,342 | 226,732 | 780,654 |
| Total functional expenses before net periodic benefit cost other than service cost | 15,727,035 | 2,430,083 | 2,575,544 | 1,160,012 | 1,087,880 | 22,980,554 | 3,001,643 | 1,493,826 | 4,495,469 | 27,476,023 |
| Net periodic benefit cost other than service cost | 293,537 | — | — | — | — | 293,537 | — | — | — | 293,537 |
| Total functional expenses | $ 16,020,572 | 2,430,083 | 2,575,544 | 1,160,012 | 1,087,880 | 23,274,091 | 3,001,643 | 1,493,826 | 4,495,469 | 27,769,560 |

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**

Combined Statements of Cash Flows

Years ended June 30, 2023 and 2022

| | | **2023** | **2022** |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Change in net assets | $ | 3,318,535 | (1,231,528) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | | |
| Postretirement-related changes other than periodic service cost | | (561,608) | (3,370,209) |
| Change in value of split-interest agreements | | 2,874 | 619,258 |
| Depreciation expense | | 780,654 | 797,195 |
| Operating lease right of use assets additions | | (207,649) | — |
| Amortization of the operating lease right of use assets | | 150,693 | — |
| Bad debt expense | | 3,750 | 44,980 |
| Forgiveness of amounts owed | | — | (1,528,877) |
| Net realized and unrealized (gains) losses on investments | | (2,392,739) | 4,812,607 |
| Contributions and grants restricted for capital and endowment | | (215,011) | (247,303) |
| Changes in assets and liabilities: | | | |
| Receivables | | (1,745,705) | (866,741) |
| Prepaid expenses and other assets | | (134,219) | 296,640 |
| Accounts payable, accrued expenses, and other liabilities | | 46,788 | (587,259) |
| Accrued payroll, employee, and postretirement benefits | | (428,564) | 90,031 |
| Operating lease liability | | 57,851 | — |
| Deferred revenue | | 246,886 | 8,635 |
| Asset retirement obligation | | 14,161 | 13,359 |
| Net cash used in operating activities | | (1,063,303) | (1,149,212) |
| Cash flows from investing activities: | | | |
| Purchases of investment securities | | (15,642,543) | (21,471,827) |
| Proceeds from redemption and sales of investment securities | | 15,376,274 | 21,888,116 |
| Acquisition of property and equipment | | (284,420) | (1,863,524) |
| Net cash used in investing activities | | (550,689) | (1,447,235) |
| Cash flows from financing activities: | | | |
| Collections of contributions and grants restricted for capital and endowment | | 615,269 | 601,303 |
| Proceeds from line of credit | | 1,700,000 | 1,597,000 |
| Principal payments on line of credit | | (1,210,000) | (707,000) |
| Net cash provided by financing activities | | 1,105,269 | 1,491,303 |
| Change in cash, cash equivalents, and restricted cash | | (508,723) | (1,105,144) |
| Cash, cash equivalents, and restricted cash at beginning of year | | 3,859,936 | 4,965,080 |
| Cash, cash equivalent, and restricted cash at end of year | $ | 3,351,213 | 3,859,936 |
| 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 | $ | 2,901,574 | 3,449,814 |
| Restricted cash included in investments | | 449,639 | 410,122 |
| Total cash, cash equivalent, and restricted cash shown above | $ | 3,351,213 | 3,859,936 |
| Supplemental disclosure: | | | |
| Interest paid | $ | 190,034 | 74,811 |

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 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. This program ceased operation as of June 30, 2022.

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 66% and 68% of the Organization’s operating revenue for the years ended June 30, 2023 and 2022, 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.



(Continued)

### *(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 directors/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



(Continued)

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, 2023 or 2022, there were no adjustments related to grant appropriations for prior years.

At June 30, 2023, deferred revenue represents a New York State grants payment received in 2023 for the next fiscal year’s program. At June 30, 2022, deferred revenue 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 2023 or 2022 as there were no activities that were not related to its exempt purpose.

***(k) Recently Adopted Accounting Standards***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Topic 842 requires recognition of rights and obligations arising from lease contracts as assets and liabilities on the combined statements of financial position. Topic 842 also requires expanded qualitative and quantitative disclosures. The Organization adopted this ASU on a modified retrospective basis transition approach using the effective date method, which was July 1, 2022. The Organization’s right of use (ROU) assets and lease liabilities for operating leases at adoption were $190,230.

The Organization determines if an arrangement is or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset.

Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset.

Leases result in the recognition of ROU asset and lease liability on the combined statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and are recognized in an amount equal to the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The operating lease liability represents the present value of the future lease payments over the expected lease term, which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The present value of the lease liability is determined using the risk-free discount rate at lease inception for operating leases. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization had no ROU assets and lease liabilities for financing leases at adoption.

The Organization has elected not to record leases with an initial term of 12 months or less on the combined statements of financial position. Lease expense on such leases is recognized on a straight- line basis over the lease term.

The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classifications, lease identifications or initial direct costs for existing or expired leases prior to the effective date. The Organization also elected the practical expedient to utilize the risk-free rate for all operating leases.

*Operating Leases*

The Organization has various real estate, copiers, postage machine and automobile leases that expire in years through 2027. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. ROU assets and lease liabilities newly contracted during the fiscal year ending June 30, 2023 were $17,419. Amortization of ROU assets was $150,693 for the year ended June 30, 2023. Total interest expense on lease liabilities was $5,813 for the year ended June 30, 2023.

For the year ended June 30, 2022, rent expense under the previous lease standard was $162,906.

***(l) Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year presentation.

## (3) Investments and Fair Value Measurements

Investment income (loss), net for 2023 and 2022 comprised the following:

| | | 2023 | 2022 |
|---|---|---|---|
| Interest and dividend income | $ | 680,183 | 782,122 |
| Net realized and unrealized gains (losses) on investments | | 2,392,739 | (4,812,607) |
| Investment advisory fees | | (89,600) | (106,040) |
| | $ | 2,983,322 | (4,136,525) |

Investment income (loss), net for 2023 and 2022 is reported in the combined statements of activities as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Without donor restrictions: | | | |
| Investment income utilized in operations | $ | 637,024 | 585,516 |
| Investment income (loss), in excess of (less than) amount utilized in operations | | 941,467 | (2,702,147) |
| Total | | 1,578,491 | (2,116,631) |
| With donor restrictions: | | | |
| Investment income utilized in operations | | 457,475 | 415,549 |
| Investment income (loss), in excess of (less than) amount utilized in operations | | 947,356 | (2,435,443) |
| Total | | 1,404,831 | (2,019,894) |
| Total investment income (loss), net | $ | 2,983,322 | (4,136,525) |

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB Accounting Standards Codification 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, 2023 and 2022 are summarized in the following table and are all considered Level 1 in the fair value hierarchy:

| | | 2023 | 2022 |
|---|---|---|---|
| Investments: | | | |
| Cash and cash equivalents | $ | 3,481,484 | 2,584,339 |
| Domestic fixed income | | 7,752,273 | 6,341,928 |
| Domestic equities | | 14,451,101 | 12,928,991 |
| International fixed income | | 551,030 | 540,689 |
| International equities | | 3,370,424 | 4,511,840 |
| | $ | 29,606,312 | 26,907,787 |

## (4) Contributions and Pledges Receivable

(a) Contributions receivable consisted of the following at June 30, 2023 and 2022:

| | | 2023 | 2022 |
|---|---|---|---|
| Total contributions receivable | $ | 2,644,449 | 2,116,432 |
| Less: | | | |
| Allowance for uncollectible receivables | | (3,750) | (6,000) |
| Discounted at rates ranging from 2.4% to 4.2% | | (207,053) | (132,996) |
| | $ | 2,433,646 | 1,977,436 |

Contributions receivable as of June 30, 2023 and 2022 are expected to be collected as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Less than one year | $ | 724,449 | 1,116,432 |
| One to five years | | 1,920,000 | 1,000,000 |
| | $ | 2,644,449 | 2,116,432 |

Contributions receivable totaling $1,900,000 and $1,750,000 are from three donors as of June 30, 2023 and 2022, respectively.

(b) The Center received donated services and in-kind gifts from one individual. The amount of these services recorded as contribution revenue and expense in the accompanying combined statements of activities is $1,002 in fiscal year 2023. 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, 2023 and 2022 consisted of the following:

| | | 2023 | 2022 |
|---|---|---|---|
| Construction in progress | $ | 2,500 | 34,350 |
| Land and improvements | | 2,595,957 | 2,583,432 |
| Buildings and improvements | | 29,575,950 | 29,546,168 |
| Furniture, fixtures, computer, and other equipment | | 9,225,048 | 9,137,961 |
| Vehicles | | 731,402 | 576,376 |
| Computer software | | 1,113,030 | 1,081,180 |
| | | 43,243,887 | 42,959,467 |
| Less accumulated depreciation | | 37,598,860 | 36,818,206 |
| Property, plant, and equipment, net | $ | 5,645,027 | 6,141,261 |

Depreciation expense amounted to $780,654 and $797,195 in fiscal years 2023 and 2022, 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 $339,937 and $336,000 for the years ended June 30, 2023 and 2022, 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 $346,146 for fiscal year 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, 2023 and 2022, there was $2,290,000 and $1,500,000, respectively, outstanding under the operating line of credit. As of June 30, 2023 and 2022, there was $190,000 and $490,000, respectively, outstanding under the capital renovations line of credit. 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 7.17% as of June 30, 2023. The lines are secured by the Organization's investments with the financial institution.

### *(b) Paycheck Protection Program Loans*

In March 2021, the Center and Abilities received second draw Paycheck Protection Program (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 U.S. Small Business Administration (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 2023 and 2022:

| | 2023 | | |
|---|---|---|---|
| | Programs and related expenses | Capital | Total |
| After-school programs | $ 271,750 | 1,884 | 273,634 |
| Appropriated spending from general purpose endowment | 432,888 | — | 432,888 |
| Digital accessibility services | 103,967 | — | 103,967 |
| Fine arts program | 101,040 | — | 101,040 |
| Inclusive higher education | 20,247 | — | 20,247 |
| Inclusive technology program | 27,061 | 12,342 | 39,403 |
| Infrastructure projects | 17,646 | 4,025 | 21,671 |
| National Center for Disability Entrepreneurship | 53,145 | — | 53,145 |
| Marketing and expansion of programs | 606,849 | — | 606,849 |
| Skills development area | 77,171 | — | 77,171 |
| Transition services | 226,217 | 15,966 | 242,183 |
| Veterans training program | 20,100 | — | 20,100 |
| All other purposes | 314,323 | 54,849 | 369,172 |
| | $ 2,272,404 | 89,066 | 2,361,470 |

| | 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 |

### *(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, 2023 and 2022 and the corresponding purposes for which the income is expendable are as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Subject to expenditure based on time or for specific purpose: | | | |
| After-school programs | $ | 142,420 | 265,413 |
| Beneficial interest in remainder trusts | | 1,147,042 | 1,149,916 |
| Capital projects | | 5,334 | 439 |
| Day Habilitation program | | — | 93,107 |
| Fine arts program | | 479,754 | 520,843 |
| General comprehensive campaign purposes | | 714,252 | 900,779 |
| General purpose endowment income | | 4,152,575 | 3,521,827 |
| Inclusive higher education | | 118,339 | — |
| Inclusive technology program | | 649,980 | 531,919 |
| Independent Living House | | 18,956 | 16,023 |
| Kornreich Technology Center | | 267,696 | 246,235 |
| National Business and Disability Council | | — | 20,549 |
| National Center for Disability Entrepreneurship | | 267,656 | 192,513 |
| New Jersey laboratory project | | 34,341 | 34,341 |
| Pool locker room renovation | | 150,951 | — |
| Skills development area | | 48,202 | 60,373 |
| Transition services | | 588,117 | 215,611 |
| Time restricted pledges | | 909,495 | 888,179 |
| Veterans training program | | 80,275 | 275 |
| All other purposes | | 552,725 | 485,152 |
| Net assets with donor restrictions – time or purpose restricted | | 10,328,110 | 9,143,494 |

| | | 2023 | 2022 |
|---|---|---|---|
| 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 | | 1,177,636 | 1,164,136 |
| 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 | | 8,487,284 | 8,473,784 |
| Total net assets with donor restrictions | $ | 18,815,394 | 17,617,278 |

### *(c) Endowment Funds*

The Organization’s endowments consist of 25 individual funds at June 30, 2023 and 2022, 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 directors/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, 2023:

| | Without donor restrictions | With donor restrictions: Accumulated gains | With donor restrictions: Endowment fund corpus | Total |
|---|---|---|---|---|
| Donor restricted | $ — | 5,291,580 | 8,487,284 | 13,778,864 |
| Quasi (board designated) | 14,365,323 | — | — | 14,365,323 |
| | $ 14,365,323 | 5,291,580 | 8,487,284 | 28,144,187 |

Changes in endowment net assets for the fiscal year ended June 30, 2023 were as follows:

| | Without donor restrictions | With donor restrictions: Accumulated gains | With donor restrictions: Endowment fund corpus | Total |
|---|---|---|---|---|
| Net assets at June 30, 2022 | $ 13,492,586 | 4,362,034 | 8,473,784 | 26,328,404 |
| Investment income, net | 1,578,491 | 1,404,831 | — | 2,983,322 |
| Additions | 25,696 | — | 13,500 | 39,196 |
| Appropriation of endowment assets for expenditure | (637,024) | (457,475) | — | (1,094,499) |
| Other distributions | (94,426) | (17,810) | — | (112,236) |
| Net assets at June 30, 2023 | $ 14,365,323 | 5,291,580 | 8,487,284 | 28,144,187 |

The following table presents the net asset classes of the Organization's endowment funds at June 30, 2022:

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

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, 2023. There were deficiencies of $5,489 as of June 30, 2022 in connection with one fund, for which the corpus is $100,458.

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.

## (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 $935,089 and $1,087,033 in fiscal years 2023 and 2022, 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, 2023 and 2022, the Center contributed $18,095 and $15,936, 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, 2023:

| | Medical plan | Unused sick/ personal days | Total |
|---|---|---|---|
| Reconciliation of the benefit obligations: | | | |
| Benefit obligation at beginning of year | $ 12,965,179 | 671,863 | 13,637,042 |
| Service cost | 79,058 | 17,276 | 96,334 |
| Interest cost | 554,850 | 22,845 | 577,695 |
| Actuarial gain | (1,096,285) | (43,018) | (1,139,303) |
| Benefits paid | (381,907) | (114,046) | (495,953) |
| Benefit obligation at end of year | $ 12,120,895 | 554,920 | 12,675,815 |

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 |

As of June 30, 2023, 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 | $ 1,922 | — | 1,922 |
| Net actuarial (gain) loss | (4,111,447) | 245,288 | (3,866,159) |
| | $ (4,109,525) | 245,288 | (3,864,237) |

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) |

In addition to service and interest costs, the components of projected net periodic postretirement benefit costs for fiscal year 2024 will include the following:

| | Medical plan | Unused sick/ personal days | Total |
|---|---|---|---|
| Amortization of net actuarial (gain) loss | $ (432,740) | 25,929 | (406,811) |
| Amortization of net prior service cost | 1,922 | — | 1,922 |

The following table provides the components of the net periodic benefit costs for the year ended June 30, 2023:

| | | Medical plan | Unused sick/ personal days | Total |
|---|---|---|---|---|
| Service cost | $ | 79,058 | 17,276 | 96,334 |
| Interest cost | | 554,850 | 22,845 | 577,695 |
| Amortization of prior service cost | | 32,035 | — | 32,035 |
| Amortization of net (gain) loss | | (347,695) | 31,502 | (316,193) |
| Net postretirement benefit expense | $ | 318,248 | 71,623 | 389,871 |

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 |

For the year ended June 30, 2023, 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 | $ | (1,096,285) | (43,018) | (1,139,303) |
| Amortization of net loss (gain) | | 347,695 | (31,502) | 316,193 |
| Amortization of prior service credit | | (32,035) | — | (32,035) |
| Net periodic benefit cost other than service cost | | 239,190 | 54,347 | 293,537 |
| | $ | (541,435) | (20,173) | (561,608) |

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) |

| | 2023 | 2022 |
|---|---|---|
| Weighted average assumptions as of June 30: | | |
| Discount rate – benefit obligation – medical plan | 4.91 % | 4.44 % |
| Discount rate – benefit obligation – unused sick/personal days plan | 4.81 | 4.03 |
| Discount rate – net periodic benefit cost – medical plan | 4.44 | 2.70 |
| Discount rate – net periodic benefit cost – unused sick/personal days plan | 4.03 | 1.88 |
| Rate of compensation increase | 4.00 | 4.00 |

The actuarial gain in the benefit obligation in 2023 is primarily attributable to an increase in the discount rate from 4.44% in 2022 to 4.91% in 2023 for the medical plan and an increase in the discount rate from 4.03% in 2022 to 4.81% in 2023 for the unused sick/personal days plan. 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.

For measurement purposes, a 7% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2023. The rate was assumed to decrease gradually to 5% for 2026 and remain at that level thereafter. For Medicare Part B benefits, a 6% annual rate of increase was assumed for 2023 and then decreasing gradually to 4% by 2026 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 |
|---|---|---|---|
| 2024 | $ 483,262 | 157,500 | 640,762 |
| 2025 | 531,077 | 56,893 | 587,970 |
| 2026 | 565,035 | 36,751 | 601,786 |
| 2027 | 592,991 | 40,310 | 633,301 |
| 2028 | 621,611 | 46,218 | 667,829 |
| 2029–2033 | 3,548,773 | 173,142 | 3,721,915 |

## (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 $3,138,296 and $2,902,075 in fiscal years 2023 and 2022, 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, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Henry Viscardi School | $ 2,194,178 | 2,029,423 |
| Vocational programs | 530,832 | 493,580 |
| Transition services | 115,680 | 82,385 |
| Community integration programs | 69,760 | 49,049 |
| National Business & Disability Council | — | 2,287 |
| Innovation and expansion | 109,792 | 144,524 |
| Fundraising and external relations | 118,054 | 100,827 |
| Total program and supporting service overhead | $ 3,138,296 | 2,902,075 |

## (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, 2023 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, 2022. 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, 2023.

## (11) 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 $250,170 and $236,009 as of June 30, 2023 and 2022, respectively. Accretion expense is recognized annually using the effective-interest method. There was no remediation of asbestos in fiscal year 2023 or 2022.

## (12) 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 directors/trustees.

As further described in note 6, the Organization may draw upon a revolving credit facility to manage its cash flows. At June 30, 2023 and 2022, existing financial assets and liquidity resources available within one year were as follows:

| Financial assets available | | Resources available at June 30, 2023 | Resources appropriated by the board and available in fiscal year ending June 30, 2024 | Total |
|---|---|---|---|---|
| Cash and cash equivalents – without restriction | $ | 1,949,598 | — | 1,949,598 |
| Government agencies receivables | | 3,229,774 | — | 3,229,774 |
| Contributions (without restriction) due in one year or less | | 149,867 | — | 149,867 |
| Other receivables | | 102,207 | — | 102,207 |
| Payout on board-designated endowments | | — | 659,988 | 659,988 |
| Payout on donor-restricted endowments | | — | 445,308 | 445,308 |
| | | 5,431,446 | 1,105,296 | 6,536,742 |
| **Liquidity resources** | | | | |
| Bank line of credit ($2,290,000 outstanding as of June 30, 2023) | | 3,210,000 | — | 3,210,000 |
| Total financial assets and other liquidity resources | $ | 8,641,446 | 1,105,296 | 9,746,742 |

| 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 ($1,5000,000 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 |

Additionally, the Organization has $14,365,323 and $13,492,586 (which includes $659,988 and $637,024 appropriated for 2024 and 2023 respectively) in board-designated endowments, as disclosed in note 7(c), as of June 30, 2023 and 2022, respectively, which can be liquidated in one year. Furthermore, the Organization has accumulated general purpose endowment income of $3,707,267 and $3,088,939, as of June 30, 2023 and 2022, respectively, which can be liquidated in one year.

## (13) Subsequent Events

The Organization evaluated events subsequent to June 30, 2023 and 2022 and through November 30, 2023, 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, 2023

| Program name | Funding source | | | 2023 |
|---|---|---|---|---|
| Project Search | NYS ACCES | | $ | 49,497 |
| Supported Employment | NYS OPWDD | | | 141,433 |
| Job Placement | NYS ACCES | | | 144,665 |
| STEP Retail Training | NYS ACCES | | | 11,315 |
| Extended Supported Employment Job Coaching | NYS ACCES | | | 55,531 |
| Job Coaching | NYS ACCES | | | 6,140 |
| Intensive Supported Employment Job Coaching | NYS ACCES | | | 146,452 |
| Explore – Pre ETS | NYS ACCES | | | 180,219 |
| Strive– Pre ETS | NYS ACCES | | | 16,600 |
| Client Transportation | NYS ACCES | | | 9,356 |
| Culinary Skills | NYS ACCES | A | | 35,280 |
| Occupational, Physical, Nursing therapies | NYS ED | | | 223,046 |
| Day Habilitation Without Walls | NYS OPWDD | | | 1,585,551 |
| Employment Training Program | NYS OPWDD | | | 16,918 |
| Pathway to Employment | NYS OPWDD | | | 14,997 |
| Total New York State fees for programs for the disabled | | | $ | 2,637,000 |

| Gross tuition for tuition assessment calculations | | |
|---|---|---|
| A – Culinary Skills | $ | 35,280 |
| Total gross tuition for tuition assessment calculations | $ | 35,280 |

See accompanying independent auditors' report.