

**ACCESS: SUPPORTS FOR LIVING, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements as of
December 31, 2022
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

May 25, 2023

The Board of Directors of
Access: Supports for Living, Inc. and Subsidiaries:

Opinion

We have audited the consolidated financial statements of Access: Supports for Living, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Access: Supports for Living, Inc. and Subsidiaries, as of December 31, 2022, and their change in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Access: Supports for Living, Inc. and Subsidiaries 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Access: Supports for Living, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Access: Supports for Living, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Access: Supports for Living, Inc. and Subsidiaries' 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Access: Supports for Living, Inc. and Subsidiaries adopted Accounting Standards Codification 842, *Leases*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information in Schedules I, II, and III as well as the 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 of the consolidated financial statements and is not a required part of the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

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Report on Supplemental Information (Continued)

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Additional Information

Management's Response to Audit Findings on page 37 has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on this.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2023, on our consideration of Access: Supports for Living, Inc. and Subsidiaries' 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 Access: Supports for Living, Inc. and Subsidiaries' 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 Access: Supports for Living, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Bonadio & Co., LLP

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022****ASSETS**

CURRENT ASSETS:

| | |
|---------------------------------------|-------------------|
| Cash and cash equivalents | \$ 15,110,412 |
| Investments | 6,835,699 |
| Accounts receivable - net | 29,650,950 |
| Due from related organizations | 1,059,844 |
| Prepaid expenses and other assets | 2,188,212 |
| Inventories | 1,674,695 |
| Security deposits | 715,681 |
| Investments held for retirement plans | 2,776,356 |
| Assets held for sale | - |
| Loan and accrued interest receivable | 4,815,251 |
| Total current assets | <u>64,827,100</u> |

PROPERTY AND EQUIPMENT, NET

21,914,028

OTHER ASSETS:

| | |
|--|-------------------|
| Goodwill | 80,000 |
| Contribution receivable | 469,498 |
| Consumer funds | 385,533 |
| Interest in Access: Supports for Living Foundation, Inc. | 3,571,571 |
| Loans receivable from Three Cities Management LLC | 343,305 |
| Right of use asset - operating lease | 9,628,495 |
| Right of use asset - finance lease | 2,053,332 |
| Investment in Three Cities Management LLC | 372,831 |
| Total other assets | <u>16,904,565</u> |

Total assets

\$ 103,645,693**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

| | |
|---|-------------------|
| Current portion of long-term debt | \$ 953,129 |
| Accounts payable and accrued expenses | 3,216,732 |
| Accrued payroll and related liabilities | 9,216,897 |
| Accrued compensated absences payable | 1,229,159 |
| Operating lease liability, current | 1,183,544 |
| Finance lease liability, current | 623,523 |
| Due to related organizations | 81,592 |
| Due to government agencies | 9,174,294 |
| Deferred compensation payable | 2,670,174 |
| Total current liabilities | <u>28,349,044</u> |

NONCURRENT LIABILITIES:

| | |
|---|-------------------|
| Other Long-Term Liabilities | 141,420 |
| Operating lease liability, net of current portion | 8,524,104 |
| Finance lease liability, net of current portion | 1,418,150 |
| Long-Term Debt, Net Of Current Portion | 3,873,108 |
| Consumer Funds | 385,533 |
| Total noncurrent liabilities | <u>14,342,315</u> |

Total liabilities

42,691,359

NET ASSETS:

| | |
|--|-------------------|
| Without donor restrictions - Undesignated | 53,963,265 |
| Board designated | 2,950,000 |
| Total net assets without donor restrictions | <u>56,913,265</u> |
| With donor restrictions | <u>4,041,069</u> |
| Total net assets | <u>60,954,334</u> |

Total liabilities and net assets

\$ 103,645,693

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

| | Without <u>Donor Restrictions</u> | With <u>Donor Restrictions</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|----------------------|
| OPERATING REVENUES: | | | |
| Fees from services | \$ 83,976,555 | \$ - | \$ 83,976,555 |
| Contracts and grants | 46,533,013 | - | 46,533,013 |
| Subcontract and industrial operations | 17,218,439 | - | 17,218,439 |
| Interest | 233,776 | - | 233,776 |
| Miscellaneous | 7,747 | - | 7,747 |
| | <u>147,969,530</u> | <u>-</u> | <u>147,969,530</u> |
| OPERATING EXPENSES: | | | |
| Program services | 132,264,715 | - | 132,264,715 |
| Management and general | 13,653,711 | - | 13,653,711 |
| Fundraising | 184,487 | - | 184,487 |
| | <u>146,102,913</u> | <u>-</u> | <u>146,102,913</u> |
| INCOME FROM OPERATIONS | <u>1,866,617</u> | <u>-</u> | <u>1,866,617</u> |
| NON-OPERATING REVENUE (EXPENSE): | | | |
| Investment income, net | (1,119,390) | - | (1,119,390) |
| Contributions | 81,289 | 14,778 | 96,067 |
| Affordable housing grant | 45,602 | - | 45,602 |
| Other income | 3,078 | - | 3,078 |
| Special event income, net of direct costs | 184,785 | - | 184,785 |
| Gain on sale of property and equipment | 207,377 | - | 207,377 |
| Net assets released from restriction | 175,896 | (175,896) | - |
| | <u>(421,363)</u> | <u>(161,118)</u> | <u>(582,481)</u> |
| CHANGE IN NET ASSETS BEFORE OTHER CHANGES | 1,445,254 | (161,118) | 1,284,136 |
| PRIOR YEAR ADJUSTMENTS | (502,098) | - | (502,098) |
| CHANGE IN EQUITY INTEREST IN ACCESS: SUPPORTS FOR LIVING FOUNDATION, INC. | - | (90,915) | (90,915) |
| CHANGE IN INVESTMENT IN THREE CITIES MANAGEMENT LLC | <u>71,745</u> | <u>-</u> | <u>71,745</u> |
| CHANGE IN NET ASSETS | 1,014,901 | (252,033) | 762,868 |
| NET ASSETS - beginning of year | <u>55,898,364</u> | <u>4,293,102</u> | <u>60,191,466</u> |
| NET ASSETS - end of year | <u>\$ 56,913,265</u> | <u>\$ 4,041,069</u> | <u>\$ 60,954,334</u> |

The accompanying notes are an integral part of these statements.

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Salaries and wages | \$ 76,324,366 | \$ 6,927,555 | \$ 14,967 | \$ 83,266,888 |
| Other employee benefits | 8,837,432 | 902,961 | 986 | 9,741,379 |
| Occupancy | 14,827,043 | 739,733 | - | 15,566,776 |
| Payroll taxes | 9,342,141 | 897,025 | 1,015 | 10,240,181 |
| Other expenses | 4,112,517 | 81,109 | - | 4,193,626 |
| Disabled wages | 4,476,346 | 2,776 | - | 4,479,122 |
| Office expenses | 7,361,412 | 1,052,638 | 2,317 | 8,416,367 |
| Depreciation | 2,155,272 | 298,269 | - | 2,453,541 |
| Information technology | 1,730,838 | 897,057 | - | 2,627,895 |
| Travel | 1,551,776 | 171,226 | - | 1,723,002 |
| Insurance | 1,015,938 | 1,058,181 | - | 2,074,119 |
| Interest | 55,502 | (147,146) | - | (91,644) |
| Conferences, meetings | 167,892 | 203,323 | - | 371,215 |
| Payments to affiliates | 9,882 | 7,930 | 164,104 | 181,916 |
| Advertising and promotion | 14,600 | 40,638 | 1,098 | 56,336 |
| Professional fees | 243,373 | 517,983 | - | 761,356 |
| Bad debt | 38,385 | 2,453 | - | 40,838 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 132,264,715</u> | <u>\$ 13,653,711</u> | <u>\$ 184,487</u> | <u>\$ 146,102,913</u> |

The accompanying notes are an integral part of these statements.

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | |
|---|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$ 762,868 |
| Adjustments to reconcile change in net assets to net cash flow from operating activities: | |
| Depreciation and amortization | 2,453,541 |
| Gain on sale of fixed assets | (207,377) |
| Bad debt expense | 40,838 |
| Unrealized and realized loss on investments | 1,113,185 |
| Change in equity interest in Access: Supports for Living Foundation Inc. | 90,915 |
| Loss on investment in Three Cities Management LLC | (71,745) |
| Changes in: | |
| Accounts receivable - net | (8,251,508) |
| Due from related organizations | (882,511) |
| Prepaid expenses and other assets | (6,590) |
| Inventories | (130,592) |
| Security deposits | (86,125) |
| Loan and accrued interest receivable | (45,602) |
| Contribution receivable | 85,222 |
| Accounts payable and accrued expenses | (97,367) |
| Accrued payroll and related liabilities | 3,199,815 |
| Accrued compensated absences payable | (73,481) |
| Operating lease liabilities | 504,786 |
| Due to related organizations | (394,672) |
| Due to government agencies | (4,690,667) |
| Deferred compensation payable | (773,932) |
| Net cash flow from operating activities | <u>(7,460,999)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | |
| Loan repayments from Three Cities Management LLC | 826,527 |
| Proceeds from sales of investments | 1,871,582 |
| Purchase of investments | (1,286,435) |
| Proceeds from sales of property and equipment | 263,043 |
| Purchase of property and equipment | <u>(2,406,757)</u> |
| Net cash flow from investing activities | <u>(732,040)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | |
| Principal payments on long-term debt | (1,332,278) |
| Repayment of lease liability | <u>(437,292)</u> |
| Net cash flow from financing activities | <u>(1,769,570)</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | (9,962,609) |
| CASH AND CASH EQUIVALENTS - beginning of year | <u>25,073,021</u> |
| CASH AND CASH EQUIVALENTS - end of year | <u>\$ 15,110,412</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | |
| Cash paid during the year for interest | <u>\$ 247,576</u> |
| Cash paid during the year for taxes | <u>\$ -</u> |

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022

1. THE ORGANIZATION

The consolidated financial statements consist of the following corporations: Access: Supports for Living, Inc., Sunrise Gardens Housing Development Fund Company, Inc. (Sunrise), Oak Ridge Apartments Housing Development Fund Company, Inc. (Oak Ridge), Golden Ridge Apartments Housing Development Fund Company, Inc. (Golden Ridge), Temple Hill I Housing Development Fund Company, Inc. (Temple Hill), THII-BVI Housing Development Fund Company (Temple Hill II), Bella Vista II Housing Development Fund Company, Inc. (Bella Vista II), Deerfield Commons Housing Development Fund Company, Inc. (Deerfield), Golden Ridge II Housing Development Fund Company (Golden Ridge II), Golden Ridge IV Housing Development Fund Company (Golden Ridge IV) Isabella Housing Development Fund Company (Isabella), Mayburgh LLC, The Guidance Center of Westchester, Inc, Meaningful NY Initiatives for People with Disabilities, Inc. (Meaningful NY), and New York Families for Autistic Children, Inc. (NYFAC). The corporations are collectively referred to as “Access” or “the Organization”.

Access: Supports for Living, Inc. is organized under the Not-for-Profit Corporation Law of the State of New York. Access: Supports for Living, Inc. provides industrial and rehabilitation services, residential services, counseling centers and crisis services, community services, and intensive clinical services to persons with emotional, developmental and/or physical disabilities in Orange, Ulster, Sullivan, Dutchess, Columbia and Greene Counties, New York. Access: Supports for Living Inc. receives its principal support from Medicaid and New York State contracts.

Access: Supports for Living, Inc. is the sole member of Sunrise. Sunrise is a general partner in the Sunrise Gardens Limited Partnership, with a .005% ownership interest. Sunrise was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Oak Ridge. Oak Ridge is a general partner in the Oakridge Limited Partnership, with a .005% ownership interest. Oak Ridge was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Golden Ridge. Golden Ridge is a general partner in the Golden Ridge Limited Partnership, with a .005% ownership interest. Golden Ridge was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Temple Hill. Temple Hill is a general partner in the Temple Hill Limited Partnership, with a .005% ownership interest. Temple Hill was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of THII-BVI Housing Development Fund Company. THII is a general partner in the THII-BVI Limited Partnership, with a .005% ownership interest. Temple Hill II and Bella Vista II Housing Development Fund Company, Inc. were incorporated as not-for-profit organizations, but it is not anticipated that tax-exempt status will be applied for.

1. THE ORGANIZATION (Continued)

Access: Supports for Living, Inc. is the sole member of Bella Vista II. Bella Vista II is a general partner in the Bella Vista II Limited Partnership, with a .005% ownership interest. Bella Vista II was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Deerfield. Deerfield is a general partner in the Deerfield Limited Partnership, with a .005% ownership interest. Deerfield was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Golden Ridge II. Golden Ridge II is a general partner in the Golden Ridge II Limited Partnership, with a .005% ownership interest. Golden Ridge II was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Golden Ridge IV. Golden Ridge IV is a general partner in the Golden Ridge IV Limited Partnership, with a .005% ownership interest. Golden Ridge IV was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Isabella. Isabella is a general partner in the Isabella Limited Partnership, with a .005% ownership interest. Isabella was incorporated as a not-for-profit organization, but it is not anticipated that tax-exempt status will be applied for.

Access: Supports for Living, Inc. is the sole member of Mayburgh LLC which is a holding company that was created to accept a property donation.

Access: Supports for Living, Inc. is related through common board members with Envision Coordinated Supports, Inc. (Envision) and Access: Supports for Living Foundation, Inc. (the Foundation).

Access: Supports for Living, Inc. is the sole member of The Guidance Center of Westchester, Inc. The Guidance Center of Westchester, Inc. was incorporated as a not-for-profit organization and offers essential and lasting support to those challenged by mental illness, substance abuse, poverty, and homelessness.

Access: Supports for Living, Inc. is the sole member of Meaningful New York. Meaningful New York was incorporated as a not-for-profit organization for the purpose of helping individuals with intellectual and developmental disabilities exercise independence and become more productive members of their communities.

Access: Supports for Living, Inc. is the sole member of New York Families for Autistic Children Inc. which was acquired as of January 1, 2022. New York Families for Autistic Children Inc. was incorporated as a not-for-profit organization for the purpose of raising funds with autism and other intellectual developmental disabilities, and their families.

Access: Supports for Living, Inc. is a member of CBHS, Inc. which was founded to develop various programs, business plans and/or strategies that it deems beneficial to furthering the purposes of CBHS, Inc. CBHS, Inc. is supported primarily by membership fees. Access: Supports for Living, Inc. is a Class A member of the corporation. No consolidation is required as Access: Supports for Living, Inc. has less than a 50% membership in the corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting.

Principles of Consolidation

All material intercompany balances and transactions have been eliminated in the consolidation.

Recently Adopted Accounting Guidance

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Access adopted the standard effective January 1, 2022, using the modified retrospective approach. Access elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of new lease accounting guidance, Access recognized on January 1, 2022 an operating lease liability of and an operating ROU asset of approximately \$10,750,000. They also recognized a finance lease liability and a finance lease ROU asset of approximately \$2,470,000 on January 1, 2022. The standard did not have a material impact on the statements of activities and change in net assets or cash flows.

The Organization also adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* for the year ended December 31, 2022 using fully retrospective method. There were no material changes as a result of adopting this new ASU.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and such differences may be significant.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid instruments with maturity dates when acquired of three months or less. Access has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consumer Funds

Consumer funds are cash deposits held in separate bank accounts in the name of Access. Consumer funds are considered the property of the consumers and may not be commingled with assets of Access. Interest earned on these funds is credited to the consumers' accounts. Upon cessation of each consumer's stay at Access, the funds are returned to the consumer or family members.

Investments

Investments are recorded at fair value. Access 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 investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect Access's consolidated financial statements. Dividends are recorded on the ex-dividend date and purchases and sales of securities are recorded on a trade-date basis (the date the order to buy or sale is executed). Interest income is recognized on the accrual basis.

Accounts Receivable

Accounts receivable primarily include uncollateralized obligations from Medicaid and other third party payors under credit terms that are customary for similar non-profit organizations. Accounts receivable from Medicaid are generally billed monthly, depending on the type of services provided, and payment is generally due within 30 – 60 days.

Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted the account is written off. The carrying amount of accounts receivable is reduced by a valuation that reflects management's best estimate of amounts that will not be collected. Management estimates the portion, if any, of the balance that will not be collected based upon the Organization's past credit loss experience, an assessment of the payor's current creditworthiness, and applicable Medicaid billing regulations. Estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable. The accounts receivable balance as of January 1, 2022 was \$21,053,536.

Loans Receivable and Allowance for Doubtful Accounts

Access records loans receivable based on signed loan agreements. Bad debt expense is charged if the loan receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the loan receivable and a review of payments subsequent to year end. Interest accrues on outstanding loans receivable. Access stops accruing interest on the loans once they become delinquent. As of December 31, 2022, there was no allowance for doubtful accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net present value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management has determined that there is no need to record an allowance for doubtful accounts on the outstanding contributions receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Items costing more than \$5,000 (or if donated at the approximate fair value at the date of donation) and having a useful life of more than one year are capitalized. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful lives of the improvements or the term of the applicable lease.

Donations of fixed assets are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use are reported as increases in net assets with donor restrictions.

Leases

At inception, it is determined if an agreement is a lease. Leases are recorded on the Organizations' statement of financial position under Right-of-use (ROU) assets and lease liabilities. ROU assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent the Organizations' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Organization is reasonably certain to exercise these options.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred. As most of these leases do not provide an implicit interest rate, the Organization uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is a lender quoted collateralized borrowing rate over a similar term as the leased asset and in an amount equal to the payments of the leased asset in a similar economic environment. The ROU asset also includes any lease pre-payments made and excludes lease incentives. The terms of the lease may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are not accounted for separately.

Interest in Access: Supports for Living Foundation, Inc.

Access has recognized its equity interest in the net assets of the Foundation. The Foundation is a related organization whose purpose is to raise funds for the exclusive benefit of Access.

Investment in Three Cities Management LLC

In 2016, Access became a 49% owner of Three Cities Management, LLC ("Three Cities"). Investment in Three Cities is recorded on the equity method. As of December 31, 2022, accrued expenses of \$36,448 are included in the accompanying consolidated statements of financial position relating to taxes due. Federal and New York State unrelated business income tax for the year ended December 31, 2022 are estimated as \$39,685 exclusive of adjustments for overstatements of prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to Government Agencies

Access records liabilities based on the reimbursement provisions of its funding agreements.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors.

Board designated net assets are net assets without donor restrictions and include funds that have been designated by the Board to fund employee benefit plans, program expansion, and assistance to affiliated organizations.

Net Assets With Donor Imposed Restrictions

Net assets with donor-imposed restrictions are those whose use by Access has been limited by donors to a specific time period or purpose and are maintained by Access.

Revenue Recognition

The Organization receives a significant portion of its revenue for services provided from third-party reimbursement agencies, primarily OPWDD, OMH, OASAS, SED, OCFS, Medicare, Insurance companies and Medicaid. Revenue is based on predetermined rates based on cost reimbursement principles and is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. Revenue is recognized when the Organization satisfies their performance obligations under contracts by transferring services to individuals. The Organization's performance obligations include providing clinical services, community and day habilitation services, residential services, work programs and family support services, counseling and crisis services and other services to individuals and children. The transaction price is based on established charges for services provided.

These rates are determined by allowable expenditures in rate setting periods. Fee for service revenue is recognized based on approved rates when the Organization satisfies their performance obligations under contracts by transferring services to individuals. The Organization expects to collect established charges.

Revenue under Medicaid and third-party payor agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in the year of settlement. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from industrial operations includes the sale of stencils, staplers, earplugs, 3M hearing protection, janitorial, food and facility services. Subcontract revenue is from New York State Industries for the Disabled, Inc. and Ability One program service contracts for janitorial cleaning services. Revenue is recognized as the Organization satisfies their performance obligations under contracts by delivering goods and services to customers. Performance obligations for all of the Organization's services are provided and consumed at a point in time, not over time, and therefore the fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Because performance obligations are met at a point in time, not over time, there are no fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are amounts recorded in deferred revenue due to advances received from funding sources for use in future periods. Residential services are recognized at a point in time based on a unilateral right to terminate these contracts.

The Organization expects to collect the amounts to which they are entitled. Revenues are charged and collected routinely throughout the month. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for contracts as collective groups rather than as individual contracts. Amounts that remain uncollected at the end of the month are recorded as accounts receivable. Accounts receivables are written off when they are determined to be uncollectible.

The Organization reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third party payors or private pay individuals and records these implicit price concessions as a direct reduction to revenue. For the year ended December 31, 2022, the implicit price concessions were approximately \$1,800,000.

Contributions

Unconditional contributions are reported at fair value at the date the contribution is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions received and expended in the same fiscal year are reflected as without donor restrictions revenues. 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 consolidated statements of activities as net assets released from restrictions.

Operating Measure

The operating measure includes the operating activities of Access and excludes contributions, affordable housing grant, fund-raising expenses, investment gain or loss, gain on sale of property and equipment, change in equity interest in the Foundation and gain (loss) on investment in Three Cities. Interest income included in operating revenues is generated from deposit accounts, money market accounts, investments and loans receivable from Three Cities.

Functional Expenses

The costs of providing Access' services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, other employee benefits and payroll taxes are directly charged based on the employee's time charged to the applicable function. Occupancy is allocated based on the square footage of the building. Depreciation is allocated based on the location of the asset and the use of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Access uses various valuation techniques in determining fair value and classifies them into a three-level hierarchy based on the nature of the inputs. Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that Access has the ability to access. Level 2 valuations are based on inputs, other than quoted prices included within Level 1 that are observable either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. Access' short-term equities, ETF, and mutual funds are valued utilizing Level 1 inputs. Access' corporate notes, international bonds, fixed annuities and inflation linked bonds are valued utilizing Level 2 inputs.

Income Taxes

Access: Supports for Living, Inc., The Guidance Center of Westchester, Inc., Meaningful New York, and New York Families for Autistic Children, Inc. are not-for-profit corporations and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. These entities have also been classified by the Internal Revenue Service as an entity that is not a private foundation.

3. LIQUIDITY

Access is substantially supported by Medicaid, Medicare, and private insurance revenue generated by its operations. In addition, revenue is received from subcontract and industrial operations, government grants, contributions, and investment earnings. The following reflects Access' financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 15,110,412 |
| Investments | 6,835,699 |
| Accounts receivable - net | 29,650,950 |
| Loan and accrued interest receivable | 4,815,251 |
| Due from related organizations | <u>1,059,844</u> |
| Total financial assets | 57,472,156 |
| Less: those unavailable for general expenditure within one year | |
| Contractual or donor restricted: | |
| Board designated net assets | (2,950,000) |
| Net assets with donor restrictions | <u>(4,041,069)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 50,481,087</u> |

Access' ability to meet its cash needs is highly dependent on timely collection of its accounts receivable. Access' accounts receivable are due primarily from government funders and third-party payers including Medicaid, Medicare, and private insurers. Many of these arrangements require Access to incur costs in advance and then bill for reimbursements after the cash outlay has been made. Access has designed procedures to collect from these payers as quickly as possible. However, timeliness of these payments can sometimes be difficult to predict.

3. LIQUIDITY (Continued)

Due to this factor, Access has a line-of-credit available (see note 5), which it can draw upon throughout the year. In addition, Access could also manage vendor relationships to extend payment terms where possible. They have also engaged in fundraising efforts over the years to supplement operating cash flow and build up investment reserves. Should any of the affiliated entities be struggling from a cash flow perspective, they also have the ability to borrow from these investment reserves.

4. INVESTMENTS

Investments consisted of the following at December 31, 2022:

| | | |
|---------------------|----|------------------|
| Equities | \$ | 10,406 |
| ETF | | 3,263,214 |
| Corporate notes | | 1,886,167 |
| International bonds | | 450,213 |
| Mutual funds | | 946,478 |
| Inflation hedges | | 60,883 |
| Cash equivalents | | 218,338 |
| | | <hr/> |
| | \$ | <u>6,835,699</u> |

5. BANK LINES OF CREDIT

Access has a \$4,000,000 revolving line of credit from M&T Bank to support working capital. The line of credit bears interest at SOFR plus 187 basis points. The line of credit renews annually with a 30-day out-of-debt period requirement. The line is secured by a first security interest in all accounts receivable as well as a UCC filing on all non-realty business assets. There was no outstanding balance under this line of credit at December 31, 2022.

Access also obtained a commitment letter to support the acquisition of vehicles and equipment to be used by Access in individual loan amounts not to exceed \$750,000. These loans bear interest at the borrower's option, either fixed at M&T Bank's five-year cost of funds plus 175 basis points or floating at SOFR plus 187 basis points. The loans are renewable annually with each loan having a maximum term of five years. M&T Bank requires a first security interest in specific vehicles or equipment acquired. There was no outstanding balance under this commitment letter at December 31, 2022.

The Guidance Center of Westchester has a revolving \$1,000,000 line of credit from TD Bank with interest at the prime rate. The line of credit expires on August 31, 2022 and is secured by the Organization's accounts receivable. There was no balance outstanding on the line of credit as of December 31, 2022.

6. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2022:

| | Level 1 <u>Inputs</u> | Level 2 <u>Inputs</u> | Level 3 <u>Inputs</u> | <u>Total</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|---------------------|
| Investments measured at fair value | | | | |
| Equity | | | | |
| Financial Services | \$ 10,406.00 | \$ - | \$ - | \$ 10,406 |
| ETF | \$ 3,263,214.00 | - | - | 3,263,214 |
| Corporate notes | - | 1,886,167 | - | 1,886,167 |
| International bonds | - | 450,213 | - | 450,213 |
| Mutual funds - fixed income | 946,478 | - | - | 946,478 |
| Inflation hedges | | | | |
| Inflation linked bonds | <u>60,883</u> | <u>-</u> | <u>-</u> | <u>60,883</u> |
| Investments measured at fair value | <u>\$ 4,280,981</u> | <u>\$ 2,336,380</u> | <u>\$ -</u> | 6,617,361 |
| Cash equivalents | | | | <u>218,338</u> |
| | | | | <u>\$ 6,835,699</u> |

There were no changes in valuation methods during 2022.

The following table sets forth by level, within the fair value hierarchy, investments held for deferred compensation plans at fair value as of December 31, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------|---------------------|-------------------|----------------|---------------------|
| Fixed annuity | \$ - | \$ 496,532 | \$ - | \$ 496,532 |
| Mutual funds | 2,279,824 | - | - | 2,279,824 |
| | <u>\$ 2,279,824</u> | <u>\$ 496,532</u> | <u>\$ -</u> | <u>\$ 2,776,356</u> |

7. CONTRIBUTION RECEIVABLE

Contribution receivable has been recorded at net present value. Those amounts that are due in more than one year have been discounted to their present value using a discount rate of 3.25%.

Future maturities of this contribution are as follows at December 31:

| | |
|-------------------------------|-------------------|
| 2023 | \$ 100,000 |
| 2024 | 100,000 |
| 2025 | 100,000 |
| 2026 | 100,000 |
| 2027 | 100,000 |
| | <u>500,000</u> |
| Discount to net present value | <u>(30,502)</u> |
| | <u>\$ 469,498</u> |

The receivable is from a single donor, which represents a concentration of credit risk.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

| | |
|--------------------------------|----------------------|
| Land | \$ 3,676,421 |
| Buildings and improvements | 41,146,163 |
| Leasehold improvements | 351,133 |
| Furniture and equipment | 7,471,377 |
| Transportation equipment | 8,838,394 |
| Construction in progress | <u>828,159</u> |
| | 62,311,647 |
| Less: Accumulated depreciation | <u>(40,397,619)</u> |
| | <u>\$ 21,914,028</u> |

Depreciation and amortization expense was \$2,453,541 for the year ending December 31, 2022.

9. CONTINGENCIES

Third-Party Payors and Contractual Funding

Access is responsible to report to and is regulated by various governmental third parties, among which are the Centers for Medicare and Medicaid Services (CMS) and DOH. These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG), and other agencies have the right to audit fiscal as well as programmatic compliance, i.e., clinical documentation, among other compliance requirements.

Access receives certain funding for its programs in the form of operational grants, which usually run for a period of one year or longer. This support is restricted to operations within the terms of the grants and, accordingly, recognition of grant support is deferred until qualified expenditures are incurred. Any excess of grant support over expenses incurred is recorded as due to government agencies.

Also, Access received additional Medicaid funding for its clinic and other related services in the form of a Comprehensive Outpatient Services (COPS) add-on. The COPS add-on was derived from a formula calculated by the New York State Office of Mental Health (OMH). After certain thresholds were met, a COPS Medicaid liability became due for payments received in excess of the threshold. The amount due is withheld from current Medicaid remittances and is recorded as part of due to government agencies as of December 31, 2022. Effective October 2013, the COPS program has been discontinued statewide.

Access is party to various litigation matters which, in the opinion of management, will not have a material adverse impact on the financial position of Access.

10. LONG-TERM DEBT

Long-term debt consisted of the following as of December 31, 2022:

| | <u>2022</u> |
|--|-------------|
| Loan payable to M&T Bank in monthly installments of \$3,884, including interest at 4.10%, maturing on 12/1/2027. The loan is secured by real property located at Grand Street in Newburgh, New York. | \$ 600,000 |
| Loan payable to Sterling National Bank in monthly installments of \$12,841, including fixed interest at 6.87%, maturing on 9/1/2026. The loan is secured by real property of Access: Supports for Living, Inc. | 241,859 |
| Loan payable to Sterling National Bank in monthly installments of \$7,284, including fixed interest at 4.14%, maturing on 9/1/2027. The loan is secured by real property located at Fish and Game Road in Claverack, New York. | 375,818 |
| Loan payable to Key Bank in annual principal payments of approximately \$26,533, plus interest at the Federal Home Loan Bank of New York, amortizing advanced indicators plus 1.9%, which was 4.3% at December 31, 2021 maturing on 7/1/2023. The loan is secured by real property located at Birch Drive in Middletown, New York. | 15,489 |
| Loan payable to Key Bank in annual principal payments of \$32,133, plus interest at SOFR (3-month) plus 2%, which was 2.13% at December 31, 2021 maturing on 12/1/2021. The loan is secured by real property located at Kerilee Court in Pine Bush, New York. | 2,678 |
| Loan payable to Key Bank in annual principal payments of \$41,200, plus interest at SOFR (3-month) plus 2%, which was 2.13% at December 31, 2021, maturing on 12/1/2021. The loan is secured by real property located at Malloy Road in Wallkill, New York. | 2,199 |
| Loan payable to Key Bank in annual principal payments of \$52,952, plus interest at SOFR plus 2%, which was 2.13% at December 31, 2021 maturing on 12/1/2023. The loan is secured by real property located at Meadow Hill Road in Newburgh, New York. | 52,603 |

10. LONG-TERM DEBT (Continued)

| | |
|--|---------|
| Loan payable to Sterling National Bank in monthly installments of \$5,131, including fixed interest at 4.59%, maturing on 2/1/2027. The loan is secured by real property located at North Street in Crawford, New York. | 232,832 |
| Loan payable to Sterling National Bank in monthly installments of \$4,770, including fixed interest at 4.14%, maturing on 9/1/2027. The loan is secured by real property located at Alia Court in Poughkeepsie, New York. | 246,119 |
| Loan payable to Key Bank in annual principal payments of \$10,258, plus interest at SOFR plus 4.25%, which was 4.38% at December 31, 2021, maturing on 12/1/2026. The loan is secured by real property located at Gillespie Drive in Coxsackie, New York. | 34,192 |
| Loan payable to Key Bank in annual principal payments of \$5,131, plus interest at SOFR (3-month) plus 4.25%, which was 4.38% at December 31, 2021, maturing on 12/1/2026. The loan is secured by real property located at Jones Road in Coxsackie, New York. | 17,093 |
| Loan payable to Sterling National Bank in monthly installments of \$4,607, including fixed interest at 4.62%, maturing on 10/1/2027. The loan is secured by real property located at Moores Hill Road in New Windsor, New York. | 238,456 |
| Loan payable to Sterling National Bank in monthly installments of \$5,098, including interest at the prime rate, which was 3.25% at December 31, 2021 maturing on 12/15/2029. The loan is secured by real property located at Kirbytown Road in Wawayanda, New York. | 313,365 |
| Mortgage payable to Sterling National Bank in monthly installments of \$4,761, including fixed interest at 3.25%, maturing on 2/28/2030. The mortgage is secured by real property located at Teal Road in Pleasant Valley, New York. | 346,440 |

10. LONG-TERM DEBT (Continued)

| | |
|---|---------------------|
| Mortgage payable to Sterling National Bank in monthly installments of \$3,723, including fixed interest at 5.62%, maturing on 12/31/2028. The mortgage is secured by real property located at Shawangunk Road in Wallkill, New York. | 226,588 |
| Mortgage payable to Sterling National Bank in monthly installments of \$5,117, including fixed interest at 5.78%, maturing on 11/1/2028. The mortgage is secured by real property located at Freetown Highway in Plattekill, New York. | 306,884 |
| Mortgage payable to Sterling National Bank in monthly installments of \$4,638, including fixed interest at 4.62%, maturing on 11/1/2030. The mortgage is secured by real property located at Greenville Turnpike, Middletown, NY | 366,397 |
| Mortgage payable to Sterling National Bank in monthly installments of \$4,685, including fixed interest at 5.06%, maturing on 12/1/2030. The mortgage is secured by real property located at Maple Court in Washingtonville, New York. | 352,575 |
| Capital improvement advance payable to OASAS for building improvements at 26 Sickles Avenue, New Rochelle, NY. Interest at 4.96% and repayment is not required as long as the Organization uses the property as specified by OASAS for 20 years. | 312,692 |
| Loan payable with monthly payments of \$1,359 carrying interest at 3.125% through 2028. | 41,958 |
| Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration in the amount of \$500,000. Payments will commence two years after the date of the loan which will be February 2023. The payment amount will be \$2,215 with interest at 2.75% and maturity during 2052. | <u>500,000</u> |
| Total | <u>\$ 4,826,237</u> |

10. LONG-TERM DEBT (Continued)

Future minimum payments are as follows:

| | | |
|------------|----|------------------|
| 2023 | \$ | 953,129 |
| 2024 | | 779,740 |
| 2025 | | 677,604 |
| 2026 | | 693,911 |
| 2027 | | 619,145 |
| Thereafter | | 1,102,708 |
| | \$ | <u>4,826,237</u> |

Interest expense was \$247,576 for the year ending December 31, 2022.

Access must comply with certain financial covenants, including:

- Maintaining a maximum total liability to net assets ratio of 2.75
- Maintaining a minimum debt coverage ratio of 1.20

Access has determined they have met all covenants at December 31, 2022.

11. BENEFIT PLANS

Access sponsors a 403(b) plan (the Plan) through TIAA-CREF and Empower Retirement. Access matches semimonthly contributions to each participant's account equal to 100% of the first 2% of compensation contributed by each participant and 50% up to the next 4% contributed by each participant. Participants must contribute to the Plan at least 1% of their pay in order to be eligible for matching contributions and may contribute up to an annual limit set by the IRS. Pension expense for the year ended December 31, 2022 was \$1,120,984.

Access also has a 457(b) plan for certain employees. As of December 31, 2022 the liability was \$2,616,170. Contributions to this plan for the year ended December 31, 2022 were \$209,688.

During 2005, Access established a separate 457(f) plan for select key management employees. Vesting is contingent on years of service, age or death. \$47,620 was contributed for the plan year ended December 31, 2022. As of December 31, 2022 the liability was \$54,004.

12. LEASES

The Organization leases certain buildings, office space, vehicles, and copier equipment. There are ten property operating leases which are long-term with expiration dates through 2032. There are six vehicle operating leases with expiration dates through 2025. There are thirty vehicle finance leases with expiration dates through 2027. There are also multiple copier leases which are categorized as finance leases with expiration dates through 2025. There are no options to extend leases included in the calculations of ROU assets and liabilities as of December 31, 2022.

12. LEASES (Continued)

The components of total lease cost for the year ended December 31, are as follows:

| | |
|-------------------------------------|----------------------|
| Operating lease cost | \$ 1,541,190 |
| Finance lease cost: | |
| Amortization of right-of-use assets | 685,469 |
| Interest on lease liabilities | 43,753 |
| Short-term lease cost | <u>10,212,346</u> |
| | <u>\$ 12,482,758</u> |

Supplemental cash flow information related to leases for the year ended December 31, 2022 are as follows:

| | |
|---|--------------|
| Operating cash flows from operating leases | \$ 1,543,263 |
| Financing cash flows from finance leases | \$ 695,373 |
| Right-of-use assets obtained in exchange for lease obligations: | |
| Operating leases | \$10,749,936 |
| Finance leases | \$ 2,470,169 |

Other information related to leases as of December 31, 2022 is as follows

| | |
|--|-----------|
| Weighted average remaining lease term: | |
| Operating leases | 2.5 years |
| Finance leases | 3.2 years |
| Weighted average discount rate: | |
| Operating leases | 5.70% |
| Finance leases | 6.06% |

Maturities of lease liabilities as of December 31, 2022 were as follows:

| | Operating | Finance |
|--|---------------------|---------------------|
| 2023 | \$ 1,780,286 | \$ 746,503 |
| 2024 | 1,479,919 | 587,677 |
| 2025 | 1,369,443 | 420,917 |
| 2026 | 1,346,640 | 326,672 |
| 2027 | 1,264,638 | 290,081 |
| Thereafter | <u>4,850,027</u> | <u>-</u> |
| Total lease payments | 12,090,953 | 2,371,850 |
| Less: interest | <u>(2,383,305)</u> | <u>(330,177)</u> |
| Total present value of lease liabilities | 9,707,648 | 2,041,673 |
| Less: current portion | <u>(1,183,544)</u> | <u>(623,523)</u> |
| Long-term portion of lease liabilities | <u>\$ 8,524,104</u> | <u>\$ 1,418,150</u> |

13. CONCENTRATIONS

The majority of services and the resulting accounts receivable are paid by New York State. Therefore, Access is highly dependent on the New York State reimbursement system for its revenues.

14. RELATED PARTY TRANSACTIONS

Access provides management and administrative services and leased employees to Envision and the Foundation. Amounts for the years ended December 31, 2022 are as follows:

| | <u>2022</u> | | |
|----------------|--|-----------------------------|-------------------|
| | <u>Management and Administrative</u> | <u>Leased Employees</u> | <u>Total</u> |
| Envision | \$ - | \$ 56,253 | \$ 56,253 |
| The Foundation | - | <u>347,407</u> | <u>347,407</u> |
| | <u>\$ -</u> | <u>\$ 403,660</u> | <u>\$ 403,660</u> |

The balance due from (to) Access as of December 31, 2022 was:

| | <u>2022</u> |
|----------------|---------------------|
| Envision | \$ (34,981) |
| The Foundation | <u>(497,089)</u> |
| | <u>\$ (532,070)</u> |

Access conducts business (such as banking, utilities and other services) with several members of the Board of Directors throughout the year. A member of the Foundation board, who is also a member of the Access: Supports for Living, Inc. board, is a principal in the energy company that brokers utilities to Access. No monetary value can be determined for this transaction. All of the transactions are in the normal course of business and the board members did not receive any direct compensation for these services.

15. WORKERS' COMPENSATION INSURANCE

Access was previously a member of Provider Agency Trust for Human Services Workers' Compensation Group. Although Access is no longer part of the group, they are potentially liable for any claims that are still outstanding from the time that they were part of the group. Access previously recorded a liability to cover any potential future claims. Currently, Access has workers' compensation coverage through AIG. As of December 31, 2022 there is no liability due.

16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 are as follows:

| | |
|--|---------------------|
| Funding for Access programs from the Foundation | \$ 3,571,571 |
| Future periods | <u>469,498</u> |
| Total | <u>\$ 4,041,069</u> |

17. LOANS RECEIVABLE FROM THREE CITIES MANAGEMENT, LLC

On February 29, 2016, Access entered into a revolving loan agreement with Three Cities. The loan was extended until March 1, 2023 with a total maximum credit amount of \$1,500,000. Interest is charged at LIBOR plus 2%. The loan is secured by the assets of Three Cities. As of December 31, 2022 the loan receivable balance was \$343,305.

Interest income earned on the loans to Three Cities was \$85,147 during 2022.

18. SELF-INSURED MEDICAL

As of December 1, 2015, Access became self-insured with regard to health insurance. Access has recorded a potential liability for claims in the amount of \$940,494 at December 31, 2022, which is included in accrued payroll and related liabilities. Access has also entered into an insurance plan for stop loss coverage with a maximum amount of \$1,000,000 and per person maximum of \$125,000.

19. LOAN RECEIVABLE

In January 2017, Access received a \$4,000,000 grant from Local Initiatives Support Corporation, a not-for-profit organization, to make a loan to THII-BVI Limited Partnership. The loan is secured by property located in the town of New Windsor, New York. Interest is being charged at 1% per annum. The outstanding principal balance and the accrued interest is payable on the maturity date of the loan which is November 1, 2048. At December 31, 2022 the loan receivable balance was \$4,238,333 which includes accrued interest income totaling \$238,333.

20. OPWDD WORKFORCE STABILIZATION INITIATIVES FUNDING

In 2022, the Organization received approximately \$9,900,000 under the enhanced Federal Medicaid Assistance Program (eFMAP) for retention and longevity bonuses, which was established under the American Rescue Plan to provide financial relief to Home and Community Based Services employees that worked throughout the COVID-19 pandemic. This funding is recorded as grant revenue and salaries and fringe benefit expenses in the accompanying consolidated statements of activities. The eFMAP funds are required to be distributed as formula-based bonuses to certain employees within 90 days and 180 days of their receipt. The Organization distributed these funds in accordance with the requirements of the funding source.

21. ACQUISITIONS

New York Families for Autistic Children, Inc. (NYFAC)

On January 1, 2022, the Organization acquired New York Families for Autistic Children (NYFAC). NYFAC is a 501(c)3 non-profit organization that provides OPWDD funded services primarily in the New York metro region, headquartered in Howard Beach, Queens. The Organization's program services include community habilitation, respite, day habilitation, and family support services. Approvals from OPWDD are pending for both a supported employment and community prevocational program.

21. ACQUISITIONS (Continued)

New York Families for Autistic Children, Inc. (NYFAC) (Continued)

The purpose of this acquisition is to expand the Organization's presence in the New York metro region by adding OPWDD services as well as a physical location. Control was obtained through sole corporate membership. Two of the previous board members of the NYFAC board will serve on the Organization's Board of Directors. No consideration was given for this acquisition.

22. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 25, 2023, which is the date the consolidated financial statements were available to be issued.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2022

| | Access: Supports for Living, Inc. | Housing Development Fund Companies* | The Guidance Center of Westchester | Meaningful NY Initiatives for People with Disabilities, Inc. | New York Families for Autistic Children | Intercompany Eliminations | Total |
|---|--------------------------------------|---|--|---|--|------------------------------|----------------|
| ASSETS | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ 9,022,285 | \$ - | \$ 2,624,739 | \$ 2,267,764 | \$ 1,195,624 | \$ - | \$ 15,110,412 |
| Investments | 6,771,501 | - | 3,605 | - | 60,593 | - | 6,835,699 |
| Accounts receivable - net | 22,028,648 | - | 4,561,516 | 2,530,668 | 530,118 | - | 29,650,950 |
| Due from related organizations | 2,642,665 | - | 39,696 | - | 292,931 | (1,915,448) | 1,059,844 |
| Prepaid expenses and other assets | 1,503,171 | - | 592,193 | 48,919 | 43,929 | - | 2,188,212 |
| Inventories | 1,674,695 | - | - | - | - | - | 1,674,695 |
| Security deposits | 552,187 | - | 163,494 | - | - | - | 715,681 |
| Investments held for retirement plans | 2,776,356 | - | - | - | - | - | 2,776,356 |
| Loan and accrued interest receivable | 4,815,251 | - | - | - | - | - | 4,815,251 |
| Total current assets | 51,786,759 | - | 7,985,243 | 4,847,351 | 2,123,195 | (1,915,448) | 64,827,100 |
| PROPERTY AND EQUIPMENT, NET | 15,555,901 | 226,491 | 1,143,231 | 27,683 | 4,960,722 | - | 21,914,028 |
| OTHER ASSETS: | | | | | | | |
| Goodwill | 80,000 | - | - | - | - | - | 80,000 |
| Contribution receivable | 469,498 | - | - | - | - | - | 469,498 |
| Consumer funds | 385,533 | - | - | - | - | - | 385,533 |
| Equity interest in Access: Supports for Living Foundation, Inc. | 3,571,571 | - | - | - | - | - | 3,571,571 |
| Loans receivable from Three Cities Management LLC | 343,305 | - | - | - | - | - | 343,305 |
| Right of use asset - operating lease | 1,518,031 | - | 8,039,433 | 71,031 | - | - | 9,628,495 |
| Right of use asset - finance lease | 1,834,031 | - | 61,976 | - | 157,325 | - | 2,053,332 |
| Investment in Meaningful NY | 710,000 | - | - | - | - | (710,000) | - |
| Investment in Three Cities Management LLC | 372,831 | - | - | - | - | - | 372,831 |
| Total other assets | 9,284,800 | - | 8,101,409 | 71,031 | 157,325 | (710,000) | 16,904,565 |
| Total assets | \$ 76,627,460 | \$ 226,491 | \$ 17,229,883 | \$ 4,946,065 | \$ 7,241,242 | \$ (2,625,448) | \$ 103,645,693 |
| LIABILITIES AND NET ASSETS | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Current portion of long-term debt | \$ 869,645 | \$ - | \$ 41,300 | \$ - | \$ 42,184 | \$ - | \$ 953,129 |
| Accounts payable and accrued expenses | 2,545,115 | 399 | 271,410 | 155,378 | 244,430 | - | 3,216,732 |
| Accrued payroll and related liabilities | 6,403,002 | - | 1,677,389 | 1,025,512 | 110,994 | - | 9,216,897 |
| Accrued compensated absences payable | 1,051,452 | - | 177,707 | - | - | - | 1,229,159 |
| Operating lease liability, current | 248,486 | - | 863,561 | 71,497 | - | - | 1,183,544 |
| Finance lease liability, current | 542,432 | - | 40,943 | - | 40,148 | - | 623,523 |
| Due to related organizations | 359,816 | 421,416 | 675,139 | 75,874 | 464,795 | (1,915,448) | 81,592 |
| Due to government agencies | 5,252,667 | - | 2,256,426 | 1,512,709 | 152,492 | - | 9,174,294 |
| Deferred compensation payable | 2,670,174 | - | - | - | - | - | 2,670,174 |
| Total current liabilities | 19,942,789 | 421,815 | 6,003,875 | 2,840,970 | 1,055,043 | (1,915,448) | 28,349,044 |
| NONCURRENT LIABILITIES: | | | | | | | |
| Other Long-Term Liabilities | - | - | 141,420 | - | - | - | 141,420 |
| Operating lease liability, net of current portion | 1,268,765 | - | 7,255,339 | - | - | - | 8,524,104 |
| Finance lease liability, net of current portion | 1,281,927 | - | 22,010 | - | 114,213 | - | 1,418,150 |
| Long-Term Debt, Net Of Current Portion | 3,101,942 | - | 271,392 | - | 499,774 | - | 3,873,108 |
| Consumer Funds | 385,533 | - | - | - | - | - | 385,533 |
| Total noncurrent liabilities | 6,038,167 | - | 7,690,161 | - | 613,987 | - | 14,342,315 |
| Total liabilities | 25,980,956 | 421,815 | 13,694,036 | 2,840,970 | 1,669,030 | (1,915,448) | 42,691,359 |
| NET ASSETS: | | | | | | | |
| Without donor restrictions - | | | | | | | |
| Undesignated | 43,655,435 | (195,324) | 3,535,847 | 2,105,095 | 5,572,212 | (710,000) | 53,963,265 |
| Board designated | 2,950,000 | - | - | - | - | - | 2,950,000 |
| Total net assets without donor restrictions | 46,605,435 | (195,324) | 3,535,847 | 2,105,095 | 5,572,212 | (710,000) | 56,913,265 |
| With donor restrictions | 4,041,069 | - | - | - | - | - | 4,041,069 |
| Total net assets | 50,646,504 | (195,324) | 3,535,847 | 2,105,095 | 5,572,212 | (710,000) | 60,954,334 |
| Total liabilities and net assets | \$ 76,627,460 | \$ 226,491 | \$ 17,229,883 | \$ 4,946,065 | \$ 7,241,242 | \$ (2,625,448) | \$ 103,645,693 |

*This column includes the accounts of Sunrise, Oak Ridge, Golden Ridge, Temple Hill, Temple Hill II, Bella Vista II, Deerfield, Golden Ridge II, Golden Ridge IV, Isabella, and Mayburgh LLC.

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

Schedule II

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Access: Supports for Living, Inc. | Housing Development Fund Companies* | The Guidance Center of Westchester | Meaningful NY Initiatives for People with Disabilities, Inc. | New York Families for Autistic Children | Intercompany Eliminations | Total |
|--|--------------------------------------|---|--|---|--|------------------------------|---------------|
| OPERATING REVENUES: | | | | | | | |
| Fees from services | \$ 60,338,091 | \$ - | \$ 7,838,071 | \$ 13,349,929 | \$ 2,450,464 | \$ - | \$ 83,976,555 |
| Contracts and grants | 30,892,648 | - | 14,970,914 | 70,000 | 599,451 | - | 46,533,013 |
| Subcontract and industrial operations | 16,184,280 | - | - | 1,034,159 | - | - | 17,218,439 |
| Management fees | 2,488,041 | - | - | - | - | (2,488,041) | - |
| Interest | 233,776 | - | - | - | - | - | 233,776 |
| Miscellaneous | 7,747 | - | - | - | - | - | 7,747 |
| Total operating revenues | 110,144,583 | - | 22,808,985 | 14,454,088 | 3,049,915 | (2,488,041) | 147,969,530 |
| OPERATING EXPENSES: | | | | | | | |
| Program services | 96,824,608 | - | 19,937,970 | 13,095,634 | 2,406,503 | - | 132,264,715 |
| Management and general | 12,153,737 | 14,410 | 2,193,743 | 1,262,414 | 517,448 | (2,488,041) | 13,653,711 |
| Fundraising | 18,066 | - | 166,421 | - | - | - | 184,487 |
| Total operating expenses | 108,996,411 | 14,410 | 22,298,134 | 14,358,048 | 2,923,951 | (2,488,041) | 146,102,913 |
| INCOME FROM OPERATIONS | 1,148,172 | (14,410) | 510,851 | 96,040 | 125,964 | - | 1,866,617 |
| NON-OPERATING REVENUE (EXPENSE): | | | | | | | |
| Investment income, net | (1,113,185) | - | - | - | (6,205) | - | (1,119,390) |
| Contributions | 19,928 | - | 57,685 | - | 18,454 | - | 96,067 |
| Affordable housing grant | 45,602 | - | - | - | - | - | 45,602 |
| Other income | - | - | 3,018 | - | 60 | - | 3,078 |
| Special event income, net of direct costs | - | - | 184,785 | - | - | - | 184,785 |
| Gain on sale of property and equipment | 207,377 | - | - | - | - | - | 207,377 |
| Total non-operating revenue (expense), net | (840,278) | - | 245,488 | - | 12,309 | - | (582,481) |
| CHANGE IN NET ASSETS BEFORE OTHER CHANGES | 307,894 | (14,410) | 756,339 | 96,040 | 138,273 | - | 1,284,136 |
| NET ASSET TRANSFER TO AFFILIATE | - | - | - | - | - | - | - |
| PRIOR YEAR ADJUSTMENTS | - | - | - | (502,098) | - | - | (502,098) |
| CHANGE IN EQUITY INTEREST IN ACCESS: SUPPORTS FOR LIVING FOUNDATION, INC. | (90,915) | - | - | - | - | - | (90,915) |
| CHANGE IN INVESTMENT IN THREE CITIES MANAGEMENT LLC | 71,745 | - | - | - | - | - | 71,745 |
| CHANGE IN NET ASSETS | 288,724 | (14,410) | 756,339 | (406,058) | 138,273 | - | 762,868 |
| NET ASSETS - beginning of year | 50,357,780 | (180,914) | 2,779,508 | 2,511,153 | 5,433,939 | (710,000) | 60,191,466 |
| NET ASSETS - end of year | \$ 50,646,504 | \$ (195,324) | \$ 3,535,847 | \$ 2,105,095 | \$ 5,572,212 | \$ (710,000) | \$ 60,954,334 |

*This column includes the accounts of Sunrise, Oak Ridge, Golden Ridge, Temple Hill, Temple Hill II, Bella Vista II, Deerfield, Golden Ridge II, Golden Ridge IV, Isabella, and Mayburgh LLC.

The accompanying notes are an integral part of these schedules.

**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (NYFAC ONLY - FOR 990 PURPOSES ONLY)
FOR THE PERIOD JULY 1, 2022 THROUGH DECEMBER 31, 2022**

| | New York Families for Autistic Children |
|--|--|
| OPERATING REVENUES: | |
| Fees from services | \$ 1,303,700 |
| Contracts and grants | <u>285,262</u> |
| Total operating revenues | <u>1,588,962</u> |
| OPERATING EXPENSES: | |
| Program services | 1,323,284 |
| Management and general | <u>288,077</u> |
| Total operating expenses | <u>1,611,361</u> |
| INCOME FROM OPERATIONS | <u>(22,399)</u> |
| NON-OPERATING REVENUE (EXPENSE): | |
| Investment income, net | 1,186 |
| Contributions | <u>5,048</u> |
| Total non-operating revenue (expense), net | <u>6,234</u> |
| CHANGE IN NET ASSETS | <u>\$ (16,165)</u> |

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

| Federal Grantor/ Pass Through Grantor/ Program Title | Assistance Listing Number | Pass-Through Entity Identification Number | Federal Expenditures |
|--|---------------------------------|--|-------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through NYS Department of Health Riverview Center Child and Adult Care Food Program | 10.558 | 3527 | \$ 76,030 |
| Total U.S. Department of Agriculture | | | <u>76,030</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Passed through City of Mount Vernon COVID-19 Emergency Solutions Grants Program | 14.231 | E-20-MW-36-0102 | 892,176 |
| | | | <u>892,176</u> |
| Passed through Westchester County DCMH Continuum of Care Program | 14.267 | NY0488L2T042013 | 95,014 |
| Continuum of Care Program | 14.267 | NY0488L2T042114 | 487,710 |
| Continuum of Care Program | 14.267 | NY0904L2T042007 | 121,625 |
| Passed through City of Mount Vernon Continuum of Care Program | 14.267 | NY0627L2T042012 | 231,552 |
| Continuum of Care Program | 14.267 | NY0625L2T042113 | 155,182 |
| Passed through Westchester County Department of Social Services Continuum of Care Program | 14.267 | NY0988L2T042006 | 325,630 |
| Continuum of Care Program | 14.267 | NY0988L2T042107 | 249,642 |
| | | | <u>1,666,355</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>2,558,531</u> |
| <u>U.S. Department of Labor</u> | | | |
| Passed through Westchester Putnam Workforce Investment Board WIOA Cluster WIOA Youth Activities | 17.259 | DSS428-A-19 | 149,748 |
| Total WIOA Cluster | | | <u>149,748</u> |
| Total U.S. Department of Labor | | | <u>149,748</u> |
| <u>U.S. Department of Education</u> | | | |
| Special Education Cluster (IDEA) Passed through Mount Vernon City School District Special Education - Grants to States | 84.027 | 611-221585 | 18,372 |
| Special Education - Grants to States | 84.027 | 619-221536 | 3,804 |
| Passed through Rye Neck Union Free School District Special Education - Grants to States | 84.027 | 48343 | 6,526 |
| Passed through Yonkers School District Special Education - Grants to States | 84.027 | 5599 21-22 | 2,331 |
| Passed through Mamaroneck Union Free School District Special Education - Grants to States | 84.027 | 611 2020-2021 | 7,870 |
| Special Education - Grants to States | 84.027 | 619 2020-2021 | 1,950 |
| | | | <u>40,853</u> |
| Total Special Education Cluster (IDEA) | | | <u>40,853</u> |
| Total U.S. Department of Education | | | <u>40,853</u> |

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

| <u>U.S. Department of Health and Human Services</u> | | | |
|---|--------|---------------------|-----------------------------|
| Passed through NYS OMH | | | |
| COVID-19 Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution | 93.498 | NA | 99,271 |
| COVID-19 Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution | 93.498 | NA | <u>1,478,884</u> |
| | | | <u>1,578,155</u> |
| Passed through NYS OCFS | | | |
| Child Care and Development Block Grant | 93.575 | A-10295 | <u>91,292</u> |
| Head Start Cluster | | | |
| Passed through Family Services of Westchester | | | |
| Head Start | 93.600 | 02CH011271-02-03 | <u>338,276</u> |
| Total Head Start Cluster | | | <u>338,276</u> |
| Passed through SAMHSA | | | |
| Certified Community Behavioral Health Clinic Expansion Grants | 93.696 | 1H79SM086846-01 | 14,374 |
| Certified Community Behavioral Health Clinic Expansion Grants | 93.696 | 1H79SM086891-01 | <u>20,370</u> |
| | | | <u>34,744</u> |
| Passed through NYS OASAS | | | |
| Opioid STR | 93.788 | NA | 269,233 |
| Passed through SAMHSA | | | |
| Opioid STR | 93.788 | H79TI083327-02 | <u>202,408</u> |
| | | | <u>471,641</u> |
| Passed through SAMHSA | | | |
| Section 223 Demonstration Programs to Improve Community Mental Health Services | 93.829 | 1H79SM083305-01 | 1,197,214 |
| Section 223 Demonstration Programs to Improve Community Mental Health Services | 93.829 | 1H79SM083070-01 | <u>2,048,209</u> |
| | | | <u>3,245,423</u> |
| Passed through Westchester County DCMH | | | |
| Block Grants for Community Mental Health Services | 93.958 | CMH2022015X | <u>203,241</u> |
| Passed through SAMHSA | | | |
| COVID-19 Block Grants for Community Mental Health Services | 93.958 | H79SM085798 | 343,889 |
| Block Grants for Community Mental Health Services | 93.958 | 6H79SM085480-01M004 | 662,649 |
| Block Grants for Community Mental Health Services | 93.958 | C21186GG | 329,164 |
| Block Grants for Community Mental Health Services | 93.958 | C21662GG | 400,000 |
| Block Grants for Community Mental Health Services | 93.958 | C21880GG | <u>152,000</u> |
| | | | <u>1,887,702</u> |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | CFA0145TSU | <u>22,825</u> |
| Passed through Research Foundation for Mental Hygiene, Inc. | | | |
| COVID-19 Mental Health Disaster Assistance and Emergency Mental Health | 93.982 | 1 H707SM083766-01 | <u>682,649</u> |
| Total U.S. Department of Health and Human Services | | | <u>8,555,948</u> |
| | | | <u>\$ 11,381,110</u> |

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

May 25, 2023

To the Board of Directors of
Access: Supports for Living, Inc., and Subsidiaries:

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 consolidated financial statements of Access: Supports for Living, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements we considered the Organization'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 opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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.

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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

(Continued)

Report on Internal Control over Financial Reporting (Continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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*.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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

May 25, 2023

To the Board of Directors of
Access: Supports for Living, Inc. and Subsidiaries:

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited Access: Supports for Living, Inc. and Subsidiaries (the 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 each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended.

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 the Organization 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 the Organization's compliance with the compliance requirements referred to above.

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

(Continued)

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 the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization'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 the Organization'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 the Institute'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 the Institute'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 the Organization'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 the Organization'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.

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

(Continued)

Report on Internal Control over Compliance

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 a 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.

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 control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Bonadio & Co., LLP

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Access: Supports for Living, Inc. and Subsidiaries (Organization) under programs of the federal government for the year ended December 31, 2022. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

The information in this 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting used by the Organization to report to the federal government. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SUB-RECIPIENTS

Of the federal expenditures presented in the schedule of federal awards, the Organization provided no federal awards to sub-recipients.

4. NON-CASH ASSISTANCE

The Organization did not receive any non-cash assistance that should be reported in the accompanying schedule of expenditures of federal awards as of December 31, 2022.

5. DE MINIMIS COST RATE

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSIDIARIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None 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 the Uniform Guidance? Yes No

Identification of major programs:

| <i>Assistance Listing Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-------------------------------------|---|
| 14.231 | COVID-19 Emergency Solutions Grants Program |
| 93.498 | COVID-19 Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution |
| 93.958 | Block Grants for Community Mental Health Services |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

ACCESS: SUPPORTS FOR LIVING, INC. AND SUBSUDUARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) DECEMBER 31, 2022

SECTION 2 – FINANCIAL STATEMENT FINDINGS

Finding Number 2022-001 (Significant Deficiency)

Condition: During audit procedures, it was noted that several financial reporting areas had not been properly reconciled in a timely manner. This resulted in management providing several adjustments to ensure that the financial reporting was fairly stated with generally accepted accounting principles in the United States.

Criteria: Accounts should be reconciled monthly or quarterly as part of the internal close process

Cause: It is believed that most of the delay is due to the significant growth that the Organization has had over the past two years as well as turnover within the finance department.

Effect: Timely and accurate financial information may not be available to support management decisions.

Recommendation: It is recommended that the Organization continue to invest in higher level support for the CFO which would include recruiting for a more highly skilled senior staff and filling critical vacancies. In future audits, reconciliations and audit requests should be provided timely to ensure that the audit can be performed as scheduled and in order to meet reporting and cost report due dates. It is integral to the audit process that the more complex and significant audit areas are provided early in the process to ensure that there is adequate time to work through these areas.

Management's Response: Management has undertaken a formal restructuring process for the finance department aimed at realigning resources to recruit and retain more highly skilled and experienced staff across all functions. This process is being shaped by the CEO, CFO, Chief Program Officer, and Human Resources. Additionally, for the last six months, the Organization has been working with the Harvard Business School Community Partners, a pro-bono program of the Harvard Business School Club of New York. The group undertook a review and analysis of, mainly, administrative functions of the Organization, with a particular focus on finance, and has made actionable recommendations to improve efficiency and effectiveness. They will be providing their final findings and recommendations to members of the Senior Leadership team and Board of Directors, at which point we will begin exploring and implementing their recommendations.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs for the year ended December 31, 2022.

**ACCESS SUPPORTS FOR LIVING, INC.
15 FORTUNE ROAD WEST
MIDDLETOWN, NY 10941**

Corrective Action Plan

Access: Supports for Living, Inc. and Subsidiaries respectfully submits the following corrective action plan for the year ended December 31, 2022.

Name and address of independent public accounting firm:

Bonadio & Co, LLP
6 Wembley Court
Albany, New York 12205

Audit Period: January 1, 2022 through December 31, 2022

The significant deficiency from the December 31, 2022 schedule of findings and questioned costs is discussed below. It is numbered consistently with the number assigned in the schedule.

Federal Award Finding and Questioned Costs

Name of Contact Person: Maude Rosado, Chief Financial Officer
Anticipated Completion Date: December 31, 2023

2022-001 – Significant Deficiency

Corrective Action Plan:

Condition: During the audit procedures, it was noted that several financial reporting areas had not been properly reconciled in a timely manner. This resulted in management providing several adjustments to ensure that the financial reporting was fairly stated with generally accepted accounting principles in the United States.

Recommendation: It is recommended that the Organization continue to invest in higher level support for the CFO which would include recruiting for a more highly skilled senior staff and filling critical vacancies. In future audits, reconciliations and audit requests should be provided timely to ensure that the audit can be performed as scheduled and in order to meet reporting and cost report due dates. It is integral to the audit process that the more complex and significant audit areas are provided early in the process to ensure that there is adequate time to work through these areas.

Current Status: Management has undertaken a formal restructuring process for the finance department aimed at realigning resources to recruit and retain more highly skilled and experienced staff across all functions.

If there are questions regarding this plan, please call Ms. Maude Rosado at (845) 692-4454 ext. 7040.