

# **YAI AND AFFILIATES**



## **CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION (Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2022 AND 2021**

**YAI AND AFFILIATES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
YAI and Affiliates

### **Opinion**

We have audited the consolidated financial statements of Young Adult Institute, Inc. d/b/a YAI (“YAI”) and its Affiliates: The Manhattan Star Academy (“MSA”), The International Academy of Hope (“IHOPE”), Premier HealthCare, Inc. (“PHC”) and the International Institute for People with Disabilities of Puerto Rico, Inc. (“IIPD-PR”) (YAI and its Affiliates are collectively referred to as the “Agency”), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Report on June 30, 2021 Consolidated Financial Statements**

The consolidated financial statements of the Agency as of and for the year ended June 30, 2021, were audited by another auditor whose report dated December 1, 2021 expressed an unmodified opinion on those consolidated financial statements.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

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



In performing an audit in accordance with GAAS, we:

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

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

#### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information (shown on pages 18 and 19) as of and for the year ended June 30, 2022, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the change in net assets of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mayer Hoffman McCann CPAs*

New York, NY  
December 1, 2022

**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 12)	\$ 6,603,841	\$ 8,203,532
Short-term investments (Notes 2E and 5)	24,634,612	32,938,526
Government receivables, net (Notes 2F and 4)	32,676,368	30,652,456
Tuition receivables, net (Note 2F)	28,094,533	29,416,935
Other receivables (Notes 2F and 2I)	4,685,119	5,975,241
Prepaid expenses and other assets	8,358,510	10,368,927
Property and equipment, net (Notes 2H, 6 and 7)	59,078,012	55,252,919
Right of use asset (Note 8)	126,252,787	131,970,964
Debt service reserve (Note 2N)	3,555,384	3,230,192
<b>TOTAL ASSETS</b>	<b>\$ 293,939,166</b>	<b>\$ 308,009,692</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 13,260,357	\$ 12,738,175
Accrued salary	11,634,680	14,633,130
Accrued vacation	3,708,557	6,650,834
Accrued pension (Note 13)	2,447,158	2,303,457
Other liabilities (Note 9D and 14)	14,869,129	14,462,751
Due to funding sources (Note 9B)	1,759,983	2,987,740
Refundable advances (Note 10)	11,663,448	6,539,204
Notes and mortgages payable (Notes 2N and 7)	71,233,426	72,174,686
Lease liability (Note 8)	131,781,894	136,650,458
<b>TOTAL LIABILITIES</b>	<b>262,358,632</b>	<b>269,140,435</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>NET ASSETS (Note 2C)</b>		
Net assets without donor restrictions		
Net invested in property and equipment	15,834,274	9,800,596
Available for operations	14,339,758	27,555,309
Total net assets without donor restrictions	30,174,032	37,355,905
Net assets with donor restrictions (Note 11)	1,406,502	1,513,352
<b>TOTAL NET ASSETS</b>	<b>31,580,534</b>	<b>38,869,257</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 293,939,166</b>	<b>\$ 308,009,692</b>

**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
<b>Operating Revenue and Support:</b>						
Medicaid and service fees (Notes 2G, 2K and 14)	\$ 188,585,401	\$ -	\$ 188,585,401	\$ 160,791,359	\$ -	\$ 160,791,359
Government grants (Note 2G)	20,374,246	-	20,374,246	19,945,808	-	19,945,808
Medicare and client fees (Notes 2G and 14)	13,637,640	-	13,637,640	13,008,927	-	13,008,927
Tuition (Notes 2G and 14)	31,112,323	-	31,112,323	28,696,988	-	28,696,988
Other revenues (Note 2K)	4,067,026	-	4,067,026	4,027,686	-	4,027,686
Contributions (Note 2I)	1,710,656	412,263	2,122,919	2,607,396	384,759	2,992,155
Paycheck Protection Program (Note 10A)	6,539,204	-	6,539,204	7,686,850	-	7,686,850
Special events (net of direct costs of \$49,912 and \$22,999)	72,415	-	72,415	497,163	-	497,163
Investment activity (Note 5)	(1,570,081)	-	(1,570,081)	1,418,626	-	1,418,626
Net assets released from restrictions (Notes 2C)	519,113	(519,113)	-	365,748	(365,748)	-
<b>Total Operating Revenue and Support</b>	<u>265,047,943</u>	<u>(106,850)</u>	<u>264,941,093</u>	<u>239,046,551</u>	<u>19,011</u>	<u>239,065,562</u>
<b>Operating Expenses:</b>						
<b>Program Services:</b>						
Residential services	138,567,248	-	138,567,248	114,998,340	-	114,998,340
Day and community services	52,436,106	-	52,436,106	45,277,829	-	45,277,829
Clinical services	21,940,196	-	21,940,196	21,770,956	-	21,770,956
Educational services	22,610,991	-	22,610,991	21,599,768	-	21,599,768
Employment services	2,512,267	-	2,512,267	2,306,481	-	2,306,481
<b>Total Program Services</b>	<u>238,066,808</u>	<u>-</u>	<u>238,066,808</u>	<u>205,953,374</u>	<u>-</u>	<u>205,953,374</u>
<b>Supporting Services:</b>						
Management and general	31,362,389	-	31,362,389	28,531,778	-	28,531,778
Fundraising	1,168,730	-	1,168,730	836,392	-	836,392
<b>Total Supporting Services</b>	<u>32,531,119</u>	<u>-</u>	<u>32,531,119</u>	<u>29,368,170</u>	<u>-</u>	<u>29,368,170</u>
<b>Total Operating Expenses</b>	<u>270,597,927</u>	<u>-</u>	<u>270,597,927</u>	<u>235,321,544</u>	<u>-</u>	<u>235,321,544</u>
<b>Change in Net Assets From Operations</b>	<u>(5,549,984)</u>	<u>(106,850)</u>	<u>(5,656,834)</u>	<u>3,725,007</u>	<u>19,011</u>	<u>3,744,018</u>
<b>Non-Operating Activities</b>						
Other non-operating activities (Note 9D)	(1,631,889)	-	(1,631,889)	(4,170,422)	-	(4,170,422)
<b>Total Non-Operating Activities</b>	<u>(1,631,889)</u>	<u>-</u>	<u>(1,631,889)</u>	<u>(4,170,422)</u>	<u>-</u>	<u>(4,170,422)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(7,181,873)</u>	<u>(106,850)</u>	<u>(7,288,723)</u>	<u>(445,415)</u>	<u>19,011</u>	<u>(426,404)</u>
Net Assets - Beginning of Year	37,355,905	1,513,352	38,869,257	37,801,320	1,494,341	39,295,661
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,174,032</u>	<u>\$ 1,406,502</u>	<u>\$ 31,580,534</u>	<u>\$ 37,355,905</u>	<u>\$ 1,513,352</u>	<u>\$ 38,869,257</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services					Supporting Services			Total 2022	Total 2021	
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 89,594,977	\$ 27,434,647	\$ 11,251,552	\$ 13,773,431	\$ 1,896,610	\$ 143,951,217	\$ 11,414,922	\$ 653,317	\$ 12,068,239	\$ 156,019,456	\$ 131,838,133
Payroll taxes and benefits (Note 13)	20,463,952	6,322,044	2,348,013	2,969,961	436,582	32,540,552	3,353,594	158,621	3,512,215	36,052,767	34,926,544
<b>Total Personnel Costs</b>	110,058,929	33,756,691	13,599,565	16,743,392	2,333,192	176,491,769	14,768,516	811,938	15,580,454	192,072,223	166,764,677
Contracted services	2,542,690	305,778	1,972,232	475,561	10,800	5,307,061	1,469,761	12,700	1,482,461	6,789,522	5,219,934
Professional fees	124,040	79,588	10,525	155,921	1,405	371,479	2,483,805	3,010	2,486,815	2,858,294	2,647,403
Program supplies	3,399,002	2,295,447	538,787	260,969	2,808	6,497,013	112,613	353	112,966	6,609,979	5,575,027
Food	2,819,800	50,477	258	856	15	2,871,406	272	-	272	2,871,678	2,668,544
Transportation	1,828,902	6,288,040	51,841	1,901	51,352	8,222,036	96,475	1,472	97,947	8,319,983	5,510,565
Office and equipment expense	990,044	253,560	160,723	204,085	7,924	1,616,336	706,354	39,940	746,294	2,362,630	2,001,769
Staff development and expenses	359,069	190,516	79,130	168,534	4,772	802,021	464,202	978	465,180	1,267,201	699,464
Occupancy (Note 8)	3,503,537	5,666,789	1,876,989	3,040,999	47,390	14,035,704	3,079,091	-	3,079,091	17,114,795	17,920,528
Repairs and maintenance	2,638,874	1,118,126	1,080,153	796,259	1,379	5,634,791	2,122,444	-	2,122,444	7,757,235	4,175,965
Insurance	2,162,733	856,485	524,267	17,619	22,081	3,583,185	781,194	2,139	783,333	4,366,518	3,736,416
Utilities	1,708,093	484,512	90,247	316,242	3,875	2,602,969	92,619	25	92,644	2,695,613	2,487,120
Telephone	659,555	311,203	154,576	8,701	6,553	1,140,588	252,184	587	252,771	1,393,359	1,202,656
Information technology	996,394	552,104	925,739	60,674	17,095	2,552,006	2,154,576	4,809	2,159,385	4,711,391	4,292,949
Depreciation and amortization (Notes 2H and 6)	2,961,672	239,565	324,414	357,566	1,618	3,884,835	798,601	-	798,601	4,683,436	4,879,600
Interest	1,772,450	84,110	9,393	1,712	-	1,867,665	1,271,448	-	1,271,448	3,139,113	3,057,669
Bad debt	38,085	-	541,354	-	-	579,439	-	-	-	579,439	1,919,953
Miscellaneous	3,379	3,115	3	-	8	6,505	708,234	290,779	999,013	1,005,518	559,305
<b>TOTAL EXPENSES</b>	\$ 138,567,248	\$ 52,436,106	\$ 21,940,196	\$ 22,610,991	\$ 2,512,267	\$ 238,066,808	\$ 31,362,389	\$ 1,168,730	\$ 32,531,119	\$ 270,597,927	\$ 235,321,544

The accompanying notes are an integral part of these consolidated financial statements.

**YAI AND AFFILIATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services			
	Residential Services	Day and Community Services	Clinical Services	Educational Services	Employment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services
Salaries	\$ 70,835,209	\$ 23,616,895	\$ 11,125,873	\$ 11,986,820	\$ 1,684,283	\$ 119,249,080	\$ 12,063,700	\$ 525,353	\$ 12,589,053
Payroll taxes and benefits (Note 13)	19,536,039	6,496,933	3,043,941	2,761,881	466,681	32,305,475	2,467,766	153,303	2,621,069
<b>Total Personnel Costs</b>	90,371,248	30,113,828	14,169,814	14,748,701	2,150,964	151,554,555	14,531,466	678,656	15,210,122
Contracted services	1,282,635	335,865	1,965,284	227,980	1,884	3,813,648	1,398,761	7,525	1,406,286
Professional fees	95,791	85,518	35,982	455,753	2,071	675,115	1,947,469	24,819	1,972,288
Program supplies	3,314,986	1,238,874	635,526	244,482	3,330	5,437,198	137,494	335	137,829
Food	2,620,087	46,662	-	1,780	-	2,668,529	15	-	15
Transportation	1,772,067	3,627,460	30,187	1,207	37,097	5,468,018	42,117	430	42,547
Office and equipment expense	1,086,814	188,478	138,118	219,172	7,462	1,640,044	324,606	37,119	361,725
Staff development and expenses	174,525	109,765	36,252	75,778	6,359	402,679	295,408	1,377	296,785
Occupancy (Note 8)	2,959,431	6,198,216	2,611,489	3,019,094	24,612	14,812,842	3,107,675	11	3,107,686
Repairs and maintenance	2,210,020	1,030,458	374,746	479,382	8,707	4,103,313	72,652	-	72,652
Insurance	1,743,110	613,883	230,908	-	28,929	2,616,830	1,121,586	-	1,121,586
Utilities	1,484,950	447,084	109,153	360,895	-	2,402,082	85,038	-	85,038
Telephone	564,374	260,198	96,186	11,092	8,029	939,879	262,360	417	262,777
Information technology	748,211	413,991	675,082	83,136	24,511	1,944,931	2,337,725	10,293	2,348,018
Depreciation and amortization (Notes 2H and 6)	2,752,860	377,285	463,517	323,204	901	3,917,767	961,833	-	961,833
Interest	1,718,112	105,062	10,138	6,985	-	1,840,297	1,217,372	-	1,217,372
Bad debt	98,126	84,241	188,563	1,340,998	1,625	1,713,553	206,400	-	206,400
Miscellaneous	993	961	11	129	-	2,094	481,801	75,410	557,211
<b>TOTAL EXPENSES</b>	\$ 114,998,340	\$ 45,277,829	\$ 21,770,956	\$ 21,599,768	\$ 2,306,481	\$ 205,953,374	\$ 28,531,778	\$ 836,392	\$ 29,368,170
									\$ 131,838,133
									\$ 34,926,544
									166,764,677
									5,219,934
									2,647,403
									5,575,027
									2,668,544
									5,510,565
									2,001,769
									699,464
									17,920,528
									4,175,965
									3,738,416
									2,487,120
									1,202,656
									4,292,949
									4,879,600
									3,057,669
									1,919,953
									559,305

The accompanying notes are an integral part of these consolidated financial statements.



**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (7,288,723)	\$ (426,404)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,683,436	4,879,600
Non-cash interest expense	190,677	405,191
Unrealized loss (gain) on short-term investments	2,074,398	(927,984)
Realized gain on short-term investments	(224,159)	(100,001)
Bad debt	579,439	1,919,953
Loss on disposal of property and equipment	180,771	10,884
Subtotal	195,839	5,761,239
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government receivables	(2,603,351)	4,928,590
Tuition receivables	1,322,402	(8,136,339)
Other receivables	1,290,122	3,514,612
Prepaid expenses and other assets	2,010,417	(228,569)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	522,182	(3,338,890)
Accrued salary	(2,998,450)	5,383,500
Accrued vacation	(2,942,277)	1,544,907
Accrued pension	143,701	847,668
Other liabilities	406,378	4,305,707
Due to funding sources	(1,227,757)	(1,804,086)
Refundable advances	5,124,244	6,539,204
Lease liability (ROU Asset)	849,613	1,533,067
<b>Net Cash Provided by Operating Activities</b>	<b>2,093,063</b>	<b>20,850,610</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(8,689,300)	(8,212,600)
Purchases of short-term investments	(8,609,529)	(43,092,761)
Proceeds from sale of short-term investments	15,063,204	26,847,973
Decrease in debt service reserve	(325,192)	(359,612)
<b>Net Cash Used in Investing Activities</b>	<b>(2,560,817)</b>	<b>(24,817,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes and mortgages	5,600,000	22,187,879
Principal repayments of notes and mortgages	(6,731,937)	(16,527,204)
Bond issuance cost	-	(862,976)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(1,131,937)</b>	<b>4,797,699</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,599,691)</b>	<b>831,309</b>
Cash and Cash Equivalents - Beginning of Year	8,203,532	7,372,223
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,603,841</b>	<b>\$ 8,203,532</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<b>\$ 2,948,436</b>	<b>\$ 2,652,478</b>

The accompanying notes are an integral part of these consolidated financial statements.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Young Adult Institute, Inc. d/b/a YAI ("YAI") is organized under the Not-for-Profit Corporation Law of New York State and was incorporated in 1964. YAI has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. YAI has an equivalent exemption at the state and local levels.

YAI serves people of all ages with intellectual and developmental disabilities in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. YAI's many programs and direct services benefit thousands of individuals and their families daily throughout the New York metropolitan area. YAI is funded primarily by Medicaid. YAI has over 300 programs and direct services that benefit over 21,000 individuals and their families daily throughout the New York metropolitan area and California.

YAI is part of a network of independent agencies, collectively known as the YAI Network. The network provides programs and support for people with intellectual and developmental disabilities throughout New York, New Jersey and California. YAI is the sole corporate member of these agencies which have been included in the consolidated financial statements (collectively, the "Agency"). Further descriptions follow:

- YAI is the sole corporate member of Premier Healthcare, Inc. ("PHC"). PHC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PHC has an equivalent exemption at the state and local levels. PHC is an outpatient diagnostic and treatment center offering health care services to the general public with a specialty in medical services for people with intellectual and developmental disabilities and their families in many sites throughout the New York City area. PHC is a quality health care practice providing outpatient clinic services which include: primary health, pediatrics, internal medicine, dentistry, nutrition, audiology, neurology, podiatry, psychiatry, physical therapy, occupational therapy, ophthalmology, speech pathology and psychology. PHC's primary source of revenue is patient service fees received from Medicaid, Medicare and other third-party payors.
- Effective July 1, 2019, YAI became the sole corporate member of The Manhattan Star Academy ("MSA"). MSA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSA offers a continuum of care for school-age children with a diverse range of diagnoses, including developmental delays, autism spectrum disorders and speech language disorders.
- Effective July 1, 2019, YAI became the sole corporate member of The International Academy of Hope ("IHOPE"). IHOPE is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. IHOPE provides educational and related services to children, adolescents, and young adults from ages 5 years to 21 years old, who have sustained acquired brain injuries or other brain-based disorders who cannot be served in their local school systems.
- YAI is the sole corporate member of the International Institute for People with Disabilities of Puerto Rico, Inc. ("IIPD-PR"), which was incorporated in 1998 under the Not-for-Profit Corporation Law of the Commonwealth of Puerto Rico. IIPD-PR has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has a similar exemption at the state and local levels. IIPD-PR's mission is to create employment opportunities for people with disabilities. By providing competitive employment opportunities for persons with disabilities, IIPD-PR demonstrated a commitment to independence, community inclusion and productivity for people with special needs. IIPD-PR had no programmatic operations during the fiscal years ended June 30, 2022 and 2021.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Use of Estimates*** - The Agency's consolidated financial statements have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- B. *Basis of Consolidation*** - The Agency's accompanying consolidated financial statements include the activities of: YAI; PHC; MSA; IHOPE; and IIPD-PR. YAI has consolidated these entities pursuant to U.S. GAAP due to its financial interest and control over them. All material intercompany transactions and balances have been eliminated upon consolidation.
- C. *Basis of Net Asset Presentation*** - The Agency maintains its net assets under the following two classes:
- Without donor restrictions – represents resources available for support of the Agency's operations over which the Board of Trustees has discretionary control as well as investment in property, plant and equipment.
- With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.
- D. *Cash and Cash Equivalents*** - The Agency classifies cash equivalents as highly liquid financial instruments with maturities of three months or less when acquired, except for those short-term investments managed by investment managers as part of the Agency's investment strategies and the debt service reserve. Program participant funds included in cash and cash equivalents amounted to approximately \$580,000 and \$317,000 for the years ended June 30, 2022 and 2021, respectively. Such amounts are also included as a liability in the accompanying consolidated financial statements.
- E. *Short-term Investments and Fair Value Measurements*** - Short-term investments are carried at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.
- F. *Allowance for Uncollectible Receivables*** - The Agency determines whether an allowance for uncollectible receivables should be provided for accounts receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, historical experience, and collections subsequent to year end. As of both June 30, 2022 and 2021, the Agency determined an allowance of approximately \$2.8 million, for government receivables and approximately \$1.5 million and \$3.4 million, respectively, for tuition receivables was necessary. The Agency has not established an allowance for doubtful accounts for other receivables as of both June 30, 2022 and 2021.
- G. *Revenue Recognition*** - The Agency records Medicaid revenue based on established rates multiplied by the number of units of service provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. Tuition is derived from contracts with customers and recognized during the school year upon exchange of contracted services. To the extent amounts received exceed amounts spent, the Agency records a liability due to funding sources. Other revenue includes management programmatic services provided to other network agencies. Such revenue is recorded based on the support service agreement. Medicaid and tuition are accounted for under Accounting Standards Codification ("ASC") Topic 606. Government grants are accounted for under Accounting Standard Update ("ASU") 2018-08 and amounted to \$20,374,246 and \$19,945,808 for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021 the Agency received conditional grants and contracts from government agencies in the aggregate amount of approximately \$12 million and \$8 million, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome.
- H. *Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by the Agency provided its cost is \$5,000 or more and its useful life is greater than one year.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. Contributions** - Unconditional contributions, including promises to give cash and other assets, are reported at their fair value on the date the contribution is received. The Agency reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limits their use. When a restriction expires, that is when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions are accounted for under ASU 2018-08. Conditional contributions pertaining to future years are disclosed when material.
- J. Functional Expenses** - The costs of providing program and supporting services of the Agency have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, expenses that are not directly charged to program and supporting services are allocated among program and supporting services. The expenses that are allocated include occupancy and maintenance, which are allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.
- K. Prior Period Revenue** - There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to retroactive rate adjustments, funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in Medicaid revenue and tuition revenue for the years ended June 30, 2022 and 2021 is an increase of approximately \$300,000 and \$1 million, respectively, and \$1.2 million and \$0, respectively, of prior year revenues relating to such adjustments.
- L. Deferred Rent** - The Agency leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, the Agency records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position.
- M. Bond Issuance Costs** - Bond issuance costs consist of financing costs which are amortized over the life of the bond. The amortization is on the straight-line method which does not differ materially from the effective interest rate method.
- N. Debt Service Reserve** - Under the terms of the Dormitory Authority of the State of New York (“DASNY”), the Agency is required to deposit with the bond trustee an amount to be held in a debt service reserve fund, which will be utilized to satisfy the last payment required on the mortgage, or can be used prior to that point under the direction of DASNY to make any loan payments due by reason of default or other causes spelled out in the loan agreement. The debt service reserve is carried at market value in the accompanying consolidated statements of financial position.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements financial position date, include the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,603,841	\$ 8,203,532
Short-term investments	24,634,612	32,938,526
Government receivables, net	32,676,368	30,652,456
Tuition receivables, net	28,072,672	29,416,935
Other receivables	<u>4,685,119</u>	<u>5,975,241</u>
Total Financial Assets	96,672,612	107,186,690
Less: Other receivables due in more than one year	-	(2,100,000)
Less: Program participant funds	(579,986)	(316,770)
Less: Net assets with donor restrictions	<u>(1,406,502)</u>	<u>(1,513,352)</u>
	<u>\$ 94,686,124</u>	<u>\$ 103,256,568</u>

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)**

The Agency strives to maintain liquid financial assets sufficient to cover expenditures. Revenue from funders are expected to cover most expenses. Financial assets are available to fund any programs or supporting services with unanticipated shortfalls. In addition, as noted in Note 7, the Agency has multiple lines of credit totaling a maximum drawdown of \$38 million.

**NOTE 4 – GOVERNMENT RECEIVABLES**

Government receivables consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Due from Medicaid	\$ 22,065,301	\$ 21,246,002
Due from the State of New York	8,633,097	8,436,235
Due from the City of New York	845,690	605,094
Due from other sources	<u>3,963,263</u>	<u>3,205,848</u>
	35,507,351	33,493,179
Less: allowance for doubtful accounts	<u>(2,830,983)</u>	<u>(2,840,723)</u>
	<u>\$ 32,676,368</u>	<u>\$ 30,652,456</u>

**NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Short-term investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 9,287,342	\$ 15,068,680
Mutual funds	6,512,751	4,594,956
Corporate securities	2,030,651	3,411,730
Government securities	6,045,310	8,951,292
Other securities	<u>758,558</u>	<u>911,868</u>
	<u>\$ 24,634,612</u>	<u>\$ 32,938,526</u>

Investment activity consists of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest	\$ 280,158	\$ 390,641
Realized gain	224,159	100,001
Unrealized (loss) gain	<u>(2,074,398)</u>	<u>927,984</u>
	<u>\$ (1,570,081)</u>	<u>\$ 1,418,626</u>

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. The Agency has no Level 3 investments.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money markets and U.S. Treasury bills are valued using market prices in active markets (Level 1). Fair value of these investments is determined by management through the investment managers. Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Corporate bonds, U.S. Government bonds and multi-strategy investments are designated as Level 2 instruments and valuations are obtained from similar market or model derived valuations in which all significant inputs are observable or can be derived primarily from or corroborated with observable market data (credit risk/grade, maturities, etc.).

Financial assets carried at fair value as of June 30, 2022 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term investments:			
Money market funds	\$ 8,832,128	\$ 455,214	\$ 9,287,342
Mutual funds	6,512,751	-	6,512,751
Corporate securities	2,004,599	26,052	2,030,651
Government securities	5,806,076	239,234	6,045,310
Other securities	<u>632,902</u>	<u>125,656</u>	<u>758,558</u>
Total short-term investments	23,788,456	846,156	24,634,612
Debt Service Reserve Fund:			
U.S. Treasury bills	<u>3,555,384</u>	<u>-</u>	<u>3,555,384</u>
	<u>\$ 27,343,840</u>	<u>\$ 846,156</u>	<u>\$ 28,189,996</u>

Financial assets carried at fair value as of June 30, 2021 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term investments:			
Money market funds	\$ 15,068,680	\$ -	\$ 15,068,680
Mutual funds	4,594,956	-	4,594,956
Corporate securities	-	3,411,730	3,411,730
Government securities	-	8,951,292	8,951,292
Other securities	<u>-</u>	<u>911,868</u>	<u>911,868</u>
Total short-term investments	19,663,636	13,274,890	32,938,526
Debt Service Reserve Fund:			
U.S. Treasury bills	<u>3,230,192</u>	<u>-</u>	<u>3,230,192</u>
	<u>\$ 22,893,828</u>	<u>\$ 13,274,890</u>	<u>\$ 36,168,718</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Land	\$ 13,089,251	\$ 12,714,251	
Buildings and building improvements	76,110,127	73,741,940	15-25 years
Leasehold improvements	37,036,960	29,387,315	5-25 years
Furniture and equipment	23,141,591	22,116,888	3-10 years
Construction in progress	<u>4,423,366</u>	<u>7,784,410</u>	
	153,801,295	145,744,804	
Less: accumulated depreciation and amortization	<u>(94,723,283)</u>	<u>(90,491,885)</u>	
	<u>\$ 59,078,012</u>	<u>\$ 55,252,919</u>	

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 6 – PROPERTY AND EQUIPMENT (Continued)**

Depreciation and amortization expense amounted to \$4,714,063 and \$4,879,600 for the years ended June 30, 2022 and 2021, respectively. During 2022, property and equipment no longer in use with a cost of \$630,345 and accumulated depreciation of \$449,574 were disposed of resulting in a loss of \$180,771. Construction in progress consists of construction at new locations and various renovations with a combined additional estimated cost of completion of approximately \$2.3 million and estimated completion dates during fiscal year 2023.

**NOTE 7 – NOTES AND MORTGAGES PAYABLE**

	2022	2021
A. YAI has entered into various loan agreements with the DASNY and NYC Build. The loans carry interest rates ranging from 1.57% to 4.52% per annum, payable in semi-annual installments and have maturity dates ranging from August 2018 through June 2045. The loans are collateralized by YAI's underlying real property.	\$ 40,803,309	\$ 39,780,187
B. YAI has available a \$10 million line of credit with a bank for the acquisition and renovation of program sites. Upon receipt of New York State prior property approvals, the funds drawn down on this line of credit are subsequently converted into notes. As of both June 30, 2022 and 2021, there were seven notes executed. The notes bear an interest rate of prime resulting in a rate of 3.87% as of June 30, 2022 and 2021. The notes are collateralized by real property and mature in April 2024. The outstanding balance as of December 1, 2022 amounted to \$6,446,929.	6,446,929	8,463,918
C. The Agency has available a \$28 million working capital line of credit with a bank carrying an interest rate of prime which as of June 30, 2022 was 3.87%. The loan is collateralized by YAI's accounts receivable and matures in April 2024. The outstanding balance as of December 1, 2022 amounted to \$27,970,000.	24,403,676	23,503,676
D. MSA had a construction loan payable to a bank with interest at a fixed rate of 3.05% per annum. The loan was paid in full during fiscal year 2022.	-	126,436
E. Notes Payable for various equipment purchases at interest rate ranging from 5% to 7% with maturity dates ranging from 2023 to 2025.	<u>1,746,438</u>	<u>2,658,072</u>
	73,400,352	74,532,289
Less: unamortized debt issuance costs	<u>(2,166,926)</u>	<u>(2,357,603)</u>
Notes and mortgages payable, net	<u>\$ 71,233,426</u>	<u>\$ 72,174,686</u>

Most of the loans have provisions for loan covenants. The Agency was in compliance with these covenants as of and during the year ended June 30, 2021, but is not in compliance as of and during the year ended June 30, 2022. The Agency has requested covenant waivers, which are pending approval as of December 1, 2022. For the years ended June 30, 2022, and 2021 the amortization of debt issuance costs was \$190,677 and \$405,191, respectively.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 – NOTES AND MORTGAGES PAYABLE (Continued)**

Required future annual principal payments are payable as follows for the years ending June 30:

2023	\$ 4,190,853
2024	33,878,148
2025	2,831,351
2026	1,650,000
2027	1,735,000
Thereafter	<u>29,115,000</u>
	<u>\$ 73,400,352</u>

**NOTE 8 – RIGHT OF USE ASSET AND LIABILITY**

The Agency has operating lease agreements, and annual future minimum rentals payable for real and personal property principally under long-term operating leases expiring at varying dates through 2061 for facilities (which include payment of property taxes, insurance maintenance costs and rental payments) and for copying/printing equipment. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed

As of June 30, 2022 and 2021, the right-of-use (“ROU”) asset had a balance of \$126,252,787 and \$131,970,964, respectively, and the lease liability totaled \$131,781,894 and \$136,650,458, respectively, as shown in the consolidated statements of financial position. The lease liabilities were calculated utilizing the Agency’s incremental borrowing rate of 3.25% for leases in effect at the initial adoption date of July 1, 2020, and the Agency’s incremental borrowing rate ranging from 3.25% to 4% on the effective date of each lease from July 1, 2021 through June 30, 2022. The weighted average of the remaining lease term is 219 months, and the weighted average discount rate is 3.3%. Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2022 and thereafter are as follows:

	<u>Operating</u> <u>Leases</u>
2022	\$ 13,920,988
2023	11,945,559
2024	10,995,617
2025	8,199,888
2026	6,949,704
Thereafter	<u>135,764,908</u>
Total lease payments	187,776,664
Less: Present value discount	<u>(55,994,770)</u>
	<u>\$131,781,894</u>

Rent expense amounted to the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Real property	\$ 15,300,456	\$ 15,780,288
Vehicles and equipment	2,625,148	1,588,655



**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

- A. The Agency believes it has no uncertain tax positions as of June 30, 2022 and 2021 in accordance with ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. The Agency receives a significant portion of its revenue for services provided from third-party reimbursement through government agencies and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Agency, when appropriate, records an estimated liability to governmental agencies for any excess reimbursement over allowable costs and underspending of interim rates. As of June 30, 2022 and 2021, due to funding sources represents and overpayments from the 2012-2020 fiscal years for the Agency’s programs. Such amounts are expected to be recouped by the funding sources.
- C. The Agency is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the financial position of the Agency.
- D. During the years ended June 30, 2022 and 2021, YAI recorded the liabilities for a Supplemental Pension Plan and Trust and Life Insurance Plan and Trust in excess of the assets of the plan for certain previous employees pursuant to a legal settlement. The obligation amounted to approximately \$11 million and \$10 million, respectively, and is included in other liabilities in the consolidated statements of financial position. The change in present value calculation of such liabilities (using discount rate of 5.5% and social security life expectancy table) are reported as other non-operating activities in the consolidated statement of activities.

**NOTE 10 – REFUNDABLE ADVANCES**

- A. In April 2021, the Agency received total proceeds in the amount of \$14.2 million under the Paycheck Protection Program (“PPP”) established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period. The Agency intends to comply with all requirements of PPP forgiveness.

In accounting for the terms of the PPP loan, the Agency is guided by ASC 958-605 as a conditional contribution. For the years ended June 30, 2022 and 2021, the Agency has incurred sufficient qualifying expenses and has met other conditions for forgiveness and accordingly recorded grant income of \$6,539,204 and \$7,686,850, respectively, in the accompanying consolidated statements of activities.

- B. Refundable advances include funds that were received by the Agency under government grants and contracts for which the Agency has not yet met the grant conditions. Should these conditions not be met, these funds would then be due back to the governmental funding sources. As of June 30, 2022 and 2021, refundable advances amounted to approximately \$11.7 million and \$6.5 million in the accompanying consolidated statements of financial position.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

The Agency's net assets with donor restrictions subject to expenditure for the specified purpose of the passage of time consist of the following as of June 30:

	2022	2021
Grants and restricted funds	\$ 1,396,502	\$ 1,503,352
Fund held in perpetuity	10,000	10,000
	\$ 1,406,502	\$ 1,513,352

During the years ended June 30, 2022 and 2021, the Agency released net assets with donor restrictions of \$519,113 and \$365,748, respectively, by satisfying donor-imposed purpose and passage of time restrictions.

**NOTE 12 – CONCENTRATION**

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash and short-term investment accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash and short-term investment accounts are insured up to \$250,000 per depositor, per insured institution. As of June 30, 2022, and 2021, there was approximately \$7.4 million and \$6.7 million, respectively, of cash and cash equivalents held by one bank respectively, that exceeded FDIC limits.

**NOTE 13 – RETIREMENT PLAN**

On January 1, 2019, the Agency adopted the YAI Network Affiliates 403(b) Plan. All common law employees are eligible to make salary reduction contributions into the plan. Employees who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year are eligible for employer matching contributions. The employer matching contribution will be equal to 50% of the first 6% of the employee compensation deferral made to the plan for periods on or after July 1, 2019, and for the years ended June 30, 2022 and 2021, amounted to approximately \$1.7 million and \$1.4 million, respectively. As of June 30, 2022 and 2021, the employer matching contribution liability was \$2.4 million and \$2.3 million, respectively.

**NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Service Contracts** - The Agency receives Medicaid revenue from contracts with the New York State Office for People with Developmental Disabilities (OPWDD) to provide support and services to individuals with developmental and learning disabilities, from infants through the elderly, in a variety of community settings and at home through state-of-the-art programs that help to build skills, expand opportunities, and support community living. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. These amounts are due from OPWDD, third-party payors (Medicare), individuals (Client Fees) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Service revenue is derived from contracts with customers.

Tuition revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contracted services. Service revenue from tuition is recognized after the services are performed or after the Agency has completed its portion of the contract. Tuition is recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided. As of June 30, 2022 and 2021, approximately \$400,000 and \$300,000, respectively, of deferred tuition is included in other liabilities in the consolidated statements of financial position.

Generally, the Agency bills OPWDD, third-party payors, tuition and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

**YAI AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

**Performance Obligations** - Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the OPWDD stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2022 and 2021. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided.

For the year ended June 30, 2022, program service fees consist of revenues for the following programs:

	Medicaid and service fees	Medicare and Client Fees	Tuition	Total
Residential services	\$ 124,899,898	\$ 8,888,171	\$ -	\$ 133,788,069
Day and community services	43,927,030	812,994	-	44,740,024
Clinical services	17,977,347	3,936,365	-	21,913,712
Educational services	-	-	31,112,323	31,112,323
Employment services	1,781,126	110	-	1,781,236
	<u>\$ 188,585,401</u>	<u>\$ 13,637,640</u>	<u>\$ 31,112,323</u>	<u>\$ 233,335,364</u>

For the year ended June 30, 2021, program service fees consist of revenues for the following programs:

	Medicaid and service fees	Medicare and Client Fees	Tuition	Total
Residential services	\$ 103,420,445	\$ 8,492,494	\$ -	\$ 111,912,939
Day and community services	37,247,026	530,290	-	37,777,316
Clinical services	18,509,015	3,985,580	-	22,494,595
Educational services	-	-	28,696,988	28,696,988
Employment services	1,614,873	563	-	1,615,436
	<u>\$ 160,791,359</u>	<u>\$ 13,008,927</u>	<u>\$ 28,696,988</u>	<u>\$ 202,497,274</u>

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through December 1, 2022, the date the consolidated financial statements were available to be issued.

**YAI AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022**

	<u>YAI</u>	<u>MSA</u>	<u>IHOPE</u>	<u>PHC</u>	<u>IIPD-PR</u>	<u>Consolidating Eliminations</u>	<u>Total 2022</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,014,747	\$ 378,122	\$ 628,669	\$ 582,303	\$ -	\$ -	\$ 6,603,841
Short-term investments	24,634,612	-	-	-	-	-	24,634,612
Government receivables, net	30,692,579	-	-	1,983,789	-	-	32,676,368
Tuition receivables, net	-	14,312,547	13,781,986	-	-	-	28,094,533
Due from Network Agencies	7,746,347	-	-	-	-	(7,746,347)	-
Other receivables	3,839,877	92,055	35,800	717,387	-	-	4,685,119
Prepaid expenses and other assets	6,961,097	198,462	672,839	526,112	-	-	8,358,510
Property and equipment, net	54,700,523	1,119,138	2,419,347	839,004	-	-	59,078,012
Right of use asset	94,024,233	16,276,539	18,228	15,933,787	-	-	126,252,787
Debt service reserve	3,555,384	-	-	-	-	-	3,555,384
<b>TOTAL ASSETS</b>	<b>\$ 231,169,399</b>	<b>\$ 32,376,863</b>	<b>\$ 17,556,869</b>	<b>\$ 20,582,382</b>	<b>\$ -</b>	<b>\$ (7,746,347)</b>	<b>\$ 293,939,166</b>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 12,308,548	\$ 269,916	\$ 265,859	\$ 416,034	\$ -	\$ -	\$ 13,260,357
Accrued salary	9,857,241	579,456	558,890	639,093	-	-	11,634,680
Accrued vacation	3,074,007	178,092	157,667	298,791	-	-	3,708,557
Accrued pension	2,045,241	119,509	168,932	113,476	-	-	2,447,158
Other liabilities	14,183,627	664,364	5,850	15,288	-	-	14,869,129
Due to funding sources	1,759,325	658	-	-	-	-	1,759,983
Refundable advances	11,663,448	-	-	-	-	-	11,663,448
Notes and mortgages payable	62,159,633	3,000,000	3,450,000	2,623,793	-	-	71,233,426
Due to related party	-	4,049,124	103,187	9,434,100	603,524	(14,189,935)	-
Lease liability	97,138,641	17,913,694	18,228	16,711,331	-	-	131,781,894
<b>TOTAL LIABILITIES</b>	<b>214,189,711</b>	<b>26,774,813</b>	<b>4,728,613</b>	<b>30,251,906</b>	<b>603,524</b>	<b>(14,189,935)</b>	<b>262,358,632</b>
<b>COMMITMENTS AND CONTINGENCIES</b>							
<b>NET ASSETS</b>							
Net assets without donor restrictions	11,497,715	1,149,766	2,419,347	767,446	-	-	15,834,274
Net invested in property and equipment	4,118,964	4,417,017	10,400,683	(10,436,970)	(603,524)	6,443,588	14,339,758
Available for operations	15,616,679	5,566,783	12,820,030	(9,669,524)	(603,524)	6,443,588	30,174,032
Total net assets without donor restrictions	1,363,009	35,267	8,226	-	-	-	1,406,502
Net assets with donor restrictions	16,979,688	5,602,050	12,828,256	(9,669,524)	(603,524)	6,443,588	31,580,534
<b>TOTAL NET ASSETS</b>	<b>\$ 231,169,399</b>	<b>\$ 32,376,863</b>	<b>\$ 17,556,869</b>	<b>\$ 20,582,382</b>	<b>\$ -</b>	<b>\$ (7,746,347)</b>	<b>\$ 293,939,166</b>

See independent auditors' report.

**YAI AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	YAI			Manhattan Star Academy			International Academy of Hope			Premier Healthcare, Inc.			International Institute for People with Disabilities of Puerto Rico, Inc.			Consolidated Total			
	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total	
	Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions		
<b>Operating Revenue and Support:</b>																			
Medical and service fees	\$ 177,443,105	\$ -	\$ 177,443,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,142,296	\$ 1,130,605	\$ 12,272,902	\$ -	\$ -	\$ -	\$ 188,585,401	\$ -	\$ 188,585,401		
Government grants	19,243,641	-	19,243,641	-	-	-	-	-	1,130,605	1,130,605	2,261,210	-	-	-	20,374,246	-	20,374,246		
Medicare and client fees	10,503,815	-	10,503,815	-	-	-	-	-	3,133,825	3,133,825	6,267,650	-	-	-	13,637,640	-	13,637,640		
Tuition	-	-	-	14,834,256	16,278,067	31,112,323	-	-	16,278,067	83,459	16,361,486	-	-	-	31,112,323	-	31,112,323		
Other revenues	6,962,782	-	6,962,782	1,018,261	83,459	1,101,721	-	-	83,459	89	83,548	-	-	-	4,067,026	-	4,067,026		
Contributions	1,120,712	354,520	1,475,232	54,727	21,743	76,470	-	-	532,955	36,000	568,955	-	-	-	1,710,656	-	1,710,656		
Paycheck Protection Program	4,224,117	-	4,224,117	581,232	770,945	1,352,157	-	-	770,945	962,910	1,733,855	-	-	-	6,539,204	-	6,539,204		
Special events (net of direct costs of \$49,812)	72,415	-	72,415	-	-	-	-	-	-	-	-	-	-	-	72,415	-	72,415		
Investment activity	(1,570,081)	-	(1,570,081)	-	-	-	-	-	-	-	-	-	-	-	(1,570,081)	-	(1,570,081)		
Net assets released from restrictions	439,023	(439,023)	-	3,750	(3,750)	-	-	-	76,340	(76,340)	-	-	-	-	519,113	(519,113)	-		
<b>Total Operating Revenue and Support</b>	<b>218,439,529</b>	<b>(84,503)</b>	<b>218,355,026</b>	<b>16,492,226</b>	<b>17,893</b>	<b>16,510,219</b>	<b>(40,340)</b>	<b>17,701,426</b>	<b>16,371,987</b>	<b>16,371,987</b>	<b>32,743,973</b>	<b>(3,997,565)</b>	<b>28,746,408</b>	<b>(1,068,502)</b>	<b>265,047,943</b>	<b>(1,068,502)</b>	<b>264,941,093</b>		
<b>Operating Expenses:</b>																			
<b>Program Services:</b>																			
Residential services	138,567,248	-	138,567,248	-	-	-	-	-	-	-	-	-	-	-	138,567,248	-	138,567,248		
Day and community services	52,436,106	-	52,436,106	-	-	-	-	-	-	-	-	-	-	-	52,436,106	-	52,436,106		
Clinical services	7,825,341	-	7,825,341	-	-	-	-	-	-	-	-	-	-	-	21,940,196	-	21,940,196		
Educational services	2,512,267	-	2,512,267	-	-	-	-	-	-	-	-	-	-	-	22,610,991	-	22,610,991		
Employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,512,267	-	2,512,267		
<b>Total Program Services</b>	<b>201,340,962</b>	<b>-</b>	<b>201,340,962</b>	<b>11,553,562</b>	<b>11,057,429</b>	<b>11,057,429</b>	<b>-</b>	<b>11,057,429</b>	<b>14,678,443</b>	<b>14,678,443</b>	<b>25,735,872</b>	<b>(563,568)</b>	<b>25,172,304</b>	<b>(563,568)</b>	<b>238,066,808</b>	<b>-</b>	<b>238,066,808</b>		
<b>Supporting Services:</b>																			
Management and general	27,364,415	-	27,364,415	2,089,160	-	2,089,160	-	2,704,043	2,554,055	2,554,055	-	-	-	31,362,389	-	31,362,389			
Fundraising	1,146,003	-	1,146,003	44,139	-	44,139	-	63,281	63,281	63,281	-	-	-	1,168,730	-	1,168,730			
<b>Total Supporting Services</b>	<b>28,510,418</b>	<b>-</b>	<b>28,510,418</b>	<b>2,133,299</b>	<b>-</b>	<b>2,133,299</b>	<b>-</b>	<b>2,767,324</b>	<b>2,617,336</b>	<b>2,617,336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,531,119</b>	<b>-</b>	<b>32,531,119</b>			
<b>Total Operating Expenses</b>	<b>229,851,380</b>	<b>-</b>	<b>229,851,380</b>	<b>13,686,861</b>	<b>11,057,429</b>	<b>13,744,728</b>	<b>(40,340)</b>	<b>13,744,388</b>	<b>17,292,488</b>	<b>17,292,488</b>	<b>13,824,753</b>	<b>(3,997,565)</b>	<b>9,827,188</b>	<b>(3,997,565)</b>	<b>270,597,927</b>	<b>-</b>	<b>270,597,927</b>		
<b>Change in Net Assets From Operations</b>	<b>(11,411,851)</b>	<b>(84,503)</b>	<b>(11,496,354)</b>	<b>2,805,365</b>	<b>17,893</b>	<b>2,823,258</b>	<b>(40,340)</b>	<b>3,876,673</b>	<b>(860,511)</b>	<b>(860,511)</b>	<b>1,052,915</b>	<b>-</b>	<b>1,052,915</b>	<b>(106,850)</b>	<b>(5,549,984)</b>	<b>(106,850)</b>	<b>(5,656,834)</b>		
<b>Non-Operating:</b>																			
"Other non-operating activities"	(1,631,889)	-	(1,631,889)	-	-	-	-	-	-	-	-	-	-	-	(1,631,889)	-	(1,631,889)		
<b>Total Non-Operating Activities</b>	<b>(1,631,889)</b>	<b>-</b>	<b>(1,631,889)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,631,889)</b>	<b>-</b>	<b>(1,631,889)</b>		
<b>CHANGE IN NET ASSETS</b>	<b>(13,043,740)</b>	<b>(84,503)</b>	<b>(13,128,243)</b>	<b>2,805,365</b>	<b>17,893</b>	<b>2,823,258</b>	<b>(40,340)</b>	<b>3,876,673</b>	<b>(860,511)</b>	<b>(860,511)</b>	<b>1,052,915</b>	<b>-</b>	<b>1,052,915</b>	<b>(106,850)</b>	<b>(7,181,873)</b>	<b>(106,850)</b>	<b>(7,288,723)</b>		
Net Assets - Beginning of year	28,660,419	1,447,512	30,107,931	2,761,418	17,274	2,778,692	48,586	8,951,583	(8,809,013)	(8,809,013)	8,903,017	6,443,588	(603,524)	6,443,588	37,355,905	1,513,352	38,869,257		
<b>NET ASSETS - END OF YEAR</b>	<b>15,616,679</b>	<b>1,363,009</b>	<b>16,979,688</b>	<b>5,566,783</b>	<b>35,267</b>	<b>5,602,956</b>	<b>8,226</b>	<b>12,828,256</b>	<b>(9,669,524)</b>	<b>(9,669,524)</b>	<b>9,911,533</b>	<b>6,443,588</b>	<b>(603,524)</b>	<b>6,443,588</b>	<b>30,174,032</b>	<b>1,406,502</b>	<b>31,580,534</b>		

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