

VANDERHEYDEN HALL, INC.
FINANCIAL REPORT
JUNE 30, 2022

VANDERHEYDEN HALL, INC.

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Vanderheyden Hall, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vanderheyden Hall, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vanderheyden Hall, Inc., as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vanderheyden Hall, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vanderheyden Hall, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vanderheyden Hall, Inc.'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 financial statements as a whole. The supplementary information on pages 28-29 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Vanderheyden Hall, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Vanderheyden Hall, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vanderheyden Hall, Inc.'s internal control over financial reporting and compliance.

Marvin and Company, P.C.

Queensbury, New York

December 15, 2022

VANDERHEYDEN HALL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 3,455,112	\$ 2,726,060
Investments	1,294,332	1,440,322
Accounts receivable, net of allowance for doubtful accounts of \$118,207 and \$112,204, respectively		
Government	4,149,096	3,171,945
Other	1,334	1,334
Pledges receivable, current	25,000	20,000
Prepaid expenses	226,050	199,573
Total Current Assets	9,150,924	7,559,234
Property, Plant and Equipment		
Land and improvements	794,973	804,991
Buildings and improvements	16,829,186	16,496,398
Furniture, fixtures and equipment	1,945,411	1,945,411
Vehicles	63,955	63,955
Total	19,633,525	19,310,755
Less accumulated depreciation	17,244,250	16,929,705
Net Property, Plant and Equipment	2,389,275	2,381,050
Other Assets		
Pledges receivable, long term	25,000	-
Restricted investment	177,336	189,636
Investment in CHHUNY	25,000	25,000
Total Other Assets	227,336	214,636
TOTAL ASSETS	\$ 11,767,535	\$ 10,154,920

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Current installments of long-term debt	162,352	148,204
Current installments of capital lease	35,280	35,280
Accrued pension	180,000	160,000
Accounts payable	338,399	334,334
Accrued expenses	2,168,933	1,514,193
Deferred revenue	442,288	382,080
Refundable advances	10,000	10,000
Total Current Liabilities	3,337,252	2,584,091
Other Liabilities		
Accrued pension, net of current	1,286,451	2,030,907
Accrued expenses	-	559,285
Capital lease, net of current installments	2,940	41,160
Long-term debt, net of current installments	4,349,849	4,511,590
Total Other Liabilities	5,639,240	7,142,942
 Total Liabilities	 8,976,492	 9,727,033
Net Assets		
Without donor restrictions	3,974,667	2,385,967
Pension fund liability	(1,466,451)	(2,190,907)
With donor restrictions	282,827	232,827
Total Net Assets	2,791,043	427,887
 TOTAL LIABILITIES AND NET ASSETS	 \$ 11,767,535	 \$ 10,154,920

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Change in Unrestricted Net Assets		
Support and Revenue		
Program	\$ 26,307,046	\$ 22,290,691
Nonprogram	651,514	4,868,521
Nonprogram - nonfinancial assets	-	140,000
Total Support and Revenue	<u>26,958,560</u>	<u>27,299,212</u>
Expenses		
Program Services		
Education	4,528,869	4,471,018
Residential	5,750,222	5,898,240
Community residence	6,312,741	4,865,893
Group homes	1,994,172	1,724,409
Independent living	295,710	299,535
Community services	2,751,982	1,942,643
Medicaid	1,108,206	980,380
Total Program Services	<u>22,741,902</u>	<u>20,182,118</u>
Supporting Services		
Development fund (fundraising)	198,451	99,251
Administration	2,254,455	2,164,642
Total Supporting Services	<u>2,452,906</u>	<u>2,263,893</u>
Total Expenses	<u>25,194,808</u>	<u>22,446,011</u>
Change in Unrestricted Net Assets Before the Effect of Actuarial Gains	1,763,752	4,853,201
Effect of Actuarial Gains	<u>549,404</u>	<u>1,241,377</u>
Increase in Net Assets Without Donor Restrictions	<u>2,313,156</u>	<u>6,094,578</u>
Change in Net Assets With Donor Restrictions		
Contributions and bequests	<u>50,000</u>	<u>-</u>
Increase in Net Assets with Donor Restrictions	<u>50,000</u>	<u>-</u>
Change in Net Assets	2,363,156	6,094,578
Net Assets (Deficit), Beginning of Year	<u>427,887</u>	<u>(5,666,691)</u>
Net Assets, End of Year	<u>\$ 2,791,043</u>	<u>\$ 427,887</u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Education</u>	<u>Residential</u>	<u>Community Residence</u>	<u>Group Homes</u>	<u>Independent Living</u>
Functional Expenses					
Personal services	\$ 3,068,898	\$ 3,936,645	\$ 3,471,884	\$ 1,365,573	\$ 136,122
Fringe benefits	640,700	832,054	793,068	284,958	28,991
Transportation and worker's expense	14,584	38,410	48,639	16,062	2,971
Children's allowances	-	6,562	7,456	5,619	5,501
Children's activities	1,461	62,524	4,242	17,660	392
Related school expenses	-	-	-	-	370
Purchase of services	49,105	49,419	48,698	15,060	1,321
Purchase of health services	38,138	5,654	672	3,048	343
Food	134,653	99,492	156,132	41,885	9,090
Clothing	31	15,644	11,497	3,729	1,397
Bedding and linen	-	-	3,420	-	-
Program and household supplies	110,642	111,313	118,120	42,761	12,757
Medical supplies and prescriptions	-	418	13,041	666	60
Rent - equipment	14,423	7,503	13,440	4,690	2,134
- vehicles	15,417	41,759	68,547	20,513	5,652
- property	595	930	177,406	7,916	49,420
Utilities	59,292	110,920	97,495	35,045	2,676
Plant and equipment maintenance	127,580	107,964	106,816	24,747	6,258
Vehicle maintenance	4,191	16,301	35,194	8,162	3,314
Telephone	24,198	31,884	100,823	22,471	9,147
Postage	821	967	865	328	49
Dues, licenses and permits	27,354	38,001	25,446	12,196	4,346
Office supplies	3,244	8,675	4,220	1,479	426
Subscriptions and publications	8	-	-	-	-
Conference expense	282	947	4,443	3,328	562
Miscellaneous	4,289	4,392	4,293	1,797	787
Professional fees	-	-	-	-	-
Insurance	80,137	74,466	101,049	23,451	9,086
Interest and finance charges	26,438	41,357	30,263	10,564	973
Real estate taxes	6,645	2,554	8,540	9,912	109
Publicity and recruitment	1,364	1,313	1,332	520	245
Community services	-	-	-	-	-
Bad debt expense	667	(57,745)	-	50	38
Depreciation	73,712	159,899	42,635	9,982	1,173
OPWDD Incentives	-	-	813,065	-	-
Total Functional Expenses	<u>4,528,869</u>	<u>5,750,222</u>	<u>6,312,741</u>	<u>1,994,172</u>	<u>295,710</u>
Allocation of Administration Expenses	<u>444,505</u>	<u>564,544</u>	<u>612,380</u>	<u>199,988</u>	<u>23,469</u>
Total Functional Expenses	<u>\$ 4,973,374</u>	<u>\$ 6,314,766</u>	<u>\$ 6,925,121</u>	<u>\$ 2,194,160</u>	<u>\$ 319,179</u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Community Services</u>	<u>Medicaid</u>	<u>Development Fund</u>	<u>Adminis- tration</u>	<u>Totals</u>
Functional Expenses					
Personal services	\$ 1,734,313	\$ 683,924	\$ 36,291	\$ 1,421,759	\$ 15,855,409
Fringe benefits	378,288	145,548	7,427	290,519	3,401,553
Transportation and worker's expense	47,155	1,088	81	8,507	177,497
Children's allowances	-	-	-	-	25,138
Children's activities	22,738	6	4,660	130	113,813
Related school expenses	-	-	-	-	370
Purchase of services	8,182	29,255	1,994	28,027	231,061
Purchase of health services	470	163,125	-	365	211,815
Food	125	806	1,283	14,119	457,585
Clothing	-	-	383	-	32,681
Bedding and linen	-	-	-	-	3,420
Program and household supplies	41,544	10,866	95,451	35,898	579,352
Medical supplies and prescriptions	122	8,855	-	-	23,162
Rent - equipment	833	3,458	130	16,491	63,102
- vehicles	49,264	949	70	9,961	212,132
- property	50,637	47	10,222	178	297,351
Utilities	4,914	7,549	1,688	40,812	360,391
Plant and equipment maintenance	3,130	2,593	19,269	75,127	473,484
Vehicle maintenance	14,555	255	19	3,519	85,510
Telephone	26,774	5,079	1,595	15,346	237,317
Postage	292	1,972	12	10,067	15,373
Dues, licenses and permits	9,227	2,269	185	18,693	137,717
Office supplies	581	1,953	445	8,753	29,776
Subscriptions and publications	-	37	305	3,072	3,422
Conference expense	701	300	-	9,978	20,541
Miscellaneous	783	748	14,013	47,346	78,448
Professional fees	-	-	-	130,210	130,210
Insurance	25,815	2,911	1,904	11,964	330,783
Interest and finance charges	19,557	4,700	9	20,820	154,681
Real estate taxes	596	249	27	612	29,244
Publicity and recruitment	223	75	699	12,225	17,996
Community services	24,313	-	-	-	24,313
Bad debt expense	40,057	25,482	-	-	8,549
Depreciation	2,794	4,107	289	19,957	314,548
OPWDD Incentives	243,999	-	-	-	1,057,064
Total Functional Expenses	<u>2,751,982</u>	<u>1,108,206</u>	<u>198,451</u>	<u>2,254,455</u>	<u>25,194,808</u>
Allocation of Administration Expenses	<u>276,159</u>	<u>115,717</u>	<u>17,693</u>	<u>(2,254,455)</u>	<u>-</u>
Total Functional Expenses	<u>\$ 3,028,141</u>	<u>\$ 1,223,923</u>	<u>\$ 216,144</u>	<u>\$ -</u>	<u>\$ 25,194,808</u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Education</u>	<u>Residential</u>	<u>Community Residence</u>	<u>Group Homes</u>	<u>Independent Living</u>
Functional Expenses					
Personal services	\$ 3,053,511	\$ 3,786,048	\$ 3,150,200	\$ 1,151,673	\$ 140,140
Fringe benefits	671,630	854,241	685,036	250,880	29,957
Transportation and worker's expense	7,032	20,888	28,685	8,858	3,100
Children's allowances	-	6,539	2,058	2,824	8,293
Children's activities	1,487	65,196	2,044	11,144	430
Related school expenses	-	-	-	-	10
Purchase of services	28,808	43,371	33,214	9,543	1,883
Purchase of health services	29,628	7,572	109	1,160	-
Food	136,403	116,718	122,577	36,708	11,006
Clothing	62	13,940	7,287	6,775	1,158
Bedding and linen	-	-	3,673	-	-
Program and household supplies	108,677	116,274	75,041	35,698	14,963
Medical supplies and prescriptions	5,598	1,465	11,562	15,146	154
Rent - equipment	16,147	6,120	10,865	3,557	1,882
- vehicles	15,146	35,727	74,193	20,722	5,714
- property	121	135	155,807	47	50,765
Utilities	45,568	75,077	65,079	27,149	2,013
Plant and equipment maintenance	116,997	76,781	88,760	34,359	1,987
Vehicle maintenance	2,862	9,744	19,457	8,198	853
Telephone	23,537	34,628	83,562	15,955	6,936
Postage	835	967	916	316	52
Dues, licenses and permits	24,443	41,485	23,549	12,889	6,630
Office supplies	8,047	9,472	3,804	1,770	485
Subscriptions and publications	452	-	-	-	-
Conference expense	1,490	2,504	2,264	533	401
Miscellaneous	2,812	40,466	5,817	2,374	904
Professional fees	-	-	-	-	-
Insurance	65,796	61,941	116,399	20,016	7,429
Interest and finance charges	13,604	193,108	43,897	16,608	3,111
Real estate taxes	10,727	13,099	16,856	15,894	714
Publicity and recruitment	4,828	4,463	3,827	1,429	788
Community services	-	-	-	-	-
Medical transportation	-	-	60	-	-
Bad debt expense	10,117	92,338	(19,656)	613	(3,377)
Depreciation	64,653	167,933	48,951	11,571	1,154
Total Functional Expenses	<u>4,471,018</u>	<u>5,898,240</u>	<u>4,865,893</u>	<u>1,724,409</u>	<u>299,535</u>
Allocation of Administration Expenses	<u>487,052</u>	<u>624,429</u>	<u>503,686</u>	<u>187,167</u>	<u>26,501</u>
Total Functional Expenses	<u>\$ 4,958,070</u>	<u>\$ 6,522,669</u>	<u>\$ 5,369,579</u>	<u>\$ 1,911,576</u>	<u>\$ 326,036</u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Community Services</u>	<u>Medicaid</u>	<u>Development Fund</u>	<u>Adminis- tration</u>	<u>Totals</u>
Functional Expenses					
Personal services	\$ 1,352,560	\$ 576,507	\$ 30,130	\$ 1,329,638	\$ 14,570,407
Fringe benefits	296,197	127,512	6,531	435,522	3,357,506
Transportation and worker's expense	18,571	409	25	6,128	93,696
Children's allowances	-	18	-	-	19,732
Children's activities	11,745	10	2,234	146	94,436
Related school expenses	-	-	-	-	10
Purchase of services	6,137	2,796	235	26,075	152,062
Purchase of health services	-	176,538	-	-	215,007
Food	533	1,190	2,974	7,835	435,944
Clothing	(200)	2	-	(90)	28,934
Bedding and linen	-	-	-	-	3,673
Program and household supplies	28,685	2,863	39,692	24,475	446,368
Medical supplies and prescriptions	1	36,973	-	11	70,910
Rent - equipment	1,035	3,099	8	13,507	56,220
- vehicles	49,202	922	68	7,498	209,192
- property	46,684	23	1	43	253,626
Utilities	4,563	5,625	377	28,755	254,206
Plant and equipment maintenance	3,035	3,758	234	23,182	349,093
Vehicle maintenance	18,266	188	14	2,560	62,142
Telephone	22,443	7,706	109	17,865	212,741
Postage	338	824	13	11,557	15,818
Dues, licenses and permits	10,287	1,071	87	18,893	139,334
Office supplies	1,978	1,221	65	10,918	37,760
Subscriptions and publications	-	-	2,506	2,751	5,709
Conference expense	3,278	1,282	-	2,990	14,742
Miscellaneous	597	3,771	11,485	29,455	97,681
Professional fees	-	-	-	87,739	87,739
Insurance	23,336	2,409	1,525	10,033	308,884
Interest and finance charges	-	-	-	26,151	296,479
Real estate taxes	4,646	1,621	174	3,913	67,644
Publicity and recruitment	839	192	237	5,451	22,054
Community services	17,062	-	-	-	17,062
Medical transportation	-	-	-	-	60
Bad debt expense	18,498	17,695	100	-	116,328
Depreciation	2,327	4,155	427	31,641	332,812
Total Functional Expenses	<u>1,942,643</u>	<u>980,380</u>	<u>99,251</u>	<u>2,164,642</u>	<u>22,446,011</u>
Allocation of Administration Expenses	<u>211,794</u>	<u>112,699</u>	<u>11,314</u>	<u>(2,164,642)</u>	<u>-</u>
Total Functional Expenses	<u>\$ 2,154,437</u>	<u>\$ 1,093,079</u>	<u>\$ 110,565</u>	<u>\$ -</u>	<u>\$ 22,446,011</u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,363,156	\$ 6,094,578
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	314,548	332,812
Amortization classified as interest expense	9,647	89,472
Bad debts	8,549	116,328
Gain on disposal of property, plant, and equipment	(57,767)	-
Net realized/unrealized loss (gain) on investments	199,206	(290,644)
Actuarial gain	(549,404)	(1,241,377)
Noncash contribution	-	(140,000)
Forgiveness of debt	(559,285)	-
(Increase) Decrease in assets:		
Receivables	(985,700)	(182,744)
Pledges receivable	(30,000)	20,100
Prepaid expenses	(26,477)	(35,842)
Increase (Decrease) in liabilities:		
Accounts payable	4,065	114,536
Accrued expenses	479,688	(107,780)
Deferred revenue	60,208	114,790
Refundable advances	-	(3,269,700)
Net Cash Provided by Operating Activities	<u>1,230,434</u>	<u>1,614,529</u>
Cash Flows From Investing Activities		
Purchase of investments	(40,916)	(44,705)
Expenditures for property, plant and equipment	(357,695)	(294,112)
Proceeds from sale of property, plant and equipment	92,689	-
Escrow Withdrawals	-	118,627
Net Cash Used by Investing Activities	<u>(305,922)</u>	<u>(220,190)</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(157,240)	(4,642,608)
Repayment of capital lease	(38,220)	(29,399)
Payment of closing costs on long-term debt	-	(49,965)
Proceeds from long-term debt	-	4,450,000
Net Cash Used by Financing Activities	<u>(195,460)</u>	<u>(271,972)</u>
Net Increase in Cash and Equivalents	729,052	1,122,367
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,726,060</u>	<u>1,603,693</u>
Cash, and Cash Equivalents, End of Year	<u><u>3,455,112</u></u>	<u><u>2,726,060</u></u>

See accompanying notes to financial statements.

VANDERHEYDEN HALL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Supplemental Information:		
Cash paid for interest	\$ 145,034	\$ 207,007
Noncash Investing Activities		
Donation of land and building	\$ -	\$ 140,000
Equipment acquired with capital lease	-	105,839
Equipment acquired with note payable	-	70,022
Total Noncash Investing Activities	\$ -	\$ 315,861
Noncash Financing Activities		
Capital lease obligation	\$ -	\$ 105,839
Note payable	-	70,022
	\$ -	\$ 175,861

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Vanderheyden Hall, Inc. (the Agency) is a nonprofit human services organization assisting children and persons with mental illness and developmental disabilities. The Agency operates residential, diagnostic, educational, and respite programs. Revenues are derived from fees charged to county governments, school districts, Medicaid, New York State Office for Persons with Developmental Disabilities (OPWDD), grants and individual contributions. The Agency receives the majority of its support from New York State, county, and local governments through negotiated contracts and service fees to provide services in its childcare programs.

Adoption of New Accounting Pronouncement

In fiscal year 2022, the Agency adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

In fiscal year 2022, the Agency adopted Accounting Standards Update (ASU) 2018-14 *Compensation-Retirement Benefits Plan-General (Subtopic 715-20)*. The new guidance is to improve the effectiveness of disclosures in the financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to users of Agency's financial statement. Adoption of this standard did not have a significant impact on the financial statements.

Revenue Recognition

Revenue from governmental agencies is recognized when services are rendered at approved rates. These rates are primarily cost based as determined by allowable expenditures in rate setting periods. Costs are subject to audit by third party payers and changes, if any, are recognized in the year known.

Contributions

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. If the restrictions are met in the same year in which the contributions are received, they are reported as increases in net assets without donor restrictions.

The Agency's policy for contributions of non-financial assets is to utilize the assts given to carry out the mission of the Agency. If an asset is provided that does not allow the Agency to utilize it in the normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Contributions

During the year ended June 30, 2021, the Agency received a contribution of a non-financial asset of land and a building that is being used to as part of the Agency's mission. The contribution was valued basis upon a current appraised value of \$140,000. There were no donor-imposed restriction associated with the donated non-financial asset. For the year ended June 30, 2022, the Agency did not receive any contributions of non-financial assets.

Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less that are not held for investment purposes to be cash equivalents.

Pledges Receivable

Pledges receivable represent amounts promised by donors. Uncollectible promises are expected to be insignificant. Pledges receivable are expected to be received within four years.

Pledges are expected to be realized in the following periods:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 25,000	\$ 20,000
Between one and four years	<u>25,000</u>	<u>-</u>
Total	<u>\$ 50,000</u>	<u>\$ 20,000</u>

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Agency provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of funding sources to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Bad debt expense totaled \$8,549 and \$116,328 for the years ended June 30, 2022 and 2021, respectively.

Property, Plant, Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations on a straight-line basis over the following estimated useful lives:

**VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Property, Plant, Equipment and Depreciation

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture, fixtures and equipment	5 - 15
Vehicles	5

Depreciation expense was \$314,548 and \$332,812 for the years ended June 30, 2022 and 2021, respectively.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. The Agency follows a capitalization policy in accordance with the New York State Consolidated Fiscal Reporting Manual. Items with a cost of \$5,000 and a useful life greater than two years are capitalized. When property, plant and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Agency is exempt from federal income taxes as a not-for-profit corporation under tax section 501(c)(3) as determined by the Internal Revenue Service. The Agency has been designated as an organization other than a private foundation. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. Management of the Agency is not aware of any events that could jeopardize tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services using specific allocation methods. The allocation methods for expenses related to more than one function include:

Allocated based on Census: Quality Assurance and Training Department Expenses; Residential Administrative Expenses.

Allocated based on Square Footage: All maintenance department expenses; various campus wide expenses such as insurance, telecommunication, utilities, and other purchased services.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Allocation of Expenses

Administration expenses include those expenses that are not directly identifiable with any specific function but provide overall support and direction of the Agency and are allocated based on total direct program expenses to total direct expenses, the ratio-value method.

Investment in CHHUNY

The Agency has a 5.3% share of CHHUNY, LLC, a New York Limited Liability Company. Membership in CHHUNY is limited to nonprofit corporations described in Code Section 501(c)(3) and 509(a), qualified to conduct activities in the State of New York and licensed, as required, or otherwise qualified to provide services to eligible Medicaid Managed Care members.

Reclassifications

Certain reclassification have been made to the June 30, 2021, financial statements presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

Deferred Financing Costs

In accordance with ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30): *Simplifying the Presentation of Debt Issuance Costs* the unamortized financing fees are presented as direct reductions from the unpaid principal of debt (See Note 7). Amortization expense of \$9,647 and \$89,472 for the years ended June 30, 2022 and 2021, respectively, is included with interest expense in the statements of functional expense.

Fair Value Measurements

Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used at June 30, 2022 and 2021.

Most investments are traded in public markets and are valued at their closing price on the last day of the fiscal year and are valued using level 1 inputs based on quoted market prices within active markets. Other investments are traded on public markets, but at times are not actively traded daily. These investments are valued using level 2 inputs using prices obtained from pricing services using primarily matrix pricing, which considers observable data that may include dealer quotes, market spreads, the bond's terms and conditions and other inputs.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash Equivalents	\$ 118,453	\$ 118,453	\$ -	\$ -
Equities				
Consumer Discretionary	46,204	46,204	-	-
Energy	20,060	20,060	-	-
Financials	110,388	110,388	-	-
Health Care	57,911	57,911	-	-
Industrials	50,401	50,401	-	-
Information Technology	189,261	189,261	-	-
Telecommunications	37,570	37,570	-	-
Consumer Cyclical	40,523	40,523	-	-
Exchange Traded Funds				
Equity	229,393	229,393	-	-
Fixed Income	58,740	58,740	-	-
Other	19,409	19,409	-	-
Mutual Funds				
Target date fund	177,336	177,336	-	-
Corporate Debt Securities	106,837	-	106,837	-
Government Bonds	209,182	-	209,182	-
Total Fair Value				
Measures	<u>\$ 1,471,668</u>	<u>\$ 1,155,649</u>	<u>\$ 316,019</u>	<u>\$ -</u>

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

Fair values of assets and liabilities measured on a recurring basis at June 30, 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash Equivalents	\$ 154,751	\$ 154,751	\$ -	\$ -
Equities				
Consumer Discretionary	43,046	43,046	-	-
Energy	21,671	21,671	-	-
Financials	86,680	86,680	-	-
Health Care	52,491	52,491	-	-
Industrials	49,026	49,026	-	-
Information Technology	205,340	205,340	-	-
Telecommunications	44,706	44,706	-	-
Consumer Cyclical	33,945	33,945	-	-
Exchange Traded Funds				
Equity	367,044	367,044	-	-
Fixed Income	167,685	167,685	-	-
Other	17,289	17,289	-	-
Mutual Funds				
Target date fund	189,636	189,636	-	-
Corporate Debt Securities	92,696	-	92,696	-
Government Bonds	103,952	-	103,952	-
Total Fair Value Measures	\$ 1,629,958	\$ 1,433,310	\$ 196,648	\$ -

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency regularly monitors liquidity required to meet the operating needs of the organization. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities of providing benefits to its clients and takes this into consideration during the annual budget process. To help manage unanticipated liquidity needs, the Agency has a committed line of credit of \$1,500,000, which it could draw upon.

The Agency has funds that are invested in equity, exchange traded funds, mutual funds and fixed income for long term appreciation but are available and may be spent at the discretion of the Board.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Agency's current financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions, or internal board designations, or reserved for other uses.

	<u>2022</u>	<u>2021</u>
Total current assets	\$ 9,150,924	\$ 7,559,234
Less unavailable for general expenditures within one year:		
Prepaid expenses	(226,050)	(199,573)
Current assets with donor restrictions	<u>(257,827)</u>	<u>(232,827)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,667,047</u>	<u>\$ 7,126,834</u>

3. INVESTMENTS - UNRESTRICTED

Investments are carried at fair value.

	<u>2022</u>	<u>2021</u>
Cash equivalents	\$ 118,453	\$ 154,751
Equities	552,318	536,905
Exchange traded funds	307,542	552,018
Debt securities	<u>316,019</u>	<u>196,648</u>
Total	<u>\$ 1,294,332</u>	<u>\$ 1,440,322</u>

The Agency realized net gains (losses) on sales of investments of \$-0- for the years ended June 30, 2022 and 2021, respectively. Net unrealized gains (losses) were \$(199,206) and \$290,644 for the years ended June 30, 2022 and 2021, respectively. The Agency's investment securities are classified as net assets without donor restrictions. Therefore, investment income and unrealized gains or losses are considered unrestricted.

4. REFUNDABLE ADVANCES

During the year ended June 30, 2020, the Agency received a \$3,279,700 Paycheck Protection Program (PPP) loan from the U.S. Small Business Administration administered through a local financial institution. In accordance with the rules and regulations of the PPP loan program, if the loan proceeds were used to pay qualifying expenses and the Agency meets other parameters outlined in the PPP program the loan would be forgiven. Amounts not forgiven would be converted into a two-year term loan at 1% interest with payments deferred for the first six months. The Agency considers this funding as a conditional grant and accordingly is following the guidance in ASU 201-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for determination of the revenue recognition. During the years ended June 30, 2022 and 2021, the Agency received forgiveness of \$-0- and \$3,279,701 respectively, which is reported as a component of nonprogram revenue in the Statement of Activities.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. LINE OF CREDIT

For the year ended June 30, 2022, the Agency has available a \$1,500,000 working capital line of credit with M&T which is due on demand. The outstanding balance on this note was \$-0- at June 30, 2022. The interest rate on the note is variable based on M&T's prime rate plus 2.00% (6.75% at June 30, 2022). The loan is secured by business assets, certain real estate and investments.

For the year ended June 30, 2021, the Agency had available a \$1,500,000 working capital line of credit with Key Bank NA. The outstanding balance on this note was \$-0- at June 30, 2021. The interest rate on the note was variable based on Key Bank's prime rate plus 1.00% (4.25% at June 30, 2021).

6. CAPITAL LEASE OBLIGATION

The Agency is the lessee of equipment under a capital lease expiring in August 2023. The economic substance of the lease is that the Agency is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Agency's assets and liabilities. The equipment is being amortized over its estimated useful life and is included into depreciation expense.

Following is a summary of property held under capital leases:

Furniture, fixtures, and equipment	\$ 105,839
Accumulated amortization	<u>(37,044)</u>
	<u>\$ 68,795</u>

Future minimum lease payments are as follows:

2023	\$ 35,270
2024	<u>2,950</u>
	<u>\$ 38,220</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Mortgage payable to Community Preservation Corp. (CPC), variable interest rate (4.29% at June 30, 2019). Payments through April 1, 2043, secured by buildings.	\$ -	\$ 6,952
Mortgage payable through Key Bank NA, interest at 6.00%, payments due through July 2021 secured by buildings.	-	12,014
Mortgage payable to Facilities Development Corporation, interest at 6.33%, payments due through 2018, secured by building.	178,030	178,030
Mortgage payable to Key Bank NA, interest at 4.98%, payments due through April 2031, secured by building.	-	910
Term note, payable to M&T Bank, fixed interest rate (3.68%) monthly payments based on a 20-year amortization period of \$25,464 through August 2026. Remaining outstanding principal due in August 2026. Secured by business assets, certain real estate and investments.	4,177,281	4,300,000
Note payable to Kubota Credit Corporation, U.S.A, payment of \$1,167 at 0.0% interest through November 2025. Secured by equipment.	47,848	61,853
Note payable to U.S. Small Business Administration, (Economic Injury Disaster Loan), fixed interest rate (2.75%) monthly principal and interest payment of \$641, through June 2049. Secured by tangible personal property.	149,359	150,000
Total Long-Term Debt	4,552,518	4,709,759
Less current installments	162,352	148,204
Long-Term Debt, net of current installments	4,390,166	4,561,555
Less deferred financing costs	40,317	49,965
Long-Term Debt less unamortized financing costs	<u>\$ 4,349,849</u>	<u>\$ 4,511,590</u>

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. LONG-TERM DEBT

Total interest expense was \$154,681 and \$296,479 for the years ended June 30, 2022 and 2021, respectively.

Imputed interest on 0.0% notes payable is considered immaterial.

Long-term debt is payable in each of the next five years and thereafter as follows:

2023	\$ 162,352
2024	175,968
2025	181,994
2026	187,077
2027	3,540,705
Thereafter	304,422

8. OPERATING LEASES

The Agency leases property and equipment under operating leases expiring at various dates. Minimum future rental payments under the non-cancelable operating leases having a remaining term in excess of one year as of June 30, 2022, and for each of the remaining years are:

2023	\$ 502,719
2024	166,843
2025	119,164
2026	85,254
Total Minimum Future Rental Payments	<u>\$ 873,980</u>

Rental expense was \$572,585 and \$519,038 for the years ended June 30, 2022 and 2021, respectively.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. DEFINED BENEFIT PLAN

The Agency has a defined benefit pension plan that covers employees hired prior to June 2010. Benefits are based upon years of service and compensation. On June 30, 2010, the agency permanently froze accrual of additional benefits for the Defined Benefit Plan (the Plan). No employees are currently accruing benefits under the Plan. It is the Agency's intent to continue to fund the Plan as required until such time as the Plan is fully funded. The Plan's measurement date is June 30. It is at least reasonably possible that these estimates could change in the near-term. Plan assets consist of a variety of domestic equities, real estate income securities and limited partnerships. The Plan was noncontributory.

The following sets forth the funded status of the Plan in accordance with generally accepted accounting principles at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Accumulated benefit obligation at June 30	\$ 6,675,665	\$ 8,845,432
Fair value of plan assets at June 30	\$ 5,299,214	\$ 6,614,525
Accumulated benefit obligation at June 30	6,765,665	8,845,432
Funded Status	<u>\$ (1,466,451)</u>	<u>\$ (2,230,907)</u>
Weighted average assumptions as of June 30		
Discount rate	4.60%	2.75%
Expected long-term return on plan assets	6.00%	6.00%
Rate of compensation increase	n/a	n/a
Net Periodic Benefit Cost	\$ (15,052)	\$ 126,439
Employer Contributions	<u>\$ 200,000</u>	<u>\$ 120,000</u>
Benefits Paid	<u>\$ (220,867)</u>	<u>\$ (182,459)</u>
	<u>2022</u>	<u>2021</u>
<i>Amounts Recognized in the statement of financial position</i>		
Current liabilities	\$ 180,000	\$ 160,000
Other liability	1,286,451	2,030,907
Total	<u>\$ 1,466,451</u>	<u>\$ 2,190,907</u>
<i>Amounts Recognized in the statement of activities</i>		
Actuarial Gains and (Losses)	\$ 549,404	\$ 1,241,377
Interest cost	(239,261)	(226,381)
Expected return on plan assets	233,776	339,493
Effect of special events - settlement	20,537	-
Actuarial amortization	-	(239,551)
Total	<u>\$ 564,456</u>	<u>\$ 1,114,939</u>
<i>Expected Effect in Unrestricted Net Assets in the next fiscal year</i>		
Losses	<u>\$ -</u>	<u>\$ (239,551)</u>
Expected Employer Contributions	<u>\$ 120,000</u>	<u>\$ 160,000</u>

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. DEFINED BENEFIT PLAN

Components of Net Periodic Benefit Costs consist of

	<u>2022</u>	<u>2021</u>
Service cost	\$ -	\$ -
Other components		
Interest cost	(239,261)	(226,381)
Expected return on plan assets	233,776	339,493
Effect of special events - settlement	20,537	-
Actuarial amortization gain (loss)	-	(239,551)
Total other components	<u>15,052</u>	<u>(126,439)</u>
Net periodic benefit cost	<u>\$ 15,052</u>	<u>\$ (126,439)</u>

GAAP requires that an employer disaggregate the service cost components from the other components of net pension benefit costs and report the service cost component in the same statement of activities line items as other compensation arising from services rendered the pertinent employees during the period. Because of the Plan is frozen, there are no service costs that need to be disaggregated.

The other components of the net periodic benefit costs (gains) of \$15,052 and (\$126,439) for the years ended June 30, 2022 and 2021, respectively, are included in the effect of actuarial gains on the statement of activities.

For the year ended June 30, 2023, the Agency does not anticipate amortization (gains)/losses for the other components items included in the net periodic benefit cost for net (gain)/loss, prior service cost/(credit) or transition (asset)/obligation.

Expected Future Benefit Payments

The following are the expected future benefit payments:

2023	\$ 320,000
2024	\$ 320,000
2025	\$ 390,000
2026	\$ 410,000
2027	\$ 420,000
2028 - 2032	\$ 2,190,000

Plan Assets by Category

The following are the assets by major category as of June 30:

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Equities	\$ 2,730,326	52	\$ 3,563,948	54
Fixed income	2,128,637	40	2,648,324	40
Other securities	440,251	8	402,253	6
Total	<u>\$ 5,299,214</u>	<u>100</u>	<u>\$ 6,614,525</u>	<u>100</u>

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. DEFINED BENEFIT PLAN

Plan Assets by Category

The Plan's investments are invested in securities as disclosed above and are valued at the fair values of the investments as traded in public markets. Management considers these assets to be classified as a Level 1 in the fair value hierarchy as described in Note 1.

The Plan's investment objective is preservation of capital. The expected long-term rate of return on the Plan's assets assumption was developed as a weighted average rate based on the target asset allocation of the Plan and the Principal RAS Long-Term Capital Market Assumptions for the corresponding fiscal year end. Each transaction shall seek first to ensure the capital losses are mitigated, whether they be from securities defaults or erosion of market value. Investment decisions should favor stability of principal over income. This primary objective of capital preservation over income applies to the portion of investment portfolio used to meet liquidity needs.

Investment Policy

It is the policy of the Plan to diversify its investment portfolio. All funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity and from a specific issuer of a specific class of securities. Performance of the fund shall be regularly measured against the S&P 500, Bloomberg Barclays US Aggregate Bond Index, and MSCI.

Other Assumptions

Mortality: Non-annuitant and annuitant; Principal Mortality Improvement Scale (Principal 2017-10).

Assumed Retirement Age: Normal retirement age or age attained, if greater

Cost method: Projected unit credit.

Reasons for Significant Gains and Losses

The following items have been identified as the reasons for the significant gains and losses related to the changes in the benefit obligation.

For the year ended June 30, 2022:

- Gain due to an increase in the discount rate.
- Loss due to returns on plan assets being less than what was assumed.

For the year ended June 30, 2021:

- Gain due to an increase in the discount rate.
- Gain due to returns on plan assets exceeding what was assumed.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. OTHER RETIREMENT PLANS

Tax Deferred Annuity Plan: The Agency contributes to a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all eligible employees who choose to participate. Employees can make contributions to the plan up to the maximum amount allowed by law. The Agency matches an employee's contribution up to a maximum established by the Board of Directors. Contributions to the Plan were \$ 122,025 and \$69,296 for the years ended June 30, 2022 and 2021, respectively.

457b Plan: The agency contributes to a defined contribution plan which qualifies under section 457b of the Internal Revenue Code. This plan is available to all staff at the Vice President level and above. The value of the plan assets was \$177,336 and \$189,636 as of June 30, 2022 and June 30, 2021, respectively.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts restricted by donors for programs to assist individuals served by the Agency in career development skills and opportunities.

12. WORKERS' COMPENSATION ACCRUAL

Vanderheyden Hall, Inc. participated in the Provider Agency Trust for Human Services (PATH Trust) for mandated workers' compensation coverage from January 1, 2001 to December 31, 2005. The trust was dissolved on February 28, 2006 and is now run by the Workers Compensation Board of New York State (WCB). Significant assessments were imposed on the former participants of the PATH Trust. The WCB hired a public accounting firm to do a review of the trust, its service agreement, financial documents and to determine if there was any fraudulent or negligent activity. A liability for the workers' compensation assessment imposed on Vanderheyden Hall, Inc. of \$559,285 has been recorded in the accompanying financial statements. The liability has been recorded based on the current assessment which is based on actuarial assumptions and may change as the claims run off occurs in future years. It is at least reasonably possible this estimate could change in the near-term.

During the year ended June 30, 2022, the WCB discontinued any further collection efforts against Vanderheyden and formally released Vanderheyden from the obligation. This forgiveness of the obligation is recorded in the Statement of Activities as a component of nonprogram support and revenue in the amount of \$559,285.

13. RISKS AND UNCERTAINTIES

The Agency maintains cash balances in financial institution located in New York State. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, the Agency's uninsured balances totaled approximately \$3,185,200.

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

VANDERHEYDEN HALL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

13. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. The outbreak will likely have a continued material adverse impact on the economy and cost of providing services. The full impact of the COVID-19 outbreak continues to evolve and the impact of this situation on the Agency and its future results and financial position is presently undeterminable.

14. FUTURE ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842), which was effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Subsequently in November 2019, FASB issued ASU 2019-10 extending the effective date to fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. In June 2020, the FASB issued ASU 2020-05 extending the effective date to fiscal years beginning after December 15, 2021. The Agency's management is currently evaluating the impact of this standard on their financial statement.

15. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the statement of financial position date of June 30, 2022 through December 15, 2022, which is the date these financial statements were available to be issued, and has determined there are no subsequent events requiring recording or disclosure.

VANDERHEYDEN HALL, INC.
SCHEDULE OF SUPPORT AND REVENUE RELATED TO FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<u>Education</u>	<u>Residential</u>	<u>Community Residence</u>	<u>Group Homes</u>	<u>Independent Living</u>
Program Support and Revenue					
Counties	\$ 1,118,694	\$ 6,279,558	\$ -	\$ 2,090,422	\$ 159,230
School districts	3,622,126	665,128	-	-	-
Medicaid	-	-	4,688,982	-	-
Social security	-	-	531,444	-	-
OPWDD	-	-	12,500	-	-
Grants	232,000	-	-	-	-
USDA	102,531	45,470	1,441	22,413	-
Health Home	-	-	-	-	-
Miscellaneous income	55	-	184,005	1,258	584
Retroactive revenue adjustments	168,600	15,385	9,801	4,473	424
OPWDD Incentives	-	-	875,265	-	-
Released from restrictions	-	-	-	-	-
Total Program Support and Revenue	<u>5,244,006</u>	<u>7,005,541</u>	<u>6,303,438</u>	<u>2,118,566</u>	<u>160,238</u>
Nonprogram Support and Revenue					
Interest and dividends	-	-	-	-	-
Contributions and bequests	2,092	6,630	-	-	-
Covid-19 stimulus funding					
Paycheck Protection Pogram	-	-	-	-	-
Provider Relief Funds	583	579	517	270	24
Economic Injury Disaster Loan	-	-	-	-	-
Path Trust Forgiveness	-	-	-	-	-
Insurance Proceeds	18,622	24,756	-	-	-
Net realized/unrealized gains (loss)	-	-	-	-	-
Total Nonprogram Support and Revenue	<u>21,297</u>	<u>31,965</u>	<u>517</u>	<u>270</u>	<u>24</u>
Nonprogram Support and Revenue - Nonfinancial Assets					
Contributions and bequests	-	-	-	-	-
Total Support and Revenue Related to Functional Expenses	5,265,303	7,037,506	6,303,955	2,118,836	160,262
Total Functional Expenses	<u>4,973,374</u>	<u>6,314,766</u>	<u>6,925,121</u>	<u>2,194,160</u>	<u>319,179</u>
Excess (Deficiency) of Support and Revenue Over Expense	<u>\$ 291,929</u>	<u>\$ 722,740</u>	<u>\$ (621,166)</u>	<u>\$ (75,324)</u>	<u>\$ (158,917)</u>

VANDERHEYDEN HALL, INC.
SCHEDULE OF SUPPORT AND REVENUE RELATED TO FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Community Services	Medicaid	Development Fund	2022 Totals	2021 Totals
Program Support and Revenue					
Counties	\$ 189,345	\$ -	\$ -	\$ 9,837,249	\$ 9,130,889
School districts	-	-	-	4,287,254	3,754,901
Medicaid	2,364,395	1,807,609	-	8,860,986	7,608,429
Social security	-	-	-	531,444	516,699
OPWDD	-	-	-	12,500	12,250
Grants	6,000	-	7,864	245,864	193,230
USDA	-	-	-	171,855	135,163
Health Home	706,351	-	-	706,351	550,775
Miscellaneous income	19,620	-	83,099	288,621	289,919
Retroactive revenue adjustments	28,309	-	-	226,992	98,436
OPWDD Incentives	262,665	-	-	1,137,930	-
Total Program Support and Revenue	<u>3,576,685</u>	<u>1,807,609</u>	<u>90,963</u>	<u>26,307,046</u>	<u>22,290,691</u>
Nonprogram Support and Revenue					
Interest and dividends	-	-	32,129	32,129	34,003
Contributions and bequests	300	-	204,482	213,504	94,545
Covid-19 stimulus funding					
Paycheck Protection Pogram	-	-	-	-	3,269,701
Provider Relief Funds	186	75	190	2,424	1,169,628
Economic Injury Disaster Loan	-	-	-	-	10,000
Path Trust Forgiveness	-	-	559,285	559,285	-
Insurance Proceeds	-	-	-	43,378	-
Net realized/unrealized gains (loss)	-	-	(199,206)	(199,206)	290,644
Total Nonprogram Support and Revenue	<u>486</u>	<u>75</u>	<u>596,880</u>	<u>651,514</u>	<u>4,868,521</u>
Nonprogram Support and Revenue - Nonfinancial Assets					
Contributions and bequests	-	-	-	-	140,000
Total Support and Revenue Related to Functional Expenses	<u>3,577,171</u>	<u>1,807,684</u>	<u>687,843</u>	<u>26,958,560</u>	<u>27,299,212</u>
Total Functional Expenses	<u>3,028,141</u>	<u>1,223,923</u>	<u>216,144</u>	<u>25,194,808</u>	<u>22,446,011</u>
Excess (Deficiency) of Support and Revenue Over Expense	<u>\$ 549,030</u>	<u>\$ 583,761</u>	<u>\$ 471,699</u>	<u>\$ 1,763,752</u>	<u>\$ 4,853,201</u>

VANDERHEYDEN HALL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Pass Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Award:				
COVID-19 Provider Relief Funds – Period 2 expended in fiscal year ending June 30, 2021	93.498	N/A	-	\$ <u>1,169,627</u>
Total U.S. Department of Health and Human Services				<u>1,169,627</u>
<u>U.S. Department of Agriculture</u>				
Direct Award:				
Child Nutrition Cluster				
COVID-19 National School Lunch Program	10.555	N/A	-	<u>171,856</u>
Total U.S. Department of Agriculture				<u>171,856</u>
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department				
Education Stabilization Funds				
COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	N/A		<u>13,913</u>
Total U.S. Department of Education				<u>13,913</u>
Total Expenditures of Federal Awards				<u>\$ 1,355,396</u>

VANDERHEYDEN HALL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) was prepared on the accrual basis of accounting. Grant awards are recorded as revenue when the criteria for earning the revenue is met, generally when the expenditure of grant funds is made. Grant expenditures are recorded when the liability is incurred. The non-federal share of expenditures, if any, is excluded from the Schedule.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule only presents a selected portion of the operations of Vanderheyden Hall, Inc..

2. NON-CASH ASSISTANCE

There were no federal awards expended in the form of non-cash assistance during the year ended June 30, 2022.

3. INDIRECT COST RATE

Vanderheyden Hall, Inc. did not elect to use the 10% de minimus cost rate. For the Major Program (93.498), Vanderheyden Hall, Inc. follows the guidance for allocating administrative costs in the New York State Consolidated Fiscal Reporting Manual.

4. SUBRECIPIENTS

Vanderheyden Hall, Inc. provided no federal awards to subrecipients during the year ended June 30, 2022.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Vanderheyden Hall, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vanderheyden Hall, Inc., which comprise the statement of financial positions as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vanderheyden Hall, Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vanderheyden Hall, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Vanderheyden Hall, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the nonprofit organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vanderheyden Hall, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the nonprofit organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vanderheyden Hall, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marvin and Company, P.C.

Queensbury, New York

December 15, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Board of Directors
Vanderheyden Hall, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vanderheyden Hall, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Vanderheyden Hall, Inc.'s major federal program for the year ended June 30, 2022. Vanderheyden Hall, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Vanderheyden Hall, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Vanderheyden Hall, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Vanderheyden Hall, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contract grant agreements applicable to Vanderheyden Hall, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Vanderheyden Hall, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Vanderheyden Hall, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Vanderheyden Hall, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Vanderheyden Hall, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Vanderheyden Hall, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questions, costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards required the auditor to perform limited procedures on Vanderheyden Hall, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Vanderheyden Hall, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questions costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Vanderheyden Hall, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Vanderheyden Hall, Inc.'s response was not subjected to the other auditing procedures applied in the audit for compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marvin and Company, P.C.

Queensbury, NY
December 15, 2022

VANDRHEYDEN HALL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___yes Xno
___yes Xnone reported

Noncompliance material to financial statements noted?

___yes Xno

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Xyes ___no
___yes Xnone reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a)?

Xyes ___no

Identification of major programs:

Assistance Listing Number(s)
93.498

Name of Federal Program or Cluster:
COVID-19 Provider Relief Funds

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___yes Xno

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

None noted

VANDRHEYDEN HALL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

2022-001 Compliance with Uniform Guidance – Reporting

Information on Federal Program: COVID-19 Provider Relief Funds (Assistance Listing Number No. 93.498) provided by the Department of Health and Human Services.

Condition: During our testing for reporting compliance, it was determined that the Agency incorrectly calculated its total revenue/net charges from patient care (2019 actuals) for Q4 (2019) which resulted in the lost revenues for Q4 2020 and Q4 2021 to be overstated.

Questioned Cost: None

Criteria: Total revenue/Net charges from Patient Care (2019 Actuals) by quarter is used to determine the lost revenue by quarter for 2020, 2021 and 2022.

Cause: The formula used to calculate the Agency's revenue for Q4 2019, total revenue/net charges from patient care was incorrect.

Effect: The Agency is not in compliance with the reporting requirements for Assistance Listing 93.498 Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distributions for the lost revenue for Q4 2020 and Q4 2021.

Context: Based on the lost revenues summary by period of availability; the Q4 2020 lost revenues were overstated by \$1,500,360 and the Q4 2021 lost revenues were overstated by \$724,682.

Repeat Finding: No

Recommendation: We recommend the Agency contact the Health Resources & Services Administration of the U.S. Department of Health and Human Services for instructions, if any, for the ability to correct the reporting of the Provider Relief Funds for Period 2.

Views of the Responsible Officials and Planned Corrective Actions: Management agrees with the finding and in response has contacted the Health Resources & Services Administration of the U.S. Department of Health and Human Services for instructions, if any, for the ability to correct the reporting of the Provider Relief Funds for Period 2.

SUMMARY OF PRIOR AUDIT FINDINGS

None