

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023



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WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Westchester Institute for Human Development
Valhalla, New York



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Westchester Institute for Human Development (hereinafter the "Organization"), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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 the 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 Audits of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audits 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 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 financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Corini & Associates LLP

May 28, 2025

Bohemia, New York

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

2024

2023

ASSETS		2024	2023
Current Assets:			
Cash.....		\$ 3,223,559	\$ 3,241,785
Certificates of deposit.....		465,003	1,727,399
Investments.....		4,832,349	4,423,049
Receivables:			
Medical, net of allowance for doubtful accounts.....		1,422,124	829,280
Contract, net of allowance for doubtful accounts.....		2,179,401	2,542,139
Grants.....		1,333,242	1,376,843
Capital campaign pledge receivables.....		236,000	-
Other.....		-	203
	TOTAL RECEIVABLES	5,170,767	4,748,465
Prepaid expenses.....		473,624	359,997
	TOTAL CURRENT ASSETS	14,165,302	14,500,695
Operating lease right-of-use asset, net.....		588,272	2,922,365
Finance lease right-of-use asset, net.....		4,929	19,715
Certificates of deposit, less current portion.....		2,357,197	955,323
Property and equipment, net.....		793,878	780,686
Other.....		35,767	41,623
	TOTAL ASSETS	\$ 17,945,345	\$ 19,220,407
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current portion of operating lease liability.....		\$ 589,332	\$ 2,334,094
Current portion of finance lease liability.....		5,010	14,921
Accounts payable and accrued expenses.....		623,639	577,824
Accrued payroll and compensated absences.....		1,024,348	1,004,648
Current portion due to third party payors.....		229,090	632,497
Refundable advances.....		6,037	8,037
	TOTAL CURRENT LIABILITIES	2,477,456	4,572,021
Operating lease liability, net of current portion.....		-	588,271
Finance lease liability, net of current portion.....		-	5,013
Due to third party payors, net of current portion.....		729,107	325,200
	TOTAL LIABILITIES	3,206,563	5,490,505
Net Assets:			
Without donor restrictions.....		13,781,349	12,794,546
With donor restrictions.....		957,433	935,356
	TOTAL NET ASSETS	14,738,782	13,729,902
	TOTAL LIABILITIES AND NET ASSETS	\$ 17,945,345	\$ 19,220,407

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

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Patient services revenue (net of contractual allowances discounts and provisions for bad debts).....	\$ 7,713,928	\$ -	\$ 7,713,928
Contracted services.....	10,587,241	-	10,587,241
Grant and program support.....	4,525,770	549,708	5,075,478
Gains on investments, net.....	350,421	-	350,421
Interest and dividend income, net.....	234,058	-	234,058
Net assets released from restriction	362,515	(362,515)	-
TOTAL REVENUE AND SUPPORT	23,773,933	187,193	23,961,126
FUNCTIONAL EXPENSES:			
Program services.....	20,949,322	-	20,949,322
Management and general.....	2,717,521	-	2,717,521
Fundraising.....	350,448	-	350,448
TOTAL EXPENSES	24,017,291	-	24,017,291
NON OPERATING REVENUES			
Contributions and other (net of direct expenses \$29,946).....	1,065,045	-	1,065,045
Net assets released from restriction for property and equipment.....	165,116	(165,116)	-
TOTAL NON OPERATING REVENUES	1,230,161	(165,116)	1,065,045
CHANGE IN NET ASSETS	986,803	22,077	1,008,880
Net assets, beginning of year.....	12,794,546	935,356	13,729,902
Total net assets, end of year.....	<u>\$ 13,781,349</u>	<u>\$ 957,433</u>	<u>\$ 14,738,782</u>

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

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Patient services revenue (net of contractual allowances discounts and provisions for bad debts).....	\$ 6,939,842	\$ -	\$ 6,939,842
Contracted services.....	10,191,178	-	10,191,178
Grant and program support.....	4,878,793	617,126	5,495,919
Gains on investments, net.....	510,380	-	510,380
Interest and dividend income, net.....	179,477	-	179,477
Net assets released from restriction	209,160	(209,160)	-
TOTAL REVENUE AND SUPPORT	22,908,830	407,966	23,316,796
FUNCTIONAL EXPENSES:			
Program services.....	20,631,275	-	20,631,275
Management and general.....	2,691,972	-	2,691,972
Fundraising.....	233,291	-	233,291
TOTAL EXPENSES	23,556,538	-	23,556,538
NON OPERATING REVENUES			
Contributions and other.....	446,301	-	446,301
Net assets released from restriction for property and equipment.....	152,846	(152,846)	-
TOTAL NON OPERATING REVENUES	599,147	(152,846)	446,301
CHANGE IN NET ASSETS	(48,561)	255,120	206,559
Net assets, beginning of year.....	12,843,107	680,236	13,523,343
Total net assets, end of year.....	<u>\$ 12,794,546</u>	<u>\$ 935,356</u>	<u>\$ 13,729,902</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services			Supporting Services			Total Expenses
	Medical Services	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries.....	\$ 5,742,799	\$ 7,444,999	\$ 13,187,798	\$ 1,343,734	\$ 97,047	\$ 1,440,781	\$ 14,628,579
Payroll taxes and fringe benefits.....	1,015,278	1,294,755	2,310,033	201,120	11,818	212,938	2,522,971
Payroll fees.....	25,324	33,857	59,181	4,881	462	5,343	64,524
Technical services.....	1,968	23,250	25,218	-	-	-	25,218
Hearing aids.....	163,877	-	163,877	-	-	-	163,877
Consultant fees.....	3,773	63,945	67,718	492,013	124,498	616,511	684,229
Legal fees.....	-	1,849	1,849	8,704	40,045	48,749	50,598
Employee travel.....	-	50,652	50,652	1,168	-	1,168	51,820
Membership fees.....	13,812	22,288	36,100	51,670	2,165	53,835	89,935
Training and development.....	2,981	46,082	49,063	4,803	244	5,047	54,110
Miscellaneous.....	54,345	117,403	171,748	8,153	18,167	26,320	198,068
Office supplies.....	30,135	84,556	114,691	23,064	4,150	27,214	141,905
Medical supplies.....	232,765	1,640	234,405	-	-	-	234,405
Repairs and maintenance.....	23,623	13,581	37,204	8,511	-	8,511	45,715
Contract services.....	79,587	240,271	319,858	319,001	2,726	321,727	641,585
Rent.....	1,146,947	1,087,706	2,234,653	93,112	29,563	122,675	2,357,328
Medical billing services.....	242,545	17,831	260,376	-	-	-	260,376
Insurance.....	181,096	227,832	408,928	26,819	-	26,819	435,747
Computer and telephone services.....	255,519	419,080	674,599	53,062	1,731	54,793	729,392
Bank and credit card fees.....	-	122	122	36,708	818	37,526	37,648
Special event expense.....	-	-	-	-	16,850	16,850	16,850
Bad debt expense.....	258,750	82,567	341,317	-	-	-	341,317
TOTAL EXPENSES BEFORE DEPRECIATION	9,475,124	11,274,266	20,749,390	2,676,523	350,284	3,026,807	23,776,197
Depreciation and amortization.....	142,790	57,142	199,932	40,998	164	41,162	241,094
TOTAL EXPENSES	\$ 9,617,914	\$ 11,331,408	\$ 20,949,322	\$ 2,717,521	\$ 350,448	\$ 3,067,969	\$ 24,017,291

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			
	Medical Services	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries.....	\$ 5,969,460	\$ 7,133,387	\$ 13,102,847	\$ 1,329,004	\$ 100,526	\$ 1,429,530	\$ 14,532,377
Payroll taxes and fringe benefits.....	1,113,239	1,159,089	2,272,328	238,126	12,178	250,304	2,522,632
Payroll fees.....	19,966	24,324	44,290	3,718	340	4,058	48,348
Technical services.....	1,052	27,428	28,480	180	-	180	28,660
Hearing aids.....	204,931	-	204,931	-	-	-	204,931
Consultant fees.....	11,030	55,125	66,155	449,492	29,280	478,772	544,927
Legal fees.....	-	3,780	3,780	35,356	-	35,356	39,136
Employee travel.....	9,581	64,230	73,811	731	725	1,456	75,267
Membership fees.....	10,037	4,362	14,399	45,342	136	45,478	59,877
Training and development.....	8,641	47,570	56,211	3,943	105	4,048	60,259
Miscellaneous.....	28,135	72,589	100,724	334	46,355	46,689	147,413
Office supplies.....	31,925	48,038	79,963	17,420	4,543	21,963	101,926
Medical supplies.....	219,795	10,482	230,277	-	-	-	230,277
Repairs and maintenance.....	22,170	11,088	33,258	39,335	-	39,335	72,593
Contract services.....	122,824	436,950	559,774	318,241	1,531	319,772	879,546
Rent.....	1,146,947	1,087,706	2,234,653	93,109	29,563	122,672	2,357,325
Medical billing services.....	248,812	14,234	263,046	-	-	-	263,046
Insurance.....	175,814	213,126	388,940	19,799	-	19,799	408,739
Computer and telephone services.....	250,649	384,082	634,731	45,671	6,455	52,126	686,857
Bank and credit card fees.....	315	2,589	2,904	9,329	724	10,053	12,957
Special event expense.....	-	-	-	-	-	-	-
Bad debt expense.....	-	-	-	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	9,595,323	10,800,179	20,395,502	2,649,130	232,461	2,881,591	23,277,093
Depreciation and amortization.....	125,670	110,103	235,773	42,842	830	43,672	279,445
TOTAL EXPENSES	\$ 9,720,993	\$ 10,910,282	\$ 20,631,275	\$ 2,691,972	\$ 233,291	\$ 2,925,263	\$ 23,556,538

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

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2024

2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 1,008,880	\$ 206,559
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Adjustments to reconcile change in net assets to net cash

provided by operating activities:

Depreciation and amortization.....	241,094	279,445
Net realized gains on investments.....	(198,875)	(29,652)
Net unrealized gains on investments.....	(151,546)	(480,728)
Noncash operating lease expense.....	(2,357,328)	(2,357,328)
Amortization of finance leases.....	14,786	14,786

Changes in operating assets and liabilities:

Accounts receivable and accrued revenues.....	(422,302)	189,538
Prepaid expenses.....	(113,627)	(3,545)
Operating lease liability payments.....	2,357,328	2,357,328
Accounts payable and accrued expenses.....	45,815	(101,109)
Accrued payroll and compensated absences.....	19,700	85,862
Due to third party payors.....	500	25,429
Other assets.....	5,856	(41,623)
Refundable advances.....	(2,000)	1,998

NET CASH PROVIDED BY OPERATING ACTIVITIES

448,281

146,960

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments.....	1,320,867	644,179
Purchase of investments, including reinvested interest.....	(1,381,866)	(708,018)
Purchase of certificates of deposit, including reinvested interest.....	(136,298)	(103,887)
Purchase of property and equipment.....	(254,286)	(242,683)

NET CASH USED IN INVESTING ACTIVITIES

(451,583)

(410,409)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on finance lease liability.....	(14,924)	(14,755)
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Net change in cash and cash equivalents.....	(18,226)	(278,204)
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Cash and cash equivalents, beginning of year.....	3,241,785	3,519,989
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Cash and cash equivalents, end of year.....	\$ 3,223,559	\$ 3,241,785
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WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - DESCRIPTION OF ORGANIZATION

Westchester Institute for Human Development (hereinafter the "Organization") creates better futures for people with disabilities, for vulnerable children, and for their families and caregivers. As one of only 67 University Centers for Excellence in Developmental Disabilities, the Organization focuses on health care, early intervention, community-based services, inclusive and meaningful education, transition from school to work, employment, housing and assistive technology.

The Organization operates a diagnostic and treatment center in Valhalla, New York, certified pursuant to Article 28 of the New York State Public Health Law. The diagnostic and treatment center offers a wide range of medical services to individuals with intellectual and developmental disabilities. The Organization provides a wide variety of programs and services to individuals, families and professionals throughout Westchester County and the Lower Hudson Valley through contracts with various third parties, state and local agencies. Services include early intervention service coordination, supports for children in foster care, programs for children who have been victims of abuse, and a variety of supports and services to enable individuals with disabilities and their families to have the tools necessary to make informed choices and decisions about their own lives. The Organization is guided by a vision of a future in which all people, including people with disabilities and vulnerable children, live healthy and productive lives as full members of society.

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Operations are supported primarily by revenues from provision of services and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization, as defined above, is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements.

Basis of Presentation and Use of Estimates: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The allowance for doubtful accounts is a significant estimate used in the preparation of the accompanying financial statements. These financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recently Adopted Accounting Pronouncements: In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current U.S. GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. The Organization adopted the new standard during the year ended December 31, 2023, and noted no impact on the financial statements associated with the adoption as of December 31, 2024 and 2023.

Financial Statement Presentation: The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents: The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents, with the exception of cash invested in certain money market funds, which are classified as investments for financial statement purposes. The Organization had no cash equivalents on December 31, 2024, and 2023.

Certificates of deposit: Certificates of deposit are stated at cost plus accrued interest and are subject to similar risks as noted in cash and mature through various dates from January 2025 through July 2028. Certificates of deposit that are mature in less than 1 year from the financial statement report date are classified as current assets on the statement of financial position.

Investments: The Organization's investments, which are comprised of both debt and equity securities, are stated at fair value. Equity securities are classified as investments with readily determinable fair values. Debt securities are classified as other-than-trading securities. Total unrealized gains on investments held as of December 31, 2024 and 2023, was \$151,546 and \$480,728, respectively.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Realized gains and losses are computed based on the specific identification method for the securities sold. The net realized gains on investments for the year ended December 31, 2024 and 2023 was \$198,875 and \$29,652, respectively. The combined net gain reported on the accompanying statements of activities is \$350,421 and \$510,380 for the years ended December 31, 2024 and 2023, respectively.

The Organization's investments are maintained in a professionally managed portfolio and are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

The Organization evaluates its debt securities for other-than-temporary impairment on an ongoing basis. A decline in the fair value of an other-than-trading security below cost that is deemed to be other than temporary results in a new cost basis for the security which is equivalent to its fair value. In evaluating other-than-temporary impairment, the Organization considers its intent and ability to hold the investment until recovery and other relevant factors. During the years ended December 31, 2024, and 2023 there was no such impairment.

Medical and contract accounts receivables: Medical and contract accounts receivables are stated at the amount the Organization expects to collect.

The Organization provides for probable uncollectible amounts through a charge to bad debt expense and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to receivables. The Organization does not obtain collateral for amounts due.

On December 31, 2024, approximately 22% and 48% of the Organization's medical accounts receivables are due from the state of New York Medicaid and Federal Medicare programs, respectively. On December 31, 2024, approximately 47% of contract receivables were derived through contracts with Westchester County, New York. On December 31, 2023 approximately 22% and 47% of the Organization's medical accounts receivable are due from the state of New York Medicaid and Federal Medicare programs, respectively. On December 31, 2023, approximately 60% of contract receivables were derived through contracts with Westchester County, New York.

At December 31, 2024 and 2023, net medical and contract receivables were \$3,601,525 and \$3,371,622, respectively.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes individual assets with a cost greater than \$1,000 and a useful life of more than one year. Capital purchases made with grantor funds are capitalized in accordance with grant stipulations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Useful lives range from three to five years.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization evaluates long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Organization evaluated operations for the year ended December 31, 2024 and 2023 and determined no assets are impaired.

Leases: In accordance with Accounting Standards Codification ("ASC") Topic 842, for all operating and finance leases, the Organization recognized a right-of-use ("ROU") asset and a lease liability at the commencement date. The lease liability was calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the commencement date. The ROU asset will initially be equal to the lease liability plus any initial direct costs and prepaid lease payments less any lease incentives received.

Under this approach, amortization of ROU assets is charged to lease expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating and finance lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The ROU asset, at any given time, is measured as the ROU asset balance at the beginning of the period, adjusted by the current-period ROU asset amortization, which is calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the ROU asset that gave rise to the discount.

The Organization has an operating lease agreement for their office space through March 31, 2025. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the statement of financial position.

The lease term includes the non-cancellable portion of the underlying lease along with any reasonably certain lease periods associated with available renewal periods, termination options, and purchase options. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The components of the operating lease expense are as follows:

	2024	2023
Amortization of ROU Asset	\$ 2,334,094	\$ 2,309,010
Lease Liability Accretion	23,234	48,318
Total Lease Expense	\$ 2,357,328	\$ 2,357,328

The components of the finance lease expense are as follows:

	2024	2023
Amortization of ROU Asset	\$ 14,786	\$ 14,786
Lease Liability Accretion	130	292
Total Lease Expense	\$ 14,916	\$ 15,078

See Note 8 for additional details on these leases.

Due to third party payors: Due to third party payors represents estimated amounts received for patient services in excess of billing and the estimated effect of potential retrospective rate adjustments.

Performance indicator: In the accompanying statements of activities and changes in net assets, the primary indicator of the Organization's results is the "change in net assets from operations." As such, it includes all operating support and revenue and operating expenses. Contributions and other, forgiveness of debt, Paycheck Protection Program loan, and releases of net assets with donor restrictions for property and equipment purchases are included as a component of "nonoperating revenues" in the statements of activities and changes in net assets.

Patient revenue:

Revenue recognition

Revenue is measured based on estimated net realizable amounts from patients, third-party payors, and others for services rendered. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's revenue originates from contracts with customers to provide various medical and social services to individuals with disabilities and at-risk children and adults. The majority of the Organization's services are treated as a single performance obligation that is satisfied over time as the services are rendered. The Organization's standard payment terms are within 30 days from billing.

The Organization determines the transaction price based on contractually agreed upon rates, adjusted for estimates of variable consideration, such as implicit price concessions. Variable consideration also exists as the Organization's third-party revenue is paid principally at prospectively determined rates. Reimbursements received by payor reimbursement programs under the provisions of applicable reimbursement formulas or negotiated rates in effect, which cover substantially all payors, generally results in the amount received being less than the Organization's established billing rates. Revenue is recorded at the agreed upon rates established on a contractual basis with these programs.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Federal and state regulations provide for certain retrospective adjustments to current and prior year's payment rates based on industry-wide and Organization-specific data. In addition, amounts previously paid to the Organization are subject to review and adjustment. The Organization has estimated the potential impact of such retrospective adjustments based on information presently available. Any differences between estimated retrospective adjustments and subsequent revisions will be reflected in the statement of activities and changes in net assets in the year that revisions are calculated.

Disaggregation of revenues

The Organization provides health, human, and social services to adults and children with developmental disabilities, and their families, who have third-party financial coverage (principally New York Medicaid) in Westchester County, New York and surrounding communities. Therefore, the Organization's viability is dependent on a number of factors such as the volume of individuals served, rates of reimbursement, changes to Medicaid and other third-parties programs, and the Organization's ability to collect on its contracts. All of the Organization's patient and contract service revenue for financial reporting purposes are recorded over time as the services are rendered.

Disaggregation of net patient service revenue by service type and payer was as follows for the years ended December 31,:

	2024		2023	
	Amount	Percentage	Amount	Percentage
Medicaid.....	\$ 5,750,496	74%	\$ 5,024,373	72%
Medicare.....	1,104,993	14%	1,064,100	15%
Insurance.....	823,069	11%	798,718	12%
Self-pay.....	35,370	1%	52,651	1%
Total.....	<u>\$ 7,713,928</u>	<u>100%</u>	<u>\$ 6,939,842</u>	<u>100%</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation for which action for noncompliance includes fines, penalties, and exclusion from the Medicare and Medicaid programs. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Contracted service revenue:

Revenue recognition

Contracted service revenue is also derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or provided the related services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as refundable advances in the statement of financial position.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disaggregation of revenues

For the years ended December 31, 2024 and 2023 approximately 33% and 31% of contracted service revenue was derived through contracts with Westchester County, New York, respectively. For the years ended December 31, 2024 and 2023 approximately 27% and 31% of contracted service revenue was derived from early intervention services, respectively. The remaining portion of the contracted service revenue is derived from contracts with local school districts and medical centers.

Contracted services are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds or awarding of contracts. Any liability for reimbursement which might arise out of these audits is not considered by the Organization to be material.

Grants and contribution revenue:

Revenue recognition

Grant and contribution revenue consists of gifts from private donors and foundations. Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Grants and contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. No allowance was deemed necessary as of December 31, 2024 and 2023.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Payroll fees	Time and effort
Rent.....	Square footage
Insurance	Time, effort, and usage
Computer and telephone services	Time, effort, and usage
Depreciation.....	Square footage

Income taxes: The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As a not-for-profit entity, the Organization is subject to unrelated business income tax ("UBIT"), if applicable. In accordance with FASB ASC 740, Income Taxes, the Organization applies the "more likely than not" threshold to the recognition and derecognition of tax positions for its financial statements. Management has evaluated the Organization's tax positions and has concluded that there were no uncertain tax positions that qualified for either recognition or disclosure in these financial statements.

The Organization files informational returns in the U.S. federal jurisdiction and the state of New York.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Prepaid benefit amounts, which were offset against the accounts payable and accrued expenses amounts within the December 31, 2023, statement of financial position, have been reclassified to prepaid expenses.

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available within one year for general expenditures at December 31,:

	2024	2023
Cash and cash equivalents	\$ 3,223,559	\$ 3,241,785
Certificates of deposit	465,003	1,727,399
Investments	4,832,349	4,423,049
Receivables, net of allowance for doubtful accounts	5,170,767	4,748,465
Total financial assets available within one year.....	13,691,678	14,140,698
Less: Net assets with donor restrictions	(957,433)	(935,356)
Total financial assets available within one year for general expenditures	\$ 12,734,245	\$ 13,205,342

The Organization's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately \$5,920,000 and \$5,810,000 for the years ended December 31, 2024, and 2023, respectively). With board approval, as part of the Organization's liquidity management, the Organization invests its cash in excess of quarterly requirements in marketable securities and certificates of deposit. In addition to the above amounts, the Organization also has a line of credit of \$4,500,000 that matures in July of 2025 (Note 7).

NOTE 4 - INVESTMENTS

Fair value measurements: FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

Assets measured at fair value are based on one or more of the following valuation techniques:

- (a) *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach:* Techniques to convert future amounts to single present amount based on market expectations (including present value techniques, option- pricing and excess earnings models).

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4 - INVESTMENTS (continued)

The three levels of the fair value hierarchy are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024 and 2023:

Assets at Fair Value as of December 31, 2024				
	Level 1	Level 2	Total	Valuation Technique
Money market funds	\$ 46,054	\$ -	\$ 46,054	(a)
Fixed income bonds				
A rated.....	-	961,215	961,215	(a)
BBB rated.....	-	803,016	803,016	(a)
Other	-	120,310	120,310	(a)
Total fixed income bonds	-	1,884,541	1,884,541	
Equity securities				
Information technology	303,524	-	303,524	(a)
Health care	766,931	-	766,931	(a)
Other	1,831,299	-	1,831,299	(a)
Total equity securities	2,901,754	-	2,901,754	
Total investments	\$ 2,947,808	\$ 1,884,541	\$ 4,832,349	

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4 - INVESTMENTS (continued)

	Assets at Fair Value as of December 31, 2023			Valuation Technique
	Level 1	Level 2	Total	
Money market funds	\$ 70,763	\$ -	\$ 70,763	(a)
Fixed income bonds				
A rated	-	1,022,219	1,022,219	(a)
BBB rated	-	721,052	721,052	(a)
Other	-	32,326	32,326	(a)
Total fixed income bonds	-	1,775,597	1,775,597	
Equity securities				
Information technology	643,129	-	643,129	(a)
Health care	363,718	-	363,718	(a)
Other	1,569,842	-	1,569,842	(a)
Total equity securities	2,576,689	-	2,576,689	
Total investments	\$ 2,647,452	\$ 1,775,597	\$ 4,423,049	

Money market funds and equities owned by the Organization and listed on a National Securities Exchange are valued at the quoted sales price as of the financial statement reporting date.

Bonds are valued using pricing models maximizing the use of observable inputs for similar securities or identical securities on inactive markets. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Investment fees for the years ended December 31, 2024 and 2023, totaled approximately \$18,000 and \$31,000, respectively, and are netted against interest and dividend income on the statements of activities and changes in net assets.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2024	2023
Furniture and office equipment	\$ 297,773	\$ 283,137
Computer equipment and software	3,547,667	3,478,147
Medical equipment	1,254,549	1,228,645
Dental vans.....	375,420	375,420
Transportation equipment	32,493	32,493
Leasehold improvements	587,922	587,922
Total cost.....	6,095,824	5,985,764
Less: accumulated depreciation	(5,431,384)	(5,205,078)
Property and equipment, net.....	664,440	780,686
Work in process	129,438	-
Total.....	\$ 793,878	\$ 780,686

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31,:

	<u>2024</u>	<u>2023</u>
Adult Health Equipment.....	\$ 475,000	\$ 475,000
Individuals with intellectual and developmental disabilities	25,700	202,738
Mobile Clinic Van.....	207,844	114,880
Disability Roadmap Film project	41,702	97,544
Capital Campaign	194,493	-
Children with Autism Spectrum Disorder	12,694	45,194
Total net assets with donor restriction	<u>\$ 957,433</u>	<u>\$ 935,356</u>

Net assets with donor restrictions were released from donor restrictions by satisfying the following restricted purpose during the years ended December 31,:

	<u>2024</u>	<u>2023</u>
Mobile Clinic Van.....	\$ 57,036	\$ 152,846
Disability Roadmap Film project	57,215	209,160
Individuals with intellectual and developmental disabilities	272,800	-
Children with Autism Spectrum Disorder	32,500	-
Capital Campaign	108,080	-
Total net assets with donor restriction	<u>\$ 527,631</u>	<u>\$ 362,006</u>

NOTE 7 - LINE OF CREDIT

The Organization has a \$1,500,000 line of credit arrangement (the "line") with a bank that initially matured June 30, 2023. The line was renewed again on September 30, 2023, with a new maturity date of May 30, 2024. On May 30, 2024, the line was renewed with an increased amount of \$4,500,000 and a new maturity date of July 30, 2025. Borrowings on the line bear interest at 0.75% below the prime rate. The interest rates as of December 31, 2024 and 2023 was 6.75% for both years. Before the line was formally renewed in May of 2024, the Organization signed a grant of security interest for collateral on the Organization's accounts receivable, inventory, and equipment. There was no balance outstanding on the line as of December 31, 2024 and 2023.

NOTE 8 - LEASES

In conjunction with the new lease the Organization received a letter of credit for the sum of \$3,000,000. The letter of credit is to ensure the beneficiary is covered in the event the Organization fails to meet the lease obligations. The letter of credit shall expire upon the earlier close of business on July 30, 2025, or the day that the lender honors a draw under which the full amount of this letter of credit has been drawn.

As described in Note 2, the Organization adopted ASC 842 as of January 1, 2022.

WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 - LEASES (continued)

Finance lease

The Organization leases office equipment under a non-interest bearing lease expiring April 2025. The monthly lease expense is \$1,254.

Operating lease

In addition to the finance lease, the Organization also has an operating lease for office and medical space under a long-term lease agreement with the County of Westchester, New York. The operating lease expires March 31, 2025 and has annual lease commitment payments of \$2,357,328.

In April 2024, the Organization entered into a lease agreement for a new location. The lease commencement date is contingent upon the start of construction and remains undetermined as of the reporting date. The existing lease was extended by the landlord subsequent to year end, March 2025, for an additional nine months, through December 31, 2025.

As of December 31, 2024, the Organization's future minimum payments on operating and finance leases, including interest, are as follows:

	Operating	Finance	Total
2025	\$ 589,332	\$ 5,017	\$ 594,349
Total	589,332	5,017	594,349
Less: present value discount	(1,061)	(7)	(1068)
Present value of future lease payments	588,271	5,010	593,281
 Total Lease Liabilities	\$ 588,271	\$ 5,010	\$ 593,281
 Percentage of total	99%	1%	
Months remaining	3	4	
Discount rate at commencement	1.08%	1.10%	
Weighted average discount rate	1.08%	0.10%	
Weighted average remaining lease term	2.97	0.03	

Rent expense for property leases was \$2,357,328 for the years ended December 31, 2024 and 2023.

NOTE 9 - RETIREMENT PLAN

The Organization has a 403(b) plan that covers all employees except specifically excluded hourly employees. Eligible employees must attain the age of 21 and work 1,000 service hours during the plan year to qualify for employer contributions of 3% of eligible compensation. Contributions to the Plan charged to operations were \$267,463 and \$296,673 for 2024 and 2023, respectively.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 - UNCERTAINTIES

Legal

The Organization is currently, and from time to time, subject to claims and suits arising in the ordinary course of its business. The Organization maintains insurance, and in most instances any potential liability would be limited to policy deductibles. In certain actions, plaintiffs may request punitive or other damages or nonmonetary relief, which may not be covered by insurance. The Organization accrues for any potential liabilities as they become known and can be reasonably estimated. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigation.

Government audits and other potential amounts due to third party payors

Government-funded activities are subject to audit by the applicable granting agencies. The Organization was issued a final dental audit report on February 19, 2025, from the Office of the Medicaid Inspector General ("OMIG"), and it was determined that approximately \$230,000 was owed by the Organization. Management has established a reserve in the amount of \$867,200 to cover this obligation, and any potential additional obligations that may arise from any future OMIG audits.

Recent events relating to the disruption of the U.S. Banking System

The Organization maintains cash and investments in several bank and securities accounts that are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"). From time to time, the Organization may have cash on deposits and investments with financial institutions that are in excess of the FDIC limit and SIPC limits.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between January 1, 2025 and May 28, 2025, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.