

# **YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**



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

**YEARS ENDED JUNE 30, 2023 AND 2022**

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**

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

**YEARS ENDED JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Young Adult Institute, Inc. and Affiliates  
New York, NY

### **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 statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 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 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 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.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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.

### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information (shown on pages 17 and 18) as of and for the year ended June 30, 2023, 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 audits 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 GAAS. 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, 2023

**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 12)	\$ 1,858,215	\$ 6,603,841
Short-term investments (Notes 2E and 5)	11,379,987	24,634,612
Government receivables, net (Notes 2F and 4)	40,931,196	32,676,368
Tuition receivables, net (Note 2F)	29,397,151	28,094,533
Other receivables (Notes 2F and 2I)	2,409,172	4,685,119
Prepaid expenses and other assets	6,789,045	8,358,510
Property and equipment, net (Notes 2H, 6 and 7)	59,094,859	59,078,012
Right of use asset (Note 8)	168,757,301	126,252,787
Debt service reserve (Note 2N)	3,604,533	3,555,384
<b>TOTAL ASSETS</b>	<b>\$ 324,221,459</b>	<b>\$ 293,939,166</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 18,432,481	\$ 13,260,357
Accrued salary	9,431,622	11,634,680
Accrued vacation	3,847,139	3,708,557
Accrued pension (Note 13)	2,542,942	2,447,158
Other liabilities (Note 9D and 14)	15,093,427	14,869,129
Due to funding sources (Note 9B)	1,216,791	1,759,983
Refundable advances (Note 10)	2,387,575	11,663,448
Notes and mortgages payable	71,680,874	71,233,426
Lease liability (Note 8)	175,610,074	131,781,894
<b>TOTAL LIABILITIES</b>	<b>300,242,925</b>	<b>262,358,632</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	13,972,620	15,834,274
Available for operations	8,348,130	14,339,758
Total net assets without donor restrictions	22,320,750	30,174,032
Net assets with donor restrictions (Note 11)	1,657,784	1,406,502
<b>TOTAL NET ASSETS</b>	<b>23,978,534</b>	<b>31,580,534</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 324,221,459</b>	<b>\$ 293,939,166</b>

**YAI AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>For the Year Ended June 30, 2023</u>			<u>For the Year Ended June 30, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
<b>Operating Revenue and Support:</b>						
Medicaid and service fees (Notes 2G, 2K and 14)	\$ 215,624,708	\$ -	\$ 215,624,708	\$ 195,542,571	\$ -	\$ 195,542,571
Government grants (Note 2G)	17,268,229	-	17,268,229	13,417,076	-	13,417,076
Medicare and client fees (Notes 2G and 14)	13,764,009	-	13,764,009	13,637,640	-	13,637,640
Tuition (Notes 2G and 14)	37,773,988	-	37,773,988	31,112,323	-	31,112,323
Other revenues (Note 2K)	5,048,812	-	5,048,812	4,067,026	-	4,067,026
Contributions (Note 2I)	893,160	547,310	1,440,470	1,710,656	412,263	2,122,919
Paycheck Protection Program (Note 10A)	-	-	-	6,539,204	-	6,539,204
Special events (net of direct costs of \$43,615 and \$49,912)	74,364	-	74,364	72,415	-	72,415
Investment activity (Note 5)	401,384	-	401,384	(1,570,081)	-	(1,570,081)
Net assets released from restrictions (Notes 2C)	296,028	(296,028)	-	519,113	(519,113)	-
<b>Total Operating Revenue and Support</b>	<u>291,144,682</u>	<u>251,282</u>	<u>291,395,964</u>	<u>265,047,943</u>	<u>(106,850)</u>	<u>264,941,093</u>
<b>Operating Expenses:</b>						
<b>Program Services:</b>						
Residential services	153,097,854	-	153,097,854	138,567,248	-	138,567,248
Day and community services	61,012,988	-	61,012,988	52,436,106	-	52,436,106
Clinical services	21,268,419	-	21,268,419	21,940,196	-	21,940,196
Educational services	28,298,417	-	28,298,417	22,610,991	-	22,610,991
Employment services	2,440,744	-	2,440,744	2,512,267	-	2,512,267
<b>Total Program Services</b>	<u>266,118,422</u>	<u>-</u>	<u>266,118,422</u>	<u>238,066,808</u>	<u>-</u>	<u>238,066,808</u>
<b>Supporting Services:</b>						
Management and general	31,820,758	-	31,820,758	31,362,389	-	31,362,389
Fundraising	1,131,293	-	1,131,293	1,168,730	-	1,168,730
<b>Total Supporting Services</b>	<u>32,952,051</u>	<u>-</u>	<u>32,952,051</u>	<u>32,531,119</u>	<u>-</u>	<u>32,531,119</u>
<b>Total Operating Expenses</b>	<u>299,070,473</u>	<u>-</u>	<u>299,070,473</u>	<u>270,597,927</u>	<u>-</u>	<u>270,597,927</u>
<b>Change In Net Assets From Operations</b>	(7,925,791)	251,282	(7,674,509)	(5,549,984)	(106,850)	(5,656,834)
<b>Non-Operating Activities</b>						
Other non-operating activities (Note 9D)	72,509	-	72,509	(1,631,889)	-	(1,631,889)
<b>Total Non-Operating Activities</b>	<u>72,509</u>	<u>-</u>	<u>72,509</u>	<u>(1,631,889)</u>	<u>-</u>	<u>(1,631,889)</u>
<b>CHANGE IN NET ASSETS</b>	(7,853,282)	251,282	(7,602,000)	(7,181,873)	(106,850)	(7,288,723)
Net Assets - Beginning of Year	<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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 22,320,750</u>	<u>\$ 1,657,784</u>	<u>\$ 23,978,534</u>	<u>\$ 30,174,032</u>	<u>\$ 1,406,502</u>	<u>\$ 31,580,534</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, 2023**  
(With Comparative Totals for the Year Ended June 30, 2022)

	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	Total 2023	Total 2022
Salaries	\$ 99,621,415	\$ 33,213,745	\$ 12,315,847	\$ 17,785,382	\$ 1,847,554	\$ 164,783,943	\$ 12,028,043	\$ 597,340	\$ 12,625,383	\$ 177,409,326	\$ 156,019,456
Payroll taxes and benefits (Note 13)	20,514,408	6,834,605	2,204,854	3,520,816	378,168	33,452,851	2,596,603	131,967	2,728,570	36,181,421	36,052,767
<b>Total Personnel Costs</b>	120,135,823	40,048,350	14,520,701	21,306,198	2,225,722	198,236,794	14,624,646	729,307	15,353,953	213,590,747	192,072,223
Contracted services	4,254,425	1,027,289	1,677,838	935,380	8,606	7,903,538	1,495,314	161,268	1,656,582	9,560,120	6,789,522
Professional fees	161,258	100,749	12,930	812,076	-	1,087,013	2,203,455	3,952	2,207,407	3,294,420	2,858,294
Program supplies	3,560,960	2,678,920	530,886	343,459	3,862	7,118,087	37,768	449	38,217	7,156,304	6,609,979
Food	3,167,386	45,246	26	8,827	51	3,221,536	3,022	-	3,022	3,224,558	2,871,678
Transportation	2,429,520	7,383,656	64,902	1,533	65,360	9,944,971	122,791	1,948	124,739	10,069,710	8,319,983
Office and equipment expense	1,057,486	393,628	163,407	222,085	5,537	1,842,143	805,871	65,775	871,646	2,713,789	2,362,630
Staff development and expenses	354,240	219,558	43,512	114,919	7,998	740,227	546,021	2,303	548,324	1,288,551	1,267,201
Occupancy (Note 8)	3,895,655	5,554,212	1,351,227	2,837,066	62,246	13,700,406	3,600,525	-	3,600,525	17,300,931	17,114,795
Repairs and maintenance	2,783,228	1,010,056	616,820	714,980	3,100	5,128,184	970,275	-	970,275	6,098,459	7,757,235
Insurance	2,734,951	1,007,292	497,716	102,899	33,691	4,376,549	922,246	1,772	924,018	5,300,567	4,366,518
Utilities	1,948,546	492,516	100,409	238,103	4,115	2,783,689	92,497	-	92,497	2,876,186	2,695,613
Telephone	593,419	247,886	177,566	9,090	6,312	1,034,273	283,102	482	283,584	1,317,857	1,393,359
Information technology	977,926	438,741	1,015,994	45,561	10,230	2,488,452	2,766,064	2,315	2,768,379	5,256,831	4,711,391
Depreciation and amortization (Notes 2H and 6)	3,155,140	246,953	186,395	355,669	3,908	3,948,065	750,263	-	750,263	4,698,328	4,683,436
Interest	1,850,462	106,024	-	-	-	1,956,486	2,178,817	-	2,178,817	4,135,303	3,139,113
Bad debt	32,361	1,460.00	308,088	232,589	-	574,498	-	-	-	574,498	579,439
Miscellaneous	5,068	10,452	2	17,983	6	33,511	418,081	205,337	623,418	656,929	1,055,430
<b>Sub-total</b>	153,097,854	61,012,988	21,268,419	28,298,417	2,440,744	266,118,422	31,820,758	1,174,908	32,995,666	299,114,088	270,647,839
Direct cost of special events	-	-	-	-	-	-	-	(43,615)	(43,615)	(43,615)	(49,912)
<b>TOTAL EXPENSES</b>	<u>\$ 153,097,854</u>	<u>\$ 61,012,988</u>	<u>\$ 21,268,419</u>	<u>\$ 28,298,417</u>	<u>\$ 2,440,744</u>	<u>\$ 266,118,422</u>	<u>\$ 31,820,758</u>	<u>\$ 1,131,293</u>	<u>\$ 32,952,051</u>	<u>\$ 299,070,473</u>	<u>\$ 270,597,927</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**

	<u>Program Services</u>						<u>Supporting Services</u>			
	<u>Residential Services</u>	<u>Day and Community Services</u>	<u>Clinical Services</u>	<u>Educational Services</u>	<u>Employment Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2022</u>
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
Payroll taxes and benefits (Note 13)	<u>20,463,952</u>	<u>6,322,044</u>	<u>2,348,013</u>	<u>2,969,961</u>	<u>436,582</u>	<u>32,540,552</u>	<u>3,353,594</u>	<u>158,621</u>	<u>3,512,215</u>	<u>36,052,767</u>
<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
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
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
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
Food	2,819,800	50,477	258	856	15	2,871,406	272	-	272	2,871,678
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
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
Staff development and expenses	359,069	190,516	79,130	168,534	4,772	802,021	464,202	978	465,180	1,267,201
Occupancy (Note 8)	3,503,537	5,566,789	1,876,989	3,040,999	47,390	14,035,704	3,079,091	-	3,079,091	17,114,795
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
Insurance	2,162,733	856,485	524,267	17,619	22,081	3,583,185	781,194	2,139	783,333	4,366,518
Utilities	1,708,093	484,512	90,247	316,242	3,875	2,602,969	92,619	25	92,644	2,695,613
Telephone	659,555	311,203	154,576	8,701	6,553	1,140,588	252,184	587	252,771	1,393,359
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
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
Interest	1,772,450	84,110	9,393	1,712	-	1,867,665	1,271,448	-	1,271,448	3,139,113
Bad debt	38,085	-	541,354	-	-	579,439	-	-	-	579,439
Miscellaneous	<u>3,379</u>	<u>3,115</u>	<u>3</u>	<u>-</u>	<u>8</u>	<u>6,505</u>	<u>708,234</u>	<u>340,691</u>	<u>1,048,925</u>	<u>1,055,430</u>
<b>Sub-total</b>	138,567,248	52,436,106	21,940,196	22,610,991	2,512,267	238,066,808	31,362,389	1,218,642	32,581,031	270,647,839
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,912)</u>	<u>-</u>	<u>(49,912)</u>
<b>TOTAL EXPENSES</b>	<u>\$ 138,567,248</u>	<u>\$ 52,436,106</u>	<u>\$ 21,940,196</u>	<u>\$ 22,610,991</u>	<u>\$ 2,512,267</u>	<u>\$ 238,066,808</u>	<u>\$ 31,362,389</u>	<u>\$ 1,168,730</u>	<u>\$ 32,581,031</u>	<u>\$ 270,597,927</u>

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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (7,602,000)	\$ (7,288,723)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,698,328	4,683,436
Non-cash interest expense	362,555	190,677
Unrealized loss (gain) on short-term investments	(513,279)	2,074,398
Realized loss (gain) on short-term investments	428,681	(224,159)
Bad debt	574,498	579,439
Loss on disposal of property and equipment	-	180,771
Subtotal	(2,051,217)	195,839
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government receivables	(8,829,326)	(2,603,351)
Tuition receivables	(1,302,618)	1,322,402
Other receivables	2,275,947	1,290,122
Prepaid expenses and other assets	1,569,465	2,010,417
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,172,124	522,182
Accrued salary	(2,203,058)	(2,998,450)
Accrued vacation	138,582	(2,942,277)
Accrued pension	95,784	143,701
Other liabilities	224,298	406,378
Due to funding sources	(543,192)	(1,227,757)
Refundable advances	(9,275,873)	5,124,244
Lease liability (ROU Asset)	1,323,666	849,613
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(13,405,418)</b>	<b>2,093,063</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(4,715,175)	(8,689,300)
Purchases of short-term investments	(8,501,302)	(8,609,529)
Proceeds from sale of short-term investments	21,840,525	15,063,204
Increase in debt service reserve	(49,149)	(325,192)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>8,574,899</b>	<b>(2,560,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes and mortgages	7,516,239	5,600,000
Principal repayments of notes and mortgages	(7,431,346)	(6,731,937)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>84,893</b>	<b>(1,131,937)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,745,626)</b>	<b>(1,599,691)</b>
Cash and Cash Equivalents - Beginning of Year	6,603,841	8,203,532
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,858,215</b>	<b>\$ 6,603,841</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<b>\$ 3,772,748</b>	<b>\$ 2,652,478</b>

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

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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, 2023 and 2022.

**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.

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**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, 2023 and 2022, 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, 2023 and 2022, the Agency determined an allowance of approximately \$2.8 million, for government receivables and approximately \$1.6 million and \$1.5 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, 2023 and 2022.
- 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 \$17,268,229 and \$13,417,076 for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022 the Agency received conditional grants and contracts from government agencies in the aggregate amount of approximately \$6 million and \$12 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.

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. Contributions** - Unconditional contributions amounting to \$324,692 and \$360,692 as of June 30, 2023, and 2022, respectively, 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 (loss) revenue and tuition revenue for the years ended June 30, 2023 and 2022 is approximately \$(59,264) and \$300,000, respectively, and \$0 and \$1.2 million, respectively, of prior year revenues relating to such adjustments.
- L. Leases** - The Agency reports leases in accordance with ASU No. 2016-02, Leases (Topic 842). This standard requires the recognition of lease assets and lease liabilities on the consolidated statements of financial position and the disclosure of key information about leasing arrangements. The recognition, presentation, and measurement of lease related items in the consolidated financial statements will depend on whether the lease is classified as a finance or operating lease.
- 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.
- O. Reclassifications** - Certain line items in the June 30, 2022 consolidated financial statements have been reclassified to conform to the June 30, 2023 presentation. Such reclassifications had no effect on net assets previously reported.

**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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,858,215	\$ 6,603,841
Short-term investments	11,379,987	24,634,612
Government receivables, net	40,931,196	32,676,368
Tuition receivables, net	29,397,151	28,094,533
Other receivables	<u>2,409,172</u>	<u>4,685,119</u>
Total Financial Assets	85,975,721	96,694,473
Less: Program participant funds	(174,220)	(579,986)
Less: Net assets with donor restrictions	<u>(1,657,784)</u>	<u>(1,406,502)</u>
	<u>\$ 84,143,717</u>	<u>\$ 94,707,985</u>

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**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>2023</u>	<u>2022</u>
Due from Medicaid	\$ 30,837,107	\$ 22,065,301
Due from the State of New York	8,108,048	8,633,097
Due from the City of New York	561,705	845,690
Due from other sources	<u>4,246,522</u>	<u>3,963,263</u>
	43,753,382	35,507,351
Less: allowance for doubtful accounts	<u>(2,822,186)</u>	<u>(2,830,983)</u>
	<u>\$ 40,931,196</u>	<u>\$ 32,676,368</u>

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

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

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 885,600	\$ 9,287,342
Mutual funds	4,912,592	6,512,751
Corporate securities	1,622,908	2,030,651
Government securities	3,385,495	6,045,310
Other securities	<u>573,392</u>	<u>758,558</u>
	<u>\$ 11,379,987</u>	<u>\$ 24,634,612</u>

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

	<u>2023</u>	<u>2022</u>
Interest	\$ 316,786	\$ 280,158
Realized (loss) gain	(428,681)	224,159
Unrealized gain (loss)	<u>513,279</u>	<u>(2,074,398)</u>
	<u>\$ 401,384</u>	<u>\$ (1,570,081)</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.

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
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**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, 2023 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term investments:			
Money market funds	\$ 449,205	\$ 436,395	\$ 885,600
Mutual funds	4,912,592	-	4,912,592
Corporate securities	1,534,428	88,480	1,622,908
Government securities	3,169,175	216,320	3,385,495
Other securities	<u>383,421</u>	<u>189,981</u>	<u>573,402</u>
Total short-term investments	10,448,821	931,176	11,379,987
Debt Service Reserve Fund:			
U.S. Treasury bills	<u>3,604,533</u>	<u>-</u>	<u>3,604,533</u>
	<u>\$ 14,053,354</u>	<u>\$ 931,176</u>	<u>\$ 14,984,520</u>

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>

**NOTE 6 – PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 13,089,251	\$ 13,089,251	
Buildings and building improvements	76,737,112	76,110,127	15-25 years
Leasehold improvements	37,303,942	37,036,960	5-25 years
Furniture and equipment	24,470,184	23,141,591	3-10 years
Construction in progress	<u>6,915,981</u>	<u>4,423,366</u>	
	158,516,470	153,801,295	
Less: accumulated depreciation and amortization	<u>(99,421,611)</u>	<u>(94,723,283)</u>	
	<u>\$ 59,094,859</u>	<u>\$ 59,078,012</u>	

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
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**NOTE 6 – PROPERTY AND EQUIPMENT (Continued)**

Depreciation and amortization expense amounted to \$4,698,328 and \$4,683,436 for the years ended June 30, 2023 and 2022, 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 \$500,000 and estimated completion dates during fiscal year 2024.

**NOTE 7 – NOTES AND MORTGAGES PAYABLE**

	2023	2022
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.	\$ 37,564,668	\$ 40,803,309
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 June 30, 2023, there were three notes executed. The notes bear an interest rate of prime resulting in a rate of approximately 7.5% as of both June 30, 2023 and 2022. The notes are collateralized by real property and mature in April 2024. The outstanding balance as of December 1, 2023 amounted to \$0.	6,946,845	6,446,929
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, 2023 was 7.5%. The loan is collateralized by YAI's accounts receivable and matures in April 2024. The outstanding balance as of December 1, 2023 amounted to approximately \$28 million.	27,970,000	24,403,676
D. Notes Payable for various equipment purchases at interest rate ranging from 5% to 7% with maturity dates ranging from 2023 to 2025.	<u>1,003,732</u>	<u>1,746,438</u>
Less: unamortized debt issuance costs	<u>73,485,245</u> <u>(1,804,371)</u>	<u>73,400,352</u> <u>(2,166,926)</u>
Notes and mortgages payable, net	<u>\$ 71,680,874</u>	<u>\$ 71,233,426</u>

Most of the loans have provisions for loan covenants, and the Agency was not in compliance as of both June 30, 2023 and 2022. The Agency has requested covenant waivers, which are pending approval as of December 1, 2023. For the years ended June 30, 2023 and 2022, the amortization of debt issuance costs was \$362,555 and \$190,677, respectively.

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

2024	\$ 3,147,151
2025	37,838,094
2026	1,650,000
2027	1,735,000
2028	1,790,000
Thereafter	<u>27,325,000</u>
	<u>\$ 73,485,245</u>

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
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**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, 2023 and 2022, the right-of-use (“ROU”) asset had a balance of \$168,757,301 and \$126,252,787, respectively, and the lease liability totaled \$175,610,074 and \$131,781,894, 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 2.6% to 5% on the effective date of each lease from July 1, 2021 through June 30, 2023. The weighted average of the remaining lease term is 365 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, 2023 and thereafter are as follows:

	<u>Operating Leases</u>
2024	\$ 17,182,186
2025	15,776,665
2026	12,773,273
2027	11,229,435
2028	10,636,094
Thereafter	<u>238,668,928</u>
Total lease payments	306,266,581
Less: Present value discount	<u>(130,656,507)</u>
	<u>\$ 175,610,074</u>

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

	<u>2023</u>	<u>2022</u>
Real property	\$ 16,052,075	\$ 15,300,456
Vehicles and equipment	1,936,316	1,829,885

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

- A. The Agency believes it has no uncertain tax positions as of June 30, 2023 and 2022 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, 2023 and 2022, due to funding sources represents and overpayments from the 2016-2023 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, 2023 and 2022, 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 \$10 million and \$11 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 statements of activities.



**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
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**NOTE 10 – REFUNDABLE ADVANCES**

- A. In April 2021, the Agency received proceeds under the Paycheck Protection Program (“PPP”) established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). In accounting for the terms of the PPP loan, the Agency is guided by ASC 958-605 as a conditional contribution and as of June 30, 2022, the Agency complied with all requirements of PPP forgiveness. Accordingly, the Agency recorded grant income \$6,539,204 in the accompanying consolidated statements of activities for the year ended June 30, 2022.
- 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, 2023 and 2022, refundable advances amounted to approximately \$2.4 million and \$11.7 million in the accompanying consolidated statements of financial position.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

The Agency’s net assets with donor restrictions as of June 30, 2023 and 2022 consist of amounts restricted by donor for staff scholarships, technology improvement and program recreation.

	2023	2022
Grants and restricted funds	\$ 1,647,784	\$ 1,396,502
Fund held in perpetuity	10,000	10,000
	<b>\$ 1,657,784</b>	<b>\$ 1,406,502</b>

During the years ended June 30, 2023 and 2022, the Agency released net assets with donor restrictions of \$296,028 and \$519,113, 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 bank accounts that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured institution. As of June 30, 2023 and 2022, there was approximately \$1.1 million and \$7.4 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, 2023 and 2022, amounted to approximately \$1.7 million and \$1.6 million, respectively. As of June 30, 2023 and 2022, the employer matching contribution liability was \$2.5 million and \$2.4 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.

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES**  
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**JUNE 30, 2023 AND 2022**

**NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

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, 2023 and 2022, approximately \$446,000 and \$400,000, 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.

**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, 2023 and 2022. 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, 2023, program service fees consist of revenues for the following programs:

	Medicaid <u>and service fees</u>	Medicare and <u>Client Fees</u>	<u>Tuition</u>	<u>Total</u>
Residential services	\$ 135,688,189	\$ 9,181,772	\$ -	\$ 144,869,961
Day and community services	57,653,414	999,241	-	58,652,655
Clinical services	20,689,326	3,582,996	-	24,272,322
Educational services	-	-	37,773,988	37,773,988
Employment services	1,593,779	-	-	1,593,779
	<u>\$ 215,624,708</u>	<u>\$ 13,764,009</u>	<u>\$ 37,773,988</u>	<u>\$ 267,162,705</u>

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

	Medicaid <u>and service fees</u>	Medicare and <u>Client Fees</u>	<u>Tuition</u>	<u>Total</u>
Residential services	\$ 131,857,068	\$ 8,888,171	\$ -	\$ 140,745,239
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>\$ 195,542,571</u>	<u>\$ 13,637,640</u>	<u>\$ 31,112,323</u>	<u>\$ 240,292,534</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, 2023, the date the consolidated financial statements were available to be issued.

**YAI AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**

	<u>YAI</u>	<u>MSA</u>	<u>IHOPE</u>	<u>PHC</u>	<u>IIPD-PR</u>	<u>Consolidating Eliminations</u>	<u>Total 2023</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,168,514	\$ 224,903	\$ 302,052	\$ 162,746	\$ -	\$ -	\$ 1,858,215
Short-term investments	11,379,987	-	-	-	-	-	11,379,987
Government receivables, net	39,141,966	-	-	1,789,230	-	-	40,931,196
Tuition receivables, net	-	16,669,157	12,727,994	-	-	-	29,397,151
Due from Network Agencies	6,502,021	-	1,229,593	-	-	(7,731,614)	-
Other receivables	2,348,952	24,420	35,800	-	-	-	2,409,172
Prepaid expenses and other assets	4,614,921	306,328	701,684	1,166,112	-	-	6,789,045
Property and equipment, net	55,107,052	854,840	2,436,706	696,261	-	-	59,094,859
Right of use asset	93,456,530	14,707,872	44,752,765	15,840,134	-	-	168,757,301
Debt service reserve	3,604,533	-	-	-	-	-	3,604,533
<b>TOTAL ASSETS</b>	<u>\$ 217,324,476</u>	<u>\$ 32,787,520</u>	<u>\$ 62,186,594</u>	<u>\$ 19,654,483</u>	<u>\$ -</u>	<u>\$ (7,731,614)</u>	<u>\$ 324,221,459</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 16,445,651	\$ 446,481	\$ 1,003,300	\$ 537,049	\$ -	\$ -	\$ 18,432,481
Accrued salary	7,986,322	422,406	565,425	457,469	-	-	9,431,622
Accrued vacation	3,244,775	189,085	203,549	209,730	-	-	3,847,139
Accrued pension	2,086,273	136,758	181,644	138,267	-	-	2,542,942
Other liabilities	13,338,395	1,470,101	24,275	260,656	-	-	15,093,427
Due to funding sources	1,216,791	-	-	-	-	-	1,216,791
Refundable advances	2,387,575	-	-	-	-	-	2,387,575
Notes and mortgages payable	66,112,336	3,000,000	-	2,568,538	-	-	71,680,874
Due to related party	-	3,191,193	-	10,380,485	603,524	(14,175,202)	-
Lease liability	97,544,948	16,403,968	44,910,953	16,750,205	-	-	175,610,074
<b>TOTAL LIABILITIES</b>	<u>210,363,066</u>	<u>25,259,992</u>	<u>46,889,146</u>	<u>31,302,399</u>	<u>603,524</u>	<u>(14,175,202)</u>	<u>300,242,925</u>
<b>NET ASSETS</b>							
Net assets without donor restrictions							
Net invested in property and equipment	9,984,813	854,840	2,436,706	696,261	-	-	13,972,620
Available for operations	(4,471,216)	6,507,033	12,816,426	(12,344,177)	(603,524)	6,443,588	8,348,130
Total net assets without donor restrictions	5,513,597	7,361,873	15,253,132	(11,647,916)	(603,524)	6,443,588	22,320,750
Net assets with donor restrictions	1,447,813	165,655	44,316	-	-	-	1,657,784
<b>TOTAL NET ASSETS</b>	<u>6,961,410</u>	<u>7,527,528</u>	<u>15,297,448</u>	<u>(11,647,916)</u>	<u>(603,524)</u>	<u>6,443,588</u>	<u>23,978,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 217,324,476</u>	<u>\$ 32,787,520</u>	<u>\$ 62,186,594</u>	<u>\$ 19,654,483</u>	<u>\$ -</u>	<u>\$ (7,731,614)</u>	<u>\$ 324,221,459</u>

See independent auditors' report.

**YAI AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	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 Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total	Without Donor Restrictions	Total	Consolidating Eliminations	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>Operating Revenue and Support:</b>																	
Medicaid and service fees	\$ 203,255,766	\$ -	\$ 203,255,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,368,942	\$ 12,368,942	\$ -	\$ -	\$ -	\$ 215,624,708	\$ -	\$ 215,624,708
Government grants	17,055,664	-	17,055,664	80,199	-	80,199	-	-	-	132,366	132,366	-	-	-	17,268,229	-	17,268,229
Medicare and client fees	10,991,890	-	10,991,890	-	-	-	-	-	-	2,772,119	2,772,119	-	-	-	13,764,009	-	13,764,009
Tuition	-	-	-	17,108,860	-	17,108,860	20,665,128	-	20,665,128	-	-	-	-	-	37,773,988	-	37,773,988
Other revenues	9,186,531	-	9,186,531	43,604	-	43,604	-	-	-	548,543	548,543	-	-	(4,729,866)	5,048,812	-	5,048,812
Contributions	800,175	314,187	1,114,362	58,272	135,122	193,394	30,285	98,001	128,286	4,428	4,428	-	-	-	893,160	547,310	1,440,470
Paycheck Protection Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special events (net of direct costs of \$43,615)	74,364	-	74,364	-	-	-	-	-	-	-	-	-	-	-	74,364	-	74,364
Investment activity	401,384	-	401,384	-	-	-	-	-	-	-	-	-	-	-	401,384	-	401,384
Net assets released from restrictions	229,383	(229,383)	-	4,734	(4,734)	-	61,911	(61,911)	-	-	-	-	-	-	296,028	(296,028)	-
<b>Total Operating Revenue and Support</b>	<b>241,995,157</b>	<b>84,804</b>	<b>242,079,961</b>	<b>17,295,669</b>	<b>130,388</b>	<b>17,426,057</b>	<b>20,757,324</b>	<b>36,090</b>	<b>20,793,414</b>	<b>15,826,398</b>	<b>15,826,398</b>	<b>-</b>	<b>-</b>	<b>(4,729,866)</b>	<b>291,144,682</b>	<b>251,282</b>	<b>291,395,964</b>
<b>Operating Expenses:</b>																	
<b>Program Services:</b>																	
Residential services	153,097,854	-	153,097,854	-	-	-	-	-	-	-	-	-	-	-	153,097,854	-	153,097,854
Day and community services	61,012,988	-	61,012,988	-	-	-	-	-	-	-	-	-	-	-	61,012,988	-	61,012,988
Clinical services	7,232,756	-	7,232,756	-	-	-	-	-	-	15,122,735	15,122,735	-	-	(1,087,072)	21,268,419	-	21,268,419
Educational services	-	-	-	12,979,439	-	12,979,439	15,318,978	-	15,318,978	-	-	-	-	-	28,298,417	-	28,298,417
Employment services	2,440,744	-	2,440,744	-	-	-	-	-	-	-	-	-	-	-	2,440,744	-	2,440,744
<b>Total Program Services</b>	<b>223,784,342</b>	<b>-</b>	<b>223,784,342</b>	<b>12,979,439</b>	<b>-</b>	<b>12,979,439</b>	<b>15,318,978</b>	<b>-</b>	<b>15,318,978</b>	<b>15,122,735</b>	<b>15,122,735</b>	<b>-</b>	<b>-</b>	<b>(1,087,072)</b>	<b>266,118,422</b>	<b>-</b>	<b>266,118,422</b>
<b>Supporting Services:</b>																	
Management and general	27,255,113	-	27,255,113	2,482,257	-	2,482,257	2,952,696	-	2,952,696	2,682,055	2,682,055	-	-	(3,551,363)	31,820,758	-	31,820,758
Fundraising	1,131,293	-	1,131,293	38,883	-	38,883	52,548	-	52,548	-	-	-	-	(91,431)	1,131,293	-	1,131,293
<b>Total Supporting Services</b>	<b>28,386,406</b>	<b>-</b>	<b>28,386,406</b>	<b>2,521,140</b>	<b>-</b>	<b>2,521,140</b>	<b>3,005,244</b>	<b>-</b>	<b>3,005,244</b>	<b>2,682,055</b>	<b>2,682,055</b>	<b>-</b>	<b>-</b>	<b>(3,642,794)</b>	<b>32,952,051</b>	<b>-</b>	<b>32,952,051</b>
<b>Total Operating Expenses</b>	<b>252,170,748</b>	<b>-</b>	<b>252,170,748</b>	<b>15,500,579</b>	<b>-</b>	<b>15,500,579</b>	<b>18,324,222</b>	<b>-</b>	<b>18,324,222</b>	<b>17,804,790</b>	<b>17,804,790</b>	<b>-</b>	<b>-</b>	<b>(4,729,866)</b>	<b>299,070,473</b>	<b>-</b>	<b>299,070,473</b>
<b>Change In Net Assets From Operations</b>	<b>(10,175,591)</b>	<b>84,804</b>	<b>(10,090,787)</b>	<b>1,795,090</b>	<b>130,388</b>	<b>1,925,478</b>	<b>2,433,102</b>	<b>36,090</b>	<b>2,469,192</b>	<b>(1,978,392)</b>	<b>(1,978,392)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,925,791)</b>	<b>251,282</b>	<b>(7,674,509)</b>
<b>Non-Operating:</b>																	
"Other non-operating activities"	72,509	-	72,509	-	-	-	-	-	-	-	-	-	-	-	72,509.00	-	72,509
<b>Total Non-Operating Activities</b>	<b>72,509</b>	<b>-</b>	<b>72,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,509</b>	<b>-</b>	<b>72,509</b>
<b>CHANGE IN NET ASSETS</b>	<b>(10,103,082)</b>	<b>84,804</b>	<b>(10,018,278)</b>	<b>1,795,090</b>	<b>130,388</b>	<b>1,925,478</b>	<b>2,433,102</b>	<b>36,090</b>	<b>2,469,192</b>	<b>(1,978,392)</b>	<b>(1,978,392)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,853,282)</b>	<b>251,282</b>	<b>(7,602,000)</b>
Net Assets - Beginning of year	15,616,679	1,363,009	16,979,688	5,566,783	35,267	5,602,050	12,820,030	8,226	12,828,256	(9,669,524)	(9,669,524)	(603,524)	(603,524)	6,443,588	30,174,032	1,406,502	31,580,534
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,513,597</b>	<b>\$ 1,447,813</b>	<b>\$ 6,961,410</b>	<b>\$ 7,361,873</b>	<b>\$ 165,655</b>	<b>\$ 7,527,528</b>	<b>\$ 15,253,132</b>	<b>\$ 44,316</b>	<b>\$ 15,297,448</b>	<b>\$ (11,647,916)</b>	<b>\$ (11,647,916)</b>	<b>\$ (603,524)</b>	<b>\$ (603,524)</b>	<b>\$ 6,443,588</b>	<b>\$ 22,320,750</b>	<b>\$ 1,657,784</b>	<b>\$ 23,978,534</b>

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