



YOUNG ADULT INSTITUTE, INC. AND AFFILIATES



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

YEARS ENDED JUNE 30, 2025 AND 2024

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES

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

YEARS ENDED JUNE 30, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

Supplementary 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 18 and 19) as of and for the year ended June 30, 2025 is presented for purpose 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
December 1, 2025



YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents (Notes 2D and 12)	\$ 7,288,289	\$ 1,855,251
Short-term investments (Notes 2E and 5)	14,094,351	10,048,047
Government receivables, net (Notes 2F and 4)	44,950,787	47,856,519
Tuition receivables, net (Note 2F)	30,102,690	39,726,437
Other receivables (Notes 2F and 2I)	2,475,062	2,712,609
Prepaid expenses and other assets	6,172,964	6,237,272
Property and equipment, net (Notes 2H, 6 and 7)	55,006,150	55,860,306
Finance lease right-of-use assets (Notes 2L and 8)	5,224,674	2,590,580
Operating lease right-of-use asset (Notes 2L and 8)	152,555,328	157,490,388
Debt service reserve (Notes 2N and 5)	3,345,863	3,348,563
TOTAL ASSETS	\$ 321,216,158	\$ 327,725,972
LIABILITIES		
Accounts payable and accrued expenses	\$ 17,605,254	\$ 23,675,211
Accrued salary	13,759,298	10,190,486
Accrued vacation	4,423,994	4,085,774
Accrued pension (Note 13)	3,727,175	3,062,853
Other liabilities (Notes 9D and 14)	8,085,137	8,806,956
Due to funding sources and reserves (Note 9B)	6,487,245	954,455
Refundable advances (Note 10)	3,384,193	10,958,165
Notes and mortgages payable, net (Note 7)	67,144,843	71,584,615
Finance lease liability (Notes 2L and 8)	5,224,674	2,590,580
Operating lease liability (Notes 2L and 8)	162,802,291	166,114,577
TOTAL LIABILITIES	292,644,104	302,023,672
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2C)		
Net assets without donor restrictions		
Net invested in property and equipment	14,519,866	14,381,108
Available for operations	12,180,441	9,591,951
Total net assets without donor restrictions	26,700,307	23,973,059
Net assets with donor restrictions (Note 11)	1,871,747	1,729,241
TOTAL NET ASSETS	28,572,054	25,702,300
TOTAL LIABILITIES AND NET ASSETS	\$ 321,216,158	\$ 327,725,972

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

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
Operating Revenue and Support:						
Medicaid and service fees (Notes 2G, 2K and 14)	\$ 261,394,632	\$ -	\$ 261,394,632	\$ 224,449,732	\$ -	\$ 224,449,732
Government grants (Note 2G)	25,981,698	-	25,981,698	15,343,824	-	15,343,824
Medicare and client fees (Notes 2G and 14)	11,507,802	-	11,507,802	18,247,065	-	18,247,065
Tuition (Notes 2G and 14)	51,683,961	-	51,683,961	45,867,117	-	45,867,117
Other revenues (Note 2K)	4,229,551	-	4,229,551	4,062,954	-	4,062,954
Contributions (Note 2I)	1,542,217	348,036	1,890,253	1,150,312	280,317	1,430,629
Special events (net of direct costs of \$51,903 and \$52,586)	145,458	-	145,458	127,715	-	127,715
Investment activity, net (Note 5)	680,487	-	680,487	224,407	-	224,407
Net assets released from restrictions (Note 2C)	205,530	(205,530)	-	208,860	(208,860)	-
Total Operating Revenue and Support	357,371,336	142,506	357,513,842	309,681,986	71,457	309,753,443
Operating Expenses (Note 2J):						
Program Services:						
Residential services	181,519,727	-	181,519,727	156,529,354	-	156,529,354
Day and community services	64,795,594	-	64,795,594	57,881,753	-	57,881,753
Clinical services	25,598,837	-	25,598,837	23,987,595	-	23,987,595
Educational services	39,842,641	-	39,842,641	34,027,458	-	34,027,458
Employment services	2,791,633	-	2,791,633	2,266,831	-	2,266,831
Total Program Services	314,548,432	-	314,548,432	274,692,991	-	274,692,991
Supporting Services:						
Management and general	38,322,472	-	38,322,472	33,766,711	-	33,766,711
Fundraising	1,209,941	-	1,209,941	1,061,115	-	1,061,115
Total Supporting Services	39,532,413	-	39,532,413	34,827,826	-	34,827,826
Total Operating Expenses	354,080,845	-	354,080,845	309,520,817	-	309,520,817
Change In Net Assets From Operations	3,290,491	142,506	3,432,997	161,169	71,457	232,626
Non-Operating Activities						
Other non-operating activities (Note 9D)	(563,243)	-	(563,243)	1,491,140	-	1,491,140
Total Non-Operating Activities	(563,243)	-	(563,243)	1,491,140	-	1,491,140
CHANGE IN NET ASSETS	2,727,248	142,506	2,869,754	1,652,309	71,457	1,723,766
Net Assets - Beginning of Year	23,973,059	1,729,241	25,702,300	22,320,750	1,657,784	23,978,534
NET ASSETS - END OF YEAR	\$ 26,700,307	\$ 1,871,747	\$ 28,572,054	\$ 23,973,059	\$ 1,729,241	\$ 25,702,300

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

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	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 2025	Total 2024
Salaries	\$ 114,169,840	\$ 32,951,060	\$ 14,378,098	\$ 23,792,642	\$ 2,076,185	\$ 187,367,825	\$ 12,322,623	\$ 503,473	\$ 12,826,096	\$ 200,193,921	\$ 180,989,208
Payroll taxes and benefits (Note 13)	25,002,682	7,143,003	2,620,146	4,854,126	451,189	40,071,146	3,186,168	110,795	3,296,963	43,368,109	37,476,010
Total Personnel Costs	139,172,522	40,094,063	16,998,244	28,646,768	2,527,374	227,438,971	15,508,791	614,268	16,123,059	243,562,030	218,465,218
Contracted services	5,312,500	1,131,198	939,940	2,021,286	6,375	9,411,299	2,881,427	93,700	2,975,127	12,386,426	7,595,307
Professional fees	151,416	16,618	41,032	750,350	-	959,416	1,568,338	12,972	1,581,310	2,540,726	2,910,100
Program supplies	3,890,119	2,206,929	546,730	457,975	2,333	7,104,086	35,265	-	35,265	7,139,351	6,797,148
Food	3,727,771	79,389	30	5,967	26	3,813,183	6,590	-	6,590	3,819,773	3,386,925
Transportation	3,242,868	9,427,301	120,879	4,032	54,929	12,850,009	80,725	208	80,933	12,930,942	11,221,582
Office and equipment expense	1,266,361	295,153	204,295	331,972	6,596	2,104,377	1,010,909	51,106	1,062,015	3,166,392	2,762,349
Staff development and expenses	615,587	305,496	63,835	261,514	5,371	1,251,803	648,119	1,582	649,701	1,901,504	1,705,848
Occupancy (Note 8)	4,068,546	5,288,176	1,930,494	2,736,151	54,321	14,077,688	6,531,258	-	6,531,258	20,608,946	21,059,914
Repairs and maintenance	3,547,058	1,032,258	620,831	897,852	2,065	6,100,064	1,014,966	-	1,014,966	7,115,030	6,546,694
Insurance	3,757,155	1,492,991	659,987	107,381	32,890	6,050,404	1,107,734	81	1,107,815	7,158,219	5,888,406
Utilities	2,296,502	623,006	119,924	277,721	3,857	3,321,010	111,502	-	111,502	3,432,512	3,179,399
Telephone	584,739	233,399	157,215	11,318	3,764	990,435	298,960	826	299,786	1,290,221	1,356,119
Information technology	1,114,533	318,612	1,434,600	78,593	7,866	2,954,204	2,651,131	2,528	2,653,659	5,607,863	4,863,324
Depreciation and amortization (Notes 2H and 6)	3,307,330	213,545	97,937	337,776	-	3,956,588	664,179	-	664,179	4,620,767	4,987,311
Interest	1,519,828	72,951	-	-	-	1,592,779	2,469,606	-	2,469,606	4,062,385	4,365,820
Bad debt	3,937,202	1,958,418	1,662,864	2,915,985	83,866	10,558,335	1,332,329	-	1,332,329	11,890,664	1,692,112
Miscellaneous	7,690	6,091	-	-	-	13,781	400,643	484,573	885,216	898,997	789,827
Sub-total	181,519,727	64,795,594	25,598,837	39,842,641	2,791,633	314,548,432	38,322,472	1,261,844	39,584,316	354,132,748	309,573,403
Direct cost of special events	-	-	-	-	-	-	-	(51,903)	(51,903)	(51,903)	(52,586)
TOTAL EXPENSES	<u>\$ 181,519,727</u>	<u>\$ 64,795,594</u>	<u>\$ 25,598,837</u>	<u>\$ 39,842,641</u>	<u>\$ 2,791,633</u>	<u>\$ 314,548,432</u>	<u>\$ 38,322,472</u>	<u>\$ 1,209,941</u>	<u>\$ 39,532,413</u>	<u>\$ 354,080,845</u>	<u>\$ 309,520,817</u>

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

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<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 2024</u>
Salaries	\$ 102,107,758	\$ 30,341,658	\$ 13,899,175	\$ 21,255,479	\$ 1,748,911	\$ 169,352,981	\$ 11,157,133	\$ 479,094	\$ 11,636,227	\$ 180,989,208
Payroll taxes and benefits (Note 13)	21,611,280	6,440,929	2,399,268	4,189,548	373,667	35,014,692	2,358,547	102,771	2,461,318	37,476,010
Total Personnel Costs	123,719,038	36,782,587	16,298,443	25,445,027	2,122,578	204,367,673	13,515,680	581,865	14,097,545	218,465,218
Contracted services	2,244,127	701,008	1,513,963	1,461,300	6,345	5,926,743	1,667,064	1,500	1,668,564	7,595,307
Professional fees	208,268	130,204	693	639,211	-	978,376	1,911,201	20,523	1,931,724	2,910,100
Program supplies	3,703,451	2,206,456	477,549	383,570	2,146	6,773,172	23,976	-	23,976	6,797,148
Food	3,291,709	73,844	64	14,558	149	3,380,324	6,601	-	6,601	3,386,925
Transportation	2,549,311	8,489,837	58,125	3,897	54,157	11,155,327	65,529	726	66,255	11,221,582
Office and equipment expense	1,146,393	275,312	184,554	230,649	3,820	1,840,728	857,981	63,640	921,621	2,762,349
Staff development and expenses	463,815	215,948	54,529	248,053	2,758	985,103	720,283	462	720,745	1,705,848
Occupancy (Note 8)	4,240,068	5,320,635	2,012,673	2,946,349	12,944	14,532,669	6,527,245	-	6,527,245	21,059,914
Repairs and maintenance	3,193,781	1,017,355	583,048	941,688	338	5,736,210	810,484	-	810,484	6,546,694
Insurance	3,088,532	1,186,878	553,052	106,172	34,302	4,968,936	919,401	69	919,470	5,888,406
Utilities	2,112,398	583,705	115,984	248,032	4,592	3,064,711	114,688	-	114,688	3,179,399
Telephone	554,134	248,040	213,736	9,006	4,599	1,029,515	326,004	600	326,604	1,356,119
Information technology	990,843	316,749	1,051,626	65,084	14,299	2,438,601	2,420,663	4,060	2,424,723	4,863,324
Depreciation and amortization (Notes 2H and 6)	3,303,149	238,020	129,842	358,860	3,804	4,033,675	953,636	-	953,636	4,987,311
Interest	1,686,369	90,036	2,971.00	-	-	1,779,376	2,586,444	-	2,586,444	4,365,820
Bad debt	31,110	3,633	736,646	920,723	-	1,692,112	-	-	-	1,692,112
Miscellaneous	2,858	1,506	97	5,279	-	9,740	339,831	440,256	780,087	789,827
Sub-total	156,529,354	57,881,753	23,987,595	34,027,458	2,266,831	274,692,991	33,766,711	1,113,701	34,880,412	309,573,403
Direct cost of special events	-	-	-	-	-	-	-	(52,586)	(52,586)	(52,586)
TOTAL EXPENSES	<u>\$ 156,529,354</u>	<u>\$ 57,881,753</u>	<u>\$ 23,987,595</u>	<u>\$ 34,027,458</u>	<u>\$ 2,266,831</u>	<u>\$ 274,692,991</u>	<u>\$ 33,766,711</u>	<u>\$ 1,061,115</u>	<u>\$ 34,827,826</u>	<u>\$ 309,520,817</u>

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

**YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,869,754	\$ 1,723,766
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,620,767	4,987,311
Amortization on finance lease	1,499,850	946,115
Amortization of premium on bonds payable	(98,219)	(105,359)
Non-cash interest expense	254,407	341,462
Unrealized gain on short-term investments	(371,182)	(467,854)
Realized loss on short-term investments	20,104	439,961
Bad debt	11,890,664	1,692,112
Net accretion of operating leases	1,622,774	1,771,416
Subtotal	22,308,919	11,328,930
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government receivables	(8,984,932)	(8,617,435)
Tuition receivables	9,623,747	(10,329,286)
Other receivables	237,547	(303,437)
Prepaid expenses and other assets	64,308	551,773
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,069,957)	5,242,730
Accrued salary	3,568,812	758,864
Accrued vacation	338,220	238,635
Accrued pension	664,322	519,911
Other liabilities	(721,819)	(4,590,957)
Due to funding sources	5,532,790	(262,336)
Refundable advances	(7,573,972)	8,570,590
Net Cash Provided by Operating Activities	18,987,985	3,107,982
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,766,611)	(1,752,758)
Purchases of short-term investments	(14,759,763)	(216,434)
Proceeds from sale of short-term investments	11,064,537	1,576,267
Decrease in debt service reserve	2,700	255,970
Net Cash Used in Investing Activities	(7,459,137)	(136,955)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes and mortgages	1,329,879	8,710,000
Proceeds from finance leases	1,778,423	1,380,111
Principal payment on finance lease	(3,278,273)	(2,326,226)
Principal repayments of notes and mortgages	(5,925,839)	(10,737,876)
Net Cash Used in Financing Activities	(6,095,810)	(2,973,991)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,433,038	(2,964)
Cash and Cash Equivalents - Beginning of Year	1,855,251	1,858,215
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,288,289	\$ 1,855,251
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 3,807,978	\$ 4,024,358

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, 2025 AND 2024

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 and behavioral health challenges 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 people and their families daily throughout New York, New Jersey 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, 2025 and 2024.

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.

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.

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

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 \$640,000 and \$461,000 as of June 30, 2025 and 2024, 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 Credit Losses - The Agency determines whether an allowance for credit losses should be provided for government receivable and tuition 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. The Agency adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 326, *Financial Instruments – Credit Losses*, in its consolidated financial statements during the year ended June 30, 2024. Management has updated its approach for the year ended June 30, 2025. The allowance methodology now incorporates recent collection trends and program-specific risks.

The Agency calculated the allowance for credit losses as follows for the years ended June 30:

	Allowance for government receivable		Allowance for tuition receivable	
	2025	2024	2025	2024
Balance, beginning of year	\$ 2,839,757	\$ 2,822,186	\$ 2,249,055	\$ 1,586,424
Credit losses expenses	4,400,137	29,135	2,830,202	662,631
Write-offs	(2,173,084)	(11,564)	(1,417,237)	-
Balance, end of year	<u>\$ 5,066,810</u>	<u>\$ 2,839,757</u>	<u>\$ 3,662,020</u>	<u>\$ 2,249,055</u>

The Agency has not established an allowance for credit losses for other receivables as of both June 30, 2025 and 2024.

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 ASC Topic 606. Government grants are accounted for under Accounting Standards Update (“ASU”) 2018-08 and amounted to \$27,962,159 and \$15,343,824 for the years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, the Agency received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$2.7 million and \$6.1 million, respectively. Such grants and contracts 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.

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

- 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.
- I. *Contributions*** - Unconditional contributions amounting to \$1,097,994 and \$647,552 as of June 30, 2025 and 2024, 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 limit 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 for the years ended June 30, 2025 and 2024 is approximately \$630,000 and \$420,000, respectively, and tuition revenue \$19,000 for the year ended June 30, 2024, 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. *Operating Measure*** - The Agency includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. Changes in Supplemental Pension Plan and Trust and Life Insurance Plan and Trust are recognized as non-operating activities.
- P. *Reclassification*** - Certain items in the June 30, 2024 consolidated financial statements have been reclassified to conform to the June 30, 2025 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2024.

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 7,288,289	\$ 1,855,251
Short-term investments	14,094,351	10,048,047
Government receivables, net	44,950,787	47,856,519
Tuition receivables, net	30,102,690	39,726,437
Other receivables	<u>2,475,062</u>	<u>2,712,609</u>
Total Financial Assets	98,911,179	102,198,863
Less: Program participant funds	(115,957)	(18,032)
Less: Net assets with donor restrictions	<u>(1,871,747)</u>	<u>(1,729,241)</u>
	<u>\$ 96,923,475</u>	<u>\$ 100,451,590</u>

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 \$33 million.

NOTE 4 – GOVERNMENT RECEIVABLES, NET

Government receivables, net consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Due from Medicaid	\$ 43,434,878	\$ 34,739,560
Due from the State of New York	2,857,353	5,932,516
Due from the City of New York	386,091	491,174
Due from other sources	<u>3,339,275</u>	<u>9,533,026</u>
	50,017,597	50,696,276
Less: allowance for doubtful accounts	<u>(5,066,810)</u>	<u>(2,839,757)</u>
	<u>\$ 44,950,787</u>	<u>\$ 47,856,519</u>

NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 1,490,703	\$ 917,587
Mutual funds	12,603,648	4,750,784
Corporate securities	-	1,541,717
Government securities	-	1,588,357
Other securities	<u>-</u>	<u>1,249,602</u>
	<u>\$ 14,094,351</u>	<u>\$ 10,048,047</u>

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

	<u>2025</u>	<u>2024</u>
Interest	\$ 391,697	\$ 261,327
Realized loss	(20,104)	(439,961)
Unrealized gain	371,182	467,854
Investment fees	<u>(62,288)</u>	<u>(64,813)</u>
Total investment activity	<u>\$ 680,487</u>	<u>\$ 224,407</u>

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
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NOTE 5 – SHORT-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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.

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. 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., Money market funds, 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, 2025 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2025</u>
Short-term investments:			
Money market funds	\$ 1,038,225	\$ 452,478	\$ 1,490,703
Mutual funds	<u>12,603,648</u>	<u>-</u>	<u>12,603,648</u>
Total short-term investments	13,641,873	452,478	14,094,351
Debt Service Reserve Fund:			
U.S. Treasury bills	<u>3,345,648</u>	<u>-</u>	<u>3,345,648</u>
Total	<u>\$ 16,987,736</u>	<u>\$ 452,478</u>	<u>\$ 17,440,214</u>

Financial assets carried at fair value as of June 30, 2024 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2024</u>
Short-term investments:			
Money market funds	\$ 477,873	\$ 439,714	\$ 917,587
Mutual funds	4,750,784	-	4,750,784
Corporate securities	1,469,728	71,989	1,541,717
Government securities	1,359,427	228,930	1,588,357
Other securities	<u>187,168</u>	<u>1,062,434</u>	<u>1,249,602</u>
Total short-term investments	8,244,980	1,803,067	10,048,047
Debt Service Reserve Fund:			
U.S. Treasury bills	<u>3,348,563</u>	<u>-</u>	<u>3,348,563</u>
Total	<u>\$ 11,593,543</u>	<u>\$ 1,803,067</u>	<u>\$ 13,396,610</u>

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
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JUNE 30, 2025 AND 2024

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Land	\$ 13,614,251	\$ 13,614,251	
Buildings and building improvements	80,031,979	79,050,819	15-25 years
Leasehold improvements	42,358,428	41,885,622	5-25 years
Furniture and equipment	25,888,745	25,200,131	3-10 years
Construction in progress	<u>2,142,439</u>	<u>518,408</u>	
	164,035,842	160,269,231	
Less: accumulated depreciation and amortization	<u>(109,029,692)</u>	<u>(104,408,925)</u>	
	<u>\$ 55,006,150</u>	<u>\$ 55,860,306</u>	

Depreciation and amortization expense amounted to \$4,620,767 and \$4,987,311 for the years ended June 30, 2025 and 2024, respectively. Construction in progress consists of construction at new locations and various renovations with a combined additional estimated cost of completion of approximately \$2,026,000 and estimated completion dates during fiscal year 2026.

NOTE 7 – NOTES AND MORTGAGES PAYABLE, NET

	<u>2025</u>	<u>2024</u>
A. YAI has entered into various loan agreements with the DASNY and NYC Build. The loans carry interest rates ranging from 1.57% to 5.65% per annum, payable in semi-annual installments and have maturity dates ranging from June 2027 through June 2048. The loans are collateralized by YAI's underlying real property.	\$ 40,174,999	\$ 43,074,999
B. YAI has available, as of June 30, 2025 and 2024, a \$3 million and \$10 million line of credit, respectively, 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. The notes bear an interest rate of prime resulting in a rate of approximately 6.82% as of June 30 2025. The notes are collateralized by real property and mature in April 2026. The outstanding balance as of December 1, 2025 amounted to \$0.	329,879	-
C. The Agency has available, as of June 2025 and 2024, a \$30 million and \$28 million working capital line of credit, respectively, with a bank carrying an interest rate of prime, which as of June 30, 2025 was 6.94%. The loan is collateralized by YAI's accounts receivable and matures in April 2026. YAI expects to renew the working capital line of credit upon maturity. The outstanding balance as of December 1, 2025 amounted to approximately \$26.7 million.	26,670,000	28,670,000
D. Notes payable for various equipment purchases at interest rate ranging from 5% to 7% with maturity dates in 2025.	<u>175,770</u>	<u>201,609</u>
	67,350,648	71,946,608
Add: premium on bonds payable	1,491,936	1,590,155
Less: unamortized debt issuance costs	<u>(1,697,741)</u>	<u>(1,952,148)</u>
Notes and mortgages payable, net	<u>\$ 67,144,843</u>	<u>\$ 71,584,615</u>

Most of the loans have provisions for loan covenants, and the Agency is in compliance for both years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, the amortization of debt issuance costs was \$254,407 and \$341,462, respectively. For the years ended June 30, 2025 and 2024, the amortization of premium on bonds payable was \$98,219 and \$105,359, respectively.

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – NOTES AND MORTGAGES PAYABLE, NET (Continued)

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

2026	\$ 28,876,895
2027	1,974,147
2028	2,046,420
2029	2,123,844
2030	2,189,343
Thereafter	<u>30,139,999</u>
	<u>\$ 67,350,648</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, 2025 and 2024, the right-of-use (“ROU”) asset had a balance of \$157,780,002 and \$160,080,968, respectively, and the lease liability totaled \$168,026,965 and \$168,705,158, 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 5.37% on the effective date of each lease from July 1, 2021 through June 30, 2025.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term in months:		
Operating leases	213	219
Finance leases	16	29
Weighted-average discount rate:		
Operating leases	4.30%	4.29%
Finance leases	3.41%	3.23%

Total lease costs for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost, included in occupancy	\$ 16,052,075	\$ 19,881,920
Finance lease cost:		
Interest expense	\$ 173,258	\$ 71,458
Amortization of ROU assets	<u>1,499,850</u>	<u>946,115</u>
Total finance lease cost	<u>\$ 1,673,108</u>	<u>\$ 1,017,573</u>

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – RIGHT-OF-USE ASSET AND LIABILITY (Continued)

Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2025 and thereafter are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2026	\$ 14,865,800	\$ 1,958,699
2027	12,245,334	1,710,636
2028	11,683,678	1,391,979
2029	11,863,051	478,970
2030	11,540,860	27,718
Thereafter	<u>217,175,875</u>	<u>-</u>
Total lease payments	279,374,598	5,568,002
Less: Present value discount	<u>(116,572,307)</u>	<u>(343,328)</u>
	<u>\$ 162,802,291</u>	<u>\$ 5,224,674</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

- A. The Agency believes it has no uncertain tax positions as of June 30, 2025 and 2024 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, 2025 and 2024, the Agency's programs have outstanding amounts related to overpayments from funding sources for fiscal years 2016 through 2023. These amounts are anticipated to be recovered by the respective 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, 2025 and 2024, 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 \$6.4 million and \$6.5 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 6% and social security life expectancy table) are reported as other non-operating activities in the consolidated statements of activities.

NOTE 10 – REFUNDABLE ADVANCES

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, 2025 and 2024, refundable advances amounted to approximately \$3.3 million and \$11 million, respectively, in the accompanying consolidated statements of financial position.

YOUNG ADULT INSTITUTE, INC. 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 as of June 30, 2025 and 2024 consist of amounts restricted by donors for staff scholarships, technology improvement and program recreation.

	2025	2024
Grants and purpose restricted funds	\$ 1,861,747	\$ 1,719,241
Fund held in perpetuity	10,000	10,000
	\$ 1,871,747	\$ 1,729,241

During the years ended June 30, 2025 and 2024, the Agency released net assets with donor restrictions of \$186,602 and \$208,860, 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 financial institution. As of June 30, 2025 and 2024, there was approximately \$8.1 million and \$1.2 million, respectively, of cash and cash equivalents held by one bank 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, 2025 and 2024, amounted to approximately \$2.6 million and \$2.1 million, respectively. As of June 30, 2025 and 2024, the employer matching contribution liability was \$3.7 million and \$2.9 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 refers to 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, 2025 and 2024, approximately \$1,049,000 and \$489,000, 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 its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
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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, 2025 and 2024. 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, 2025, program service fees consist of revenues for the following programs:

	<u>Medicaid and Service fees</u>	<u>Medicare and Client Fees</u>	<u>Tuition</u>	<u>Total</u>
Residential services	\$ 166,791,027	\$ 10,140,992	\$ -	\$ 176,932,019
Day and community services	72,050,929	148,064	-	72,198,993
Clinical services	21,032,545	1,214,536	-	22,247,081
Educational services	-	-	51,683,961	51,683,961
Employment services	<u>1,520,131</u>	<u>4,210</u>	-	<u>1,524,341</u>
	<u>\$ 261,394,632</u>	<u>\$ 11,507,802</u>	<u>\$ 51,683,961</u>	<u>\$ 324,586,395</u>

For the year ended June 30, 2024, program service fees consist of revenues for the following programs:

	<u>Medicaid and Service fees</u>	<u>Medicare and Client Fees</u>	<u>Tuition</u>	<u>Total</u>
Residential services	\$ 140,080,617	\$ 9,861,887	\$ -	\$ 149,942,504
Day and community services	65,041,427	1,094,274	-	66,135,701
Clinical services	17,879,133	7,290,904	-	25,170,037
Educational services	-	-	45,867,117	45,867,117
Employment services	<u>1,448,555</u>	<u>-</u>	-	<u>1,448,555</u>
	<u>\$ 224,449,732</u>	<u>\$ 18,247,065</u>	<u>\$ 45,867,117</u>	<u>\$ 288,563,914</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, 2025, the date the consolidated financial statements were available to be issued.

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2025

	<u>YAI</u>	<u>MSA</u>	<u>IHOPE</u>	<u>PHC</u>	<u>IIPD-PR</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 541,385	\$ 1,686,243	\$ 4,589,883	\$ 470,778	\$ -	\$ -	\$ 7,288,289
Short-term investments	14,094,351	-	-	-	-	-	14,094,351
Government receivables, net	42,170,131	-	-	2,780,656	-	-	44,950,787
Tuition receivables, net	-	13,662,942	16,439,748	-	-	-	30,102,690
Due from network agencies	7,094,332	-	-	-	-	(7,094,332)	-
Other receivables	2,382,853	-	75,461	16,748	-	-	2,475,062
Prepaid expenses and other assets	4,468,026	337,141	678,428	689,369	-	-	6,172,964
Property and equipment, net	52,083,044	249,854	2,114,594	558,658	-	-	55,006,150
Finance lease right-of-use assets	5,196,782	10,671	3,477	13,744	-	-	5,224,674
Operating lease right-of-use asset	83,316,983	12,249,631	43,192,274	13,796,440	-	-	152,555,328
Debt service reserve	3,345,863	-	-	-	-	-	3,345,863
TOTAL ASSETS	\$ 214,693,750	\$ 28,196,482	\$ 67,093,865	\$ 18,326,393	\$ -	\$ (7,094,332)	\$ 321,216,158
LIABILITIES							
Accounts payable and accrued expenses	\$ 15,570,470	\$ 434,990	\$ 1,038,850	\$ 560,944	\$ -	\$ -	\$ 17,605,254
Accrued salary	11,786,360	553,886	937,565	481,487	-	-	13,759,298
Accrued vacation	3,827,377	148,445	218,711	229,461	-	-	4,423,994
Accrued pension	3,024,074	191,524	332,573	179,004	-	-	3,727,175
Other liabilities	8,069,848	-	-	15,289	-	-	8,085,137
Due to funding sources and reserves	5,379,853	923,854	124,884	58,654	-	-	6,487,245
Refundable advances	3,384,193	-	-	-	-	-	3,384,193
Notes and mortgages payable, net	57,392,608	2,000,000	-	7,752,235	-	-	67,144,843
Due to related party	-	52,337	218,092	12,663,967	603,524	(13,537,920)	-
Finance lease liability	5,196,782	10,671	3,477	13,744	-	-	5,224,674
Operating lease liability	88,766,416	13,854,125	45,248,726	14,933,024	-	-	162,802,291
TOTAL LIABILITIES	202,397,981	18,169,832	48,122,878	36,887,809	603,524	(13,537,920)	292,644,104
NET ASSETS							
Net assets (Deficit) without donor restrictions							
Net invested in property and equipment	11,596,760	249,854	2,114,594	558,658	-	-	14,519,866
Available for operations	(1,009,351)	9,739,188	16,730,614	(19,120,074)	(603,524)	6,443,588	12,180,441
Total net assets (deficit) without donor restrictions	10,587,409	9,989,042	18,845,208	(18,561,416)	(603,524)	6,443,588	26,700,307
Net assets with donor restrictions	1,708,360	37,608	125,779	-	-	-	1,871,747
TOTAL NET ASSETS (DEFICIT)	12,295,769	10,026,650	18,970,987	(18,561,416)	(603,524)	6,443,588	28,572,054
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 214,693,750	\$ 28,196,482	\$ 67,093,865	\$ 18,326,393	\$ -	\$ (7,094,332)	\$ 321,216,158

See independent auditors' report.

YOUNG ADULT INSTITUTE, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	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
Operating Revenue and Support:																	
Medicaid and service fees	\$ 248,245,189	\$ -	\$ 248,245,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,149,443	\$ 13,149,443	\$ -	\$ -	\$ -	\$ 261,394,632	\$ -	\$ 261,394,632
Government grants	25,827,393	-	25,827,393	17,762	-	17,762	30,680	-	30,680	105,863	105,863	-	-	-	25,981,698	-	25,981,698
Medicare and client fees	9,556,930	-	9,556,930	-	-	-	-	-	-	1,950,872	1,950,872	-	-	-	11,507,802	-	11,507,802
Tuition	-	-	-	19,411,201	-	19,411,201	32,272,760	-	32,272,760	-	-	-	-	-	51,683,961	-	51,683,961
Other revenues	11,813,514	-	11,813,514	15,848	-	15,848	0	-	-	69,035	69,035	-	-	(7,668,846)	4,229,551	-	4,229,551
Contributions	1,305,484	246,305	1,551,789	78,604	-	78,604	157,473	101,731	259,204	656	656	-	-	-	1,542,217	348,036	1,890,253
Special events (net of direct costs of \$51,903)	71,017	-	71,017	-	-	-	74,441	-	74,441	-	-	-	-	-	145,458	-	145,458
Investment activity, net	680,487	-	680,487	-	-	-	-	-	-	-	-	-	-	-	680,487	-	680,487
Net assets released from restrictions	147,500	(147,500)	-	7,344	(7,344)	-	50,686	(50,686)	-	-	-	-	-	-	205,530	(205,530)	-
Total Operating Revenue and Support	297,647,514	98,805	297,746,319	19,530,759	(7,344)	19,523,415	32,586,040	51,045	32,637,085	15,275,869	15,275,869	-	-	(7,668,846)	357,371,336	142,506	357,513,842
Operating Expenses:																	
Program Services:																	
Residential services	181,519,727	-	181,519,727	-	-	-	-	-	-	-	-	-	-	-	181,519,727	-	181,519,727
Day and community services	64,795,594	-	64,795,594	-	-	-	-	-	-	-	-	-	-	-	64,795,594	-	64,795,594
Clinical services	9,674,501	-	9,674,501	-	-	-	-	-	-	16,487,924	16,487,924	-	-	(563,588)	25,598,837	-	25,598,837
Educational services	-	-	-	16,028,377.00	-	16,028,377	26,955,169	-	26,955,169	-	-	-	-	(3,140,905)	39,842,641	-	39,842,641
Employment services	2,791,633	-	2,791,633	-	-	-	-	-	-	-	-	-	-	-	2,791,633	-	2,791,633
Total Program Services	258,781,455	-	258,781,455	16,028,377	-	16,028,377	26,955,169	-	26,955,169	16,487,924	16,487,924	-	-	(3,704,493)	314,548,432	-	314,548,432
Supporting Services:																	
Management and general	32,223,618	-	32,223,618	2,906,095	-	2,906,095	3,608,413	-	3,608,413	3,473,953	3,473,953	-	-	(3,889,607)	38,322,472	-	38,322,472
Fundraising	1,203,258	-	1,203,258	32,034	-	32,034	49,395	-	49,395	-	-	-	-	(74,746)	1,209,941	-	1,209,941
Total Supporting Services	33,426,876	-	33,426,876	2,938,129	-	2,938,129	3,657,808	-	3,657,808	3,473,953	3,473,953	-	-	(3,964,353)	39,532,413	-	39,532,413
Total Operating Expenses	292,208,331	-	292,208,331	18,966,506	-	18,966,506	30,612,977	-	30,612,977	19,961,877	19,961,877	-	-	(7,668,846)	354,080,845	-	354,080,845
Change In Net Assets (Deficit) From Operations	5,439,183	98,805	5,537,988	564,253	(7,344)	556,909	1,973,063	51,045	2,024,108	(4,686,008)	(4,686,008)	-	-	-	3,290,491	142,506	3,432,997
Non-Operating:																	
Non-operating activities	(563,243)	-	(563,243)	-	-	-	-	-	-	-	-	-	-	-	(563,243)	-	(563,243)
Total Non-Operating Activities	(563,243)	-	(563,243)	-	-	-	-	-	-	-	-	-	-	-	(563,243)	-	(563,243)
CHANGE IN NET ASSETS (DEFICIT)	4,875,940	98,805	4,974,745	564,253	(7,344)	556,909	1,973,063	51,045	2,024,108	(4,686,008)	(4,686,008)	-	-	-	2,727,248	142,506	2,869,754
Net Assets (Deficit) - Beginning of year	5,711,469	1,609,555	7,321,024	9,424,789	44,952	9,469,741	16,872,145	74,734	16,946,879	(13,875,408)	(13,875,408)	(603,524)	(603,524)	6,443,588	23,973,059	1,729,241	25,702,300
NET ASSETS (DEFICIT) - END OF YEAR	\$ 10,587,409	\$ 1,708,360	\$ 12,295,769	\$ 9,989,042	\$ 37,608	\$ 10,026,650	\$ 18,845,208	\$ 125,779	\$ 18,970,987	\$ (18,561,416)	\$ (18,561,416)	\$ (603,524)	\$ (603,524)	\$ 6,443,588	\$ 26,700,307	\$ 1,871,747	\$ 28,572,054

See independent auditors' report.