Helen Keller Services

Financial Statements
Year Ended June 30, 2022

Helen Keller Services

Financial Statements
Year Ended June 30, 2022

Helen Keller Services

Contents

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Independent Auditor's Report

The Board of Trustees
Helen Keller Services
Brooklyn, New York

Opinion

We have audited the financial statements of Helen Keller Services (HKS), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HKS as of June 30, 2022, and the changes in its net assets and its 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 (GAAS). 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 HKS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 HKS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HKS's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the financial statements of HKS as of and for the year ended June 30, 2021, and our report dated November 2, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

November 1, 2022

Helen Keller Services

Statement of Financial Position
(with comparative totals for 2021)

June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Assets				
Current				
Cash and cash equivalents (including funds held in trust for trainees of $12,132 in 2022)	$ 1,986,555	$ 1,399,742	**$ 3,386,297**	$ 1,619,184
Grants receivable (Note 2)	2,839,161	-	**2,839,161**	3,369,051
Program fees and accounts receivable, net (Note 2)	4,008,328	-	**4,008,328**	3,057,954
Pledges receivable, net (Note 4)	-	149,668	**149,668**	85,090
Due from other funds	-	346,497	**346,497**	346,497
Investments, at fair value (Note 5)	77,023,399	336,315	**77,359,714**	99,438,781
Other assets	643,047	-	**643,047**	737,947
Total Current Assets	86,500,490	2,232,222	**88,732,712**	108,654,504
Investments, at fair value, less current portion (Note 5)	5,534,357	2,159,018	**7,693,375**	6,266,259
Property, Plant, and Equipment, Net (Note 7)	9,766,678	-	**9,766,678**	9,470,106
	$ 101,801,525	$ 4,391,240	**$ 106,192,765**	$ 124,390,869
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$ 3,841,889	$ -	**$ 3,841,889**	$ 3,152,547
Deferred revenue	264,702	-	**264,702**	189,342
Due to other funds	331,778	14,719	**346,497**	347,601
PPP loan payable (Note 8)	-	-	**-**	4,740,000
Other liabilities (Note 6)	53,903	-	**53,903**	62,968
Total Current Liabilities	4,492,272	14,719	**4,506,991**	8,492,458
Refundable Deposits	218,478	-	**218,478**	165,977
Deferred Rent	5,567,191	-	**5,567,191**	5,433,472
Accrued Pension Liability (Note 11)	-	-	**-**	6,505,446
Total Liabilities	10,277,941	14,719	**10,292,660**	20,597,353
Commitments and Contingencies (Notes 9, 10, 11, 12, and 14)				
Net Assets (Note 9)				
Without donor restrictions	91,523,584	-	**91,523,584**	99,302,394
With donor restrictions:				
Time/purpose restricted (Note 9)	-	1,730,639	**1,730,639**	1,298,635
Perpetual trusts (Note 9)	-	2,194,537	**2,194,537**	2,741,142
Endowment funds (Note 9)	-	451,345	**451,345**	451,345
Total Net Assets	91,523,584	4,376,521	**95,900,105**	103,793,516
Total Liabilities and Net Assets	$ 101,801,525	$ 4,391,240	**$ 106,192,765**	$ 124,390,869

See accompanying notes to financial statements.

Helen Keller Services

Statement of Activities
(with comparative totals for 2021)

Year ended June 30,	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Support and Revenue				
Public support:				
Contributions	$ 945,288	$ 480,342	**$ 1,425,630**	$ 897,994
Legacies	48,741	-	**48,741**	316,782
Special events:				
Gross receipts	271,631	-	**271,631**	40,911
Less: direct donor benefits	(24,931)	-	**(24,931)**	(3,575)
Total Public Support	1,240,729	480,342	**1,721,071**	1,252,112
Fees and grants from government agencies:				
National Center for DeafBlind Youths and Adults – grant income	22,698,018	-	**22,698,018**	19,748,486
Helen Keller Services for the Blind – grant income	407,653	-	**407,653**	374,640
Training fees and allowances	9,690,380	-	**9,690,380**	8,305,551
Total Fees and Grants from Government Agencies	32,796,051	-	**32,796,051**	28,428,677
Other revenue (expense):				
Investment income	2,928,561	-	**2,928,561**	2,195,487
Rental income:				
Gross receipts	612,322	-	**612,322**	649,635
Less: direct costs	(264,425)	-	**(264,425)**	(193,362)
Net (loss) gain on investments	(13,764,921)	(546,605)	**(14,311,526)**	21,786,663
Other	111,494	-	**111,494**	786,233
Total Other Revenue (expense)	(10,376,969)	(546,605)	**(10,923,574)**	25,224,656
Net assets released from restrictions (Note 10)	48,338	(48,338)	**-**	-
Total Support and Revenue	$ 23,708,149	$ (114,601)	**$ 23,593,548**	$ 54,905,445

See accompanying notes to financial statements.

Helen Keller Services

Statement of Activities (continued)
(with comparative totals for 2021)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Expenses				
Program services:				
Comprehensive services	$ 4,934,530	$ -	**$ 4,934,530**	$ 4,733,291
Supported employment services	11,333	-	**11,333**	42,620
Day habilitation services	1,881,464	-	**1,881,464**	1,963,997
Blind children program	3,825,650	-	**3,825,650**	3,480,930
Summer camp	140,564	-	**140,564**	64,004
National Center for DeafBlind Youths and Adults	17,428,559	-	**17,428,559**	16,066,634
Residential	991,383	-	**991,383**	722,605
Total Program Services	29,213,483	-	**29,213,483**	27,074,081
Supporting services:				
Management and general	4,454,699	-	**4,454,699**	4,005,399
Fundraising	740,359	-	**740,359**	810,751
Public relations and volunteer services	252,520	-	**252,520**	287,734
Total Supporting Services	5,447,578	-	**5,447,578**	5,103,884
Total Expenses	34,661,061	-	**34,661,061**	32,177,965
Change in Net Assets, before other gains (losses)	(10,952,912)	(114,601)	**(11,067,513)**	22,727,480
Decrease in Unfunded Pension Obligation	8,066,842	-	**8,066,842**	7,095,451
Loss on dissolution of pension plan	(8,881,016)	-	**(8,881,016)**	-
Gain on forgiveness of PPP loan	3,988,276	-	**3,988,276**	-
Change in Net Assets	(7,778,810)	(114,601)	**(7,893,411)**	29,822,931
Net Assets, beginning of year	99,302,394	4,491,122	**103,793,516**	73,970,585
Net Assets, end of year	$ 91,523,584	$ 4,376,521	**$ 95,900,105**	$ 103,793,516

See accompanying notes to financial statements.

Helen Keller Services

Statement of Functional Expenses
(with comparative totals for 2021)

	Comprehensive Services	Supported Employment Services	Day Habilitation Services	Children's Learning Center	Summer Camp	National Center for DeafBlind Youths and Adults	Residential	Total Program Services
Salaries	$ 2,380,119	$ -	$ 911,830	$ 1,578,512	$ 58,635	$ 9,906,541	$ 659,475	$ 15,495,112
Employee benefits and payroll taxes	882,452	-	383,436	607,203	7,477	3,051,656	255,223	5,187,447
Real estate taxes and municipal service charge	-	-	-	-	-	300	-	300
Rent	-	-	-	-	-	121,660	-	121,660
Heat, light, and power	-	-	-	-	-	334,356	10,375	344,731
Supplies, equipment, and printing	48,982	-	6,450	69,428	2,553	277,327	9,390	414,310
Cleaning service	-	-	-	-	-	-	-	-
Advertising	850	-	-	-	-	-	-	850
Telephone	40,075	45	16,137	11,636	543	112,676	8,480	189,592
Insurance	25,087	-	125,338	9,800	5,270	198,465	8,660	372,620
Repairs and maintenance	-	-	-	-	2,689	5,257	10,018	17,964
Travel	45,028	-	3,001	219	-	412,751	1,315	462,314
Auto maintenance	196	-	85,799	-	-	15,562	7,400	108,957
Consultant fees	-	-	-	-	-	1,170,952	-	1,170,952
Professional fees	24,226	-	2,139	198,653	4,224	17,104	3,433	249,779
Medical fees	-	-	-	-	-	15,306	-	15,306
Medical supplies	-	-	-	-	-	6,417	5,151	11,568
Food	171	-	843	-	-	76,467	10,030	87,511
Client transportation	-	-	-	-	56,304	-	-	56,304
Client recreation	15,317	-	700	-	1,900	2,456	-	20,373
Client aids	180,641	-	-	-	-	238,166	(2,500)	416,307
Payments to subawards	-	-	-	-	-	503,235	-	503,235
Trainee allowances	75,394	-	-	-	-	-	-	75,394
Staff development and seminars	1,565	-	2,831	1,275	-	57,253	625	63,549
Postage	26,360	-	-	202	-	9,360	-	35,922
Equipment rental	2,672	-	-	693	-	1,031	1,812	6,208
Outside services	6,582	-	-	5,603	969	469,949	-	483,103
Bank and investment fees	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Depreciation and amortization	3,204	-	56,388	-	-	228,659	2,496	290,747
Miscellaneous	-	-	-	-	-	195,653	-	195,653
Total, before building allocations	3,758,921	45	1,594,892	2,483,224	140,564	17,428,557	991,383	26,397,588
Building allocations:								
Brooklyn Bldg.:								
Program and supporting services	783,082	-	-	1,208,183	-	-	-	1,991,265
Rental properties	-	-	-	-	-	-	-	-
Hempstead Bldg.:								
Program and supporting services	358,260	11,288	224,582	-	-	-	-	594,130
Rental properties	-	-	-	-	-	-	-	-
Suffolk Bldg.:								
Program and supporting services	34,267	-	61,990	134,243	-	-	-	230,500
Total Expenses	$ 4,934,530	$ 11,333	$ 1,881,464	$ 3,825,650	$ 140,564	$ 17,428,557	$ 991,383	$ 29,213,483

Helen Keller Services

Statement of Functional Expenses (continued)
(with comparative totals for 2021)

Year ended June 30,

	Supporting Services								Total	
	Brooklyn Buildings	Hempstead Building	Suffolk Building	National Center for DeafBlind Youths and Adults (Note 11)	Management and General	Fundraising	Public Relations and Volunteer Services	Total Supporting Services	**2022**	2021
Salaries	$ -	$ -	$ -	$ 864,836	$ 806,799	$ 167,897	$ -	$ 1,839,532	**$ 17,334,644**	$ 15,415,553
Employee benefits and payroll taxes	-	-	-	266,408	379,826	75,475	-	721,709	**5,909,156**	6,778,692
Real estate taxes and municipal service charge	138,511	233,894	-	40,840	-	-	-	413,245	**413,545**	357,784
Rent	1,710,504	-	70,872	-	-	-	-	1,781,376	**1,903,036**	1,892,773
Heat, light and power	126,584	134,617	15,292	28,635	-	-	-	305,128	**649,859**	538,565
Supplies, equipment, and printing	21,170	38,325	-	94,394	59,701	926	-	214,516	**628,646**	972,992
Cleaning service	-	12,251	-	-	-	-	-	12,251	**12,251**	11,510
Advertising	-	-	-	-	-	10,665	-	10,665	**11,515**	18,060
Telephone	5,763	909	3,434	9,649	25,908	1,510	-	47,173	**236,765**	215,150
Insurance	8,136	24,304	929	16,997	26,535	-	-	76,901	**449,521**	407,867
Repairs and maintenance	53,079	46,066	165	450	-	-	-	99,760	**117,724**	241,115
Travel	-	225	-	7,934	4,878	734	-	13,771	**476,085**	198,317
Auto maintenance	-	-	-	-	-	-	-	-	**108,957**	65,253
Consultant fees	-	-	-	334,532	32	-	-	334,564	**1,505,516**	1,389,357
Professional fees	550	34,165	-	51,941	297,673	1,950	73,530	459,809	**709,588**	804,482
Medical fees	-	-	-	-	-	-	-	-	**15,306**	8,513
Medical supplies	-	-	-	-	-	-	-	-	**11,568**	6,289
Food	-	-	-	-	-	-	-	-	**87,511**	34,401
Client transportation	-	-	-	-	-	-	-	-	**56,304**	(150)
Client recreation	-	-	-	-	-	-	-	-	**20,373**	28,577
Client aids	-	-	-	-	-	-	-	-	**416,307**	264,948
Payments to subawards	-	-	-	-	-	-	-	-	**503,235**	378,478
Trainee allowances	-	-	-	-	-	-	-	-	**75,394**	49,393
Staff development and seminars	-	-	-	14,835	9,571	142	-	24,548	**88,097**	23,867
Postage	-	-	-	5,833	28,405	22,653	-	56,891	**92,813**	32,431
Equipment rental	-	2,333	2,333	18,829	8,971	-	-	32,466	**38,674**	41,536
Outside services	237,694	233,635	519	111,484	374,813	-	-	958,145	**1,441,248**	988,763
Bank and investment fees	50	-	-	11,486	292,880	-	-	304,416	**304,416**	196,341
Interest expense	-	-	-	-	-	-	-	-	**-**	93
Depreciation and amortization	318,790	97,721	2,520	37,224	4,773	-	-	461,028	**751,775**	749,486
Miscellaneous	-	110	-	35,661	112,563	7,068	-	155,402	**351,055**	260,891
Total, before building allocations	2,620,831	858,555	96,064	1,951,968	2,433,328	289,020	73,530	8,323,296	**34,720,884**	32,371,327
Building allocations:										
Brooklyn Bldg.:										
Program and supporting services	(2,592,311)	-	-	-	467,052	25,170	178,990	(1,921,099)	**70,166**	-
Rental properties	-	-	-	-	-	-	-	-	**-**	-
Hempstead Bldg.:										
Program and supporting services	-	(594,130)	-	-	-	-	-	(594,130)	**-**	-
Rental properties	-	(264,425)	-	-	-	-	-	(264,425)	**(264,425)**	(193,362)
Suffolk Bldg.:										
Program and supporting services	-	-	(96,064)	-	-	-	-	(96,064)	**134,436**	-
Total Expenses	$ 28,520	$ -	$ -	$ 1,951,968	$ 2,900,380	$ 314,190	$ 252,520	$ 5,447,578	**$ 34,661,061**	$ 32,177,965

See accompanying notes to financial statements.

Helen Keller Services

Statement of Cash Flows
(with comparative totals for 2021)

Year ended June 30,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (7,893,411)	$ 29,822,931
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	751,775	749,486
Unrealized losses (gains) on investments	15,478,537	(18,829,251)
Realized gains on investments	(1,167,011)	(2,957,412)
Change in present value of pledges receivable	-	(13,081)
Forgiveness of PPP loan	(3,988,276)	-
Decrease in minimum pension obligation	(8,066,842)	(7,095,451)
Loss on dissolution of pension plan	8,881,016	-
Decrease (increase) in assets:		
Grants receivable	529,890	(2,659,286)
Program fees and accounts receivable	(950,374)	305,274
Pledges receivable	(64,578)	130,640
Due from other funds	-	(139,042)
Other assets	94,900	(61,028)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	689,342	(504,503)
Deferred revenue	75,360	(481,696)
Refundable deposits	52,501	-
Deferred rent	133,719	91,623
Due to other funds	(1,104)	140,146
Other liabilities	(9,065)	(6,191)
Accrued pension obligation	(7,319,620)	(5,685,717)
Net Cash Used in Operating Activities	(2,773,241)	(7,192,558)
Cash Flows from Investing Activities		
Purchases of investments	(28,308,359)	(25,128,472)
Proceeds from sale of investments	40,930,997	36,023,821
Change in cash equivalents used in investments	(6,282,213)	(7,796,943)
Purchases of property, plant, and equipment	(1,048,347)	(136,837)
Net Cash Provided by Investing Activities	5,292,078	2,961,569
Cash Flows from Financing Activities		
Principal payments on PPP loan	(751,724)	-
Net Cash Used in Financing Activities	(751,724)	-
Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	1,767,113	(4,230,989)
Cash and Cash Equivalents and Restricted Cash, beginning of year	1,619,184	5,850,173
Cash and Cash Equivalents and Restricted Cash, end of year	$ 3,386,297	$ 1,619,184

See accompanying notes to financial statements.

1. Description of Organization

The mission of Helen Keller Services (HKS) is to enable individuals who are blind and have low vision and additional disabilities and are DeafBlind to live, work, and thrive in their community of choice. HKS is comprised of two divisions, Helen Keller Services for the Blind (HKSB) and Helen Keller National Center (HKNC or the Center).

HKSB offers an array of services in New York City/Long Island area and operates training facilities in Brooklyn, Hempstead, and Islandia. The services include a pre-school; early intervention; camp; day habilitation services; low vision services; vocational rehabilitation to youth, working-age adults, and seniors; and residential services.

HKNC operates the only comprehensive national vocational rehabilitation program exclusively serving both youth and adults who are DeafBlind offering specialized intensive services, or any other services, at the Center in Sands Point, New York or anywhere else in the United States necessary to encourage the maximum personal development of any individual who is DeafBlind. In addition, HKNC provides training to family members of individuals who are DeafBlind, professionals, and allied personnel and conducts applied research, development programs, and demonstrations and maintains a national registry of individuals who are DeafBlind.

Programs

While HKS' constituency is national in scope, the following listing of programs are operated to serve individuals from diverse ethnic, racial, and socioeconomic backgrounds living in the New York metropolitan area (primarily Brooklyn, Queens, Nassau, and Suffolk counties):

Comprehensive Services – This offers a comprehensive program of personal, social, vocational, ophthalmological services, optometric examinations, and the fitting of special lenses and other optical devices, and community adjustment services.

Supported Employment Services – This is a specialized job placement service that provides one-on-one job coaching at the work site and long-term follow-up services.

Day Habilitation Services – This provides individualized training and habilitation to developmentally disabled adults. The program emphasis is on developing skills that lead to greater independence, community integration and exposure to community resources and activities.

Children's Learning Center - HKS operates specialized programs on a day basis under supervision of highly skilled professional workers for groups of blind children.

Residential – This consists of two group homes for blind and developmentally disabled adults. The residences, located in North Bellmore, New York and Port Washington, New York, are staffed 24 hours a day, seven days a week.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of HKS have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, (U.S. GAAP) as applicable to not-for-profit organizations.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—without donor restrictions and with donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investments should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of HKS.

With Donor Restrictions – This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. HKS reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting HKS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. The net assets with donor restrictions that are included in this category are endowments and funds held in trust by others. The endowments are funds held by HKS, while the funds held in trust by others are funds held outside of HKS for the benefit of HKS.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents represent short-term investments with original maturities of three months or less, except for those short-term investments managed by HKS' investment managers as part of their long-term investment strategies. Included in cash and cash equivalents are funds held in trust for trainees.

Revenue Recognition

As a practical expedient, HKS utilizes the portfolio approach for analyzing revenue contracts, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU)

2014-09, *Revenue from Contracts with Customers (Topic 606)*. HKS accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. HKS considers the similar nature and characteristics of the contract and customers in using the portfolio approach. HKS believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Training Fees and Allowances

HKS receives a substantial amount of its revenue for services provided to approved participants from third-party reimbursement agencies, primarily the New York State Office for People with Developmental Disabilities (OPWDD), Medicaid, the Commission for Blind and Visually Handicapped, the State Education Department of New York (SED), and the U.S. Department of Education. These revenues are earned as services are performed and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position or results of operations of HKS.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. HKS measures revenue from the commencement of services, to the continuation of services and until services are no longer required. HKS believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, HKS has elected, as part of their adoption of the revenue standard, to apply the optional exemption provided in ASU 2014-09 *Topic 606*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary as determined by New York State, and HKS will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and HKS considers these amounts in determination of the transaction price. HKS determines its estimates of explicit or implicit price concessions and contractual adjustments based on its historical collection experience.

Grants, Program Fees, and Accounts Receivable

Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Government and other grant funds received in excess of revenue earned are recorded as deferred revenue.

Grants, program fees, and accounts receivable are stated at their unpaid balances, less an allowance for doubtful accounts. HKS provides for losses on amounts due using the allowance method. The allowance method is based on experience, contractual terms, and other circumstances, which may affect the ability of the agencies to meet their obligations. Grants, program fees, and accounts receivable are considered impaired if full principal payments are not received in accordance with the contractual terms. It is HKS' policy to charge off uncollectible amounts when management determines they will not be collected.

Contributions and Promises to Give

Contributions are reported at fair value on the date they are 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. When a donor restriction expires—that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished—net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, HKS reports the support as net assets without donor restrictions.

Contributions in the form of promises to give are recorded as revenue when signed pledges are made and are classified as either with donor restrictions or without donor restrictions. 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-free 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.

Revenue with customers is comprised of the following:

June 30, 2022		
Training fees and allowances	$	9,690,380
Total Revenue Subject to ASC 606		9,690,380
Total Revenue Not Subject to ASC 606		24,826,742
Total Support and Revenue	$	34,517,122

Receivables and contract balances from contracts with customers are as follows:

		Receivables		Contract Liabilities (Deferred Revenue)
Beginning of Year	$	3,057,954	$	189,342
End of Year	$	4,008,328	$	264,702

Concentration of Credit Risk

Financial instruments that potentially subject HKS to concentration of credit risk consist primarily of cash and cash equivalents. At times, HKS has cash deposits that exceed the Federal Deposit Insurance Corporation insurance limit in place at the financial institution. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Fair Value Measurement

ASC 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as HKS would use in pricing HKS' asset or liability, based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of HKS are traded. HKS estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments, at Fair Value

Investments are recorded at their fair values in the statement of financial position. Investment income, including realized and unrealized gains and losses on investments, is reported in the statement of activities as increases or decreases in net assets.

Income Taxes

HKS was incorporated in the state of New York and is exempt from federal and state income taxes under Section (501)(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements.

HKS adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. HKS does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. HKS has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, HKS has filed Internal Revenue Service (IRS)

Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended June 30, 2022, there was no interest or penalties recorded or included in the statement of activities. As of June 30, 2022, the years still subject to examination by a taxing authority are 2018 through 2021.

Property, Plant, and Equipment, Net

Property, plant, and equipment, net, are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Building improvements are depreciated over the shorter of their estimated useful life or the life of the building, whichever is shorter. The estimated useful lives of the assets are as follows:

Asset Category	Years
Building and improvements	10-40
Furniture, fixtures, and equipment	3-10
Vehicles	5-7

HKS follows the policy of capitalizing all fixed asset acquisitions in excess of $5,000. Maintenance and repairs are charged to operations when incurred. When fixed assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Impairment of Long-Lived Assets

HKS follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires HKS to review long-lived assets, including property, plant, and equipment, and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended June 30, 2022, there have been no such losses.

Net Assets with Donor Restrictions - Restricted in Perpetuity

HKS' net assets with donor restrictions - restricted in perpetuity, include donor-restricted endowment funds and funds held in trust by others (perpetual trusts). HKS follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to their net assets with donor restrictions – restricted in perpetuity. The following applies to the endowment funds:

Interpretation of Relevant Law

HKS has interpreted NYPMIFA as requiring the preservation of the historical dollar value, or principal, of an endowment fund, unless the donor provides otherwise by specifying in their written gift instruments that the not-for-profit corporation's spending-rate policy be applied to the endowment funds. As a result of this interpretation, HKS classified as net assets with donor restrictions, and included the following:

- The original value of the gift donated to the endowment fund.

- The original value of subsequent gifts to the endowment fund.
- Accumulation of the endowment fund made in accordance with the direction of the applicable donor instructions.

Investment and Spending Policies

HKS has adopted investment and spending policies for endowment fund assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the endowment fund assets. HKS considers distributing a percentage of its invested assets each year based upon their rolling average value over the prior eight quarters. In 2012, $1,000,000 for capital improvement projects was approved for future distribution from the endowment fund. As of June 30, 2022, HKS has spent $924,174 toward capital improvements. The endowment funds are invested in vehicles such as money market funds, mutual funds, government and equity securities, as well as certificates of deposit.

HKS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of HKS and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of HKS.
- The investment policy of HKS.

Functional Expenses

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred utilizing predetermined allocation rates established by management. These expenses include depreciation and amortization, utilities, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage and rent expense is allocated based on usage of space. Expenses that are related to the buildings or facilities located in Brooklyn, New York; Hempstead, New York; and Suffolk County, New York are presented by their natural classification in the statement of functional expenses under supporting services. These expenses are then further allocated by functional classification in program services and supporting services using the methods described above.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of financial position and statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with HKS' financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Recently Adopted Accounting Pronouncements

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. HKS' adopted this ASU as of July 1, 2021. The adoption of this ASU did not have a material impact on the financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Accounting for Leases

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability (which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis) and a right-of-use asset (which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term). The FASB also issued ASU 2020-05, which deferred the effective date for the Network until annual periods beginning after December 15, 2021. HKS' is currently evaluating the impact of the adoption of ASU 2016-02.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2022. HKS' is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements in order to conform the to 2022 presentation. There was no impact on the change in net assets.

3. Liquidity and Availability of Resources

HKS' financial assets within one year of the statement of financial position date for general expenditures are as follows:

June 30, 2022		
Total Current Assets Without Donor Restrictions	$	86,500,490
Less: amounts unavailable for general expenditures within one year due to:		
Other assets		(643,047)
Funds held in trust for trainees		(12,132)
Total Financial Assets Available to Management for General Expenditure Within One Year	$	85,845,311

Liquidity Management

As part of HKS' liquidity management, HKS structures its financial assets to be available as expenditures come due. For unanticipated liquidity needs, HKS has an extensive liquid investment portfolio.

4. Pledges Receivable, Net

At June 30, 2022, the net present value of pledges receivable is $149,668. All pledges are expected to be received within one year, accordingly no discount rate was applied.

5. Investments, at Fair Value

A description of the valuation techniques applied to HKS' major categories of assets measured at fair value is as follows:

Equity Securities

For its investments with asset managers that hold equity securities, HKS has position-level transparency in individual holdings. These investments are priced by HKS' custodian using nationally recognized pricing services based upon observable data. Equity securities are classified as Level 1.

Mutual Funds

HKS has investments in publicly traded mutual funds that are carried at their aggregate market value, as determined by quoted market prices. Mutual funds are valued using net asset value (NAV) provided by the administrator of the fund. The NAV is based on the underlying assets owned by the fund, minus its liabilities, and then divided by the number of outstanding shares. The NAV is a quoted daily price on an active market. Mutual funds are classified as Level 1.

Private Real Estate Investment Trusts

HKS holds investments in private real estate investment trusts (trusts). Given that these are not a publicly traded funds, its fair value is based on information provided to HKS by the trusts. The values are based on estimates that require varying degrees of judgment and, for fund-of-funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. These funds are classified as Level 3.

Investment in Limited Partnership

Investments in the limited partnership (LP) are valued based on Level 3 inputs within the fair value hierarchy. Given the absence of market quotations, their fair value is estimated using information provided to HKS by the investment managers or general partners. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the difference could be material. The LP's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the LP may own a relatively large portion of the issuers' equity securities.

Fixed Income

HKS has investments in fixed-income securities. These investments are priced by HKS' custodian using nationally recognized pricing services. HKS' fixed-income investments include United States Treasury notes and United States government obligations, which are priced daily, and as such are classified as Level 1. In addition, HKS invests in corporate bonds and other fixed-income securities. Since these corporate bonds and other fixed-income securities do not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using their proprietary pricing applications, which include relevant market information, benchmark curves, benchmarking of similar securities, sector groupings, and matrix pricing. These investments are classified as Level 2.

Public Real Estate Investment Trust

For its investments with asset managers that hold shares in public real estate investment trusts, HKS has position-level transparency into individual holdings. These investments are priced by HKS' custodian using nationally recognized pricing services based on observable market data and are classified as Level 1.

The following table sets forth the assets held by HKS by level within the fair value hierarchy. HKS' investments are measured at fair value on a recurring basis as of June 30, 2022. The assets are presented on a desegregated basis by class, determined by the nature and risks associated with the investment:

June 30, 2022

	Fair Value Measurement at Reporting Date			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and cash equivalents	$ 2,612,745	$ -	$ -	$ 2,612,745
Equity securities	58,917,359	-	-	58,917,359
Mutual funds	4,446,279	-	-	4,446,279
Private real estate investment trusts	-	-	1,240,289	1,240,289
Investment in LP	-	-	4,294,068	4,294,068
Fixed income	12,706,073	685,314	-	13,391,387
Public real estate investment trust	150,962	-	-	150,962
Total Assets, at fair value	$ 78,833,418	$ 685,314	$ 5,534,357	$ 85,053,089

HKS' funds held in trusts by others consist primarily of irrevocable Perpetual Trusts for which HKS does not serve as trustee.

Investment management fees paid by HKS for management of its investment portfolio for the year ended June 30, 2022 totaled $292,905.

For the year ended June 30, 2022, realized gains on investments were $1,167,011. The change in unrealized losses, net on investments was $15,478,537 for the year ended June 30, 2022.

HKS' investments consist of a variety of investment securities and funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of HKS' investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

There were no transfers into or out of Level 3 assets during fiscal year 2022.

6. Split-Interest Agreements

HKS administers the following two types of split-interest agreements:

Charitable Gift Annuity

Under the Charitable Gift Annuity agreement, donors make contributions in exchange for a promise to receive a fixed amount over a specified period of time, usually the life of donor or beneficiary.

During the term of the agreement, HKS acts as a custodian of these funds whereby the asset and the net present value of related liability are reflected in the statement of financial position. After the term of the agreement, the remaining asset belongs to HKS. At June 30, 2022, the Charitable Gift Annuity investment account had a fair market value of $6,810 and the related liability amounted to $42,801.

Pooled-Income Fund

Under the terms of the pooled-income fund, the contributions from donors are invested in a pooled investment account. This account is divided into units and contributions from various donors who are invested as a group. At the date of the donation, donors are assigned a specific number of units based on the fair value of their donation as compared to the total value of the fund. The donors receive actual income earned by the fund based on the number of units throughout their lives. Upon their demise, the value of these assigned units reverts to HKS. The fair value contribution is recognized as a net asset with donor restrictions in the statement of activities in the period it is received. At June 30, 2022, the pooled-income fund had a fair market value of $351,877.

7. Property, Plant, and Equipment, Net

Property, plant, and equipment, net, consists of the following:

June 30, 2022	
Land	$ 412,000
Buildings and improvements	27,503,677
Furniture, fixtures, and equipment	5,562,713
Vehicles	725,460
Total Property, Plant, and Equipment	34,203,850
Less: accumulated depreciation and amortization	(24,437,172)
Property, Plant, and Equipment, Net	$ 9,766,678

For the year ended June 30, 2022, depreciation and amortization expense was $751,775.

8. Loan Payable - Paycheck Protection Program

On April 14, 2020, HKS applied for and received approval for a loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration in the amount of $4,740,000. The PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. Loans are eligible for partial or full forgiven if the business keeps its employee counts and employee wages stable. During the year ended June 30, 2022, HKS applied for and received partial forgiveness of its PPP loan in the amount of $3,988,276, the remaining $751,724 was paid back to the lending organization during the year. At June 30, 2022 HKS had no remaining balance due on the PPP loan and no right of return of the amount forgiven.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

June 30, 2022		
Restricted for Specific Purpose/Program/Time		
Children's Learning Center	$	195,332
Pooled-income fund		352,500
College bound and beyond program		26,006
Summer Camp		145,550
HKS tech equipment		25,000
Lavelle Sleep Away		115,267
Health and Wellness CORE		253,902
Other		24,622
National Center for Deaf-Blind Youths and Adults:		
Hampton Library		47,706
Robert & Michelle Smithdas Scholarship Fund		41,830
Room renovations		73,528
Technology equipment		36,150
Feeling Through Curriculum		334,205
Interpreting		30,000
Other		29,041
Total Restricted for Specific Purpose/Program/Time	$	1,730,639
Restricted in Perpetuity		
Endowment funds	$	451,345
Perpetual Trusts:		
Horace Moses Trust		1,100,438
Madeline Moses Trust		610,746
Mariette Major Trust		256,107
Marion Hershafft Trust		227,246
Total Restricted in Perpetuity	$	2,645,882
Total Net Assets with Donor Restrictions	$	4,376,521

The following table represents the reconciliation of changes in net assets restricted in perpetuity:

Year ended June 30, 2022		
Net Assets Restricted in Perpetuity, beginning of year	$	3,192,487
Net investment depreciation		(546,605)
Net Assets Restricted in Perpetuity, end of year	$	2,645,882

The cost basis of the endowment net assets is $718,003. There are no underwater endowments as of June 30, 2022.

10. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, or expiring of time restriction, as follows:

June 30, 2022		
Health and Wellness CORE	$	36,349
Braille Equipment		7,000
Other		4,989
Total Net Assets Released from Donor Restrictions	$	48,338

11. Retirement Plans

Defined Benefit Pension Plan

HKS has had a defined benefit retirement plan (the Plan) covering all full-time employees. The Plan was funded through an immediate participation guarantee contract, Group Annuity Contract Number 303 GAC (the Contract), issued by the John Hancock Life Insurance Company (John Hancock) and mutual funds managed by USI Consulting, for which Charles Schwab is the trustee.

Effective June 30, 2014, HKS elected to curtail the Plan, except for certain employees whose benefit accruals were curtailed effective September 30, 2014.

The Plan's funding policy is to contribute at an amount that will fund the present value of unfunded plan liability as a level percent of covered pay over the active participant's expected future service.

The Plan was terminated as of October 1, 2021 and the final distribution of Plan assets was made as of June 30, 2022. The value of all liabilities and assets as of June 30, 2022 was set to $0. As a result of the total distribution of Plan benefits, there was a plan settlement, and all unrecognized losses were fully recognized.

The net periodic pension cost is comprised of the following:

Year ended June 30, 2022		
Service cost	$	75,866
Interest cost		1,044,498
Expected return on plan assets		(2,345,588)
Amortization of accumulated loss		504,040
Net Periodic Pension Cost	$	(721,184)

The following table sets forth the Plan's change in the projected benefit obligation:

June 30, 2022		
Projected Benefit Obligation, beginning of year	$	39,477,210
Interest cost		1,044,498
Actuarial gain		(4,956,479)
Benefits paid		(996,241)
Settlements		(34,568,988)
Projected Benefit Obligation, end of year	$	-

The following table sets forth the Plan's change in net assets available for benefits:

June 30, 2022		
Fair Value of Plan Assets, beginning of year	$	39,971,765
Actual return on plan assets		(4,762,146)
Employer contributions		7,355,610
Benefits paid		(996,241)
Settlements		(34,568,988)
Fair Value of Plan Assets, end of year	$	-

Post-Retirement Benefits

HKS provides life insurance benefits for retired employees who met certain minimum age and length of service requirements. The cost of providing these benefits is recognized as they are earned by the employees. As of June 30, 2022, the accumulated postretirement benefit obligation amounted to $120,096 and is included in accounts payable and accrued expenses in the accompanying statement of financial position.

403(b) Plan

HKS has an employee elective deferral plan whereby participants can make contributions on their own with pre-tax payroll deductions. Employees become eligible to participate in the plan upon date of hire. Under the terms of the plan, HKS will match up to 3% of the employee's salary deferral contributions for all participants electing to participate in the plan. During the plan year ended June 30, 2022, HKS accrued a non-elective contribution equivalent to 4% of eligible compensation, which was paid in July 2021. The total matching and non-elective contributions were $921,667 for the year ended June 30, 2022.

457(b) Plan

HKS has a Section 457(b) deferred compensation plan for former key employees. HKS holds funds in an investment account, which is recorded in other assets and has a corresponding liability recorded in accounts payable and accrued expenses on the statement of financial position of $84,091 as of June 30, 2022.

12. Commitments

Pursuant to several lease agreements, HKS is obligated for minimum annual payments to nonrelated parties, as indicated below. HKS is obligated for certain other operating costs at these sites. The minimum commitments to nonrelated parties are as follows:

Year ending June 30,		
2023	$	1,677,932
2024		1,665,904
2025		1,709,536
2026		1,695,043
2027		1,695,043
Thereafter		42,602,194
	$	51,045,652

Aggregate rent expense under the above leases for the year ended June 30, 2022, was $1,903,036. In May 2017, HKS entered into a long-term lease agreement for a new office space in Brooklyn, New York. The lease agreement called for the landlord to meet certain conditions prior to the commencement of the lease. These conditions have been met as of September 20, 2017, and as such, the lease has commenced.

HKS and the landlord have agreed to pursue a restructuring of the building's existing condominium structure that would permit HKS to obtain a New York City real estate tax exemption for the premises, due to HKS' not-for-profit status. Upon the effective date of this restructuring and exemption, HKS will no longer be required to pay its proportionate share of New York City real estate taxes and the total base rent will be reduced by the real estate taxes for the base tax year.

On July 12, 2017, HKS posted a $616,533 Standby Letter of Credit for the benefit of its Landlord at 180 Livingston Street. The letter of credit is secured by a cash collateral account held with JPMorgan Chase, which had a balance of $616,533 at June 30, 2022. The initial period was set to expire on July 30, 2021 and has been renewed with a new maturity date of July 30, 2022.

HKS leases a portion of one of its buildings primarily to other not-for-profit organizations and is entitled to receive rental payments under several operating leases. Future minimum lease receipts under these leases are as follows:

Year ending June 30,		
2023	$	271,440
2024		271,440
2025		271,440
2026		271,440
2027		271,440
Thereafter		271,440
	$	1,628,640

Rental income under the above leases for the year ended June 30, 2022 was approximately $612,322.

13. Supporting Services

Supporting services for the Center consisted of the following:

Year ended June 30, 2022		
Management and general	$	1,525,799
Fundraising		426,169
	$	1,951,968

14. Litigation

HKS is party to certain routine legal actions and complaints arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or, if not so covered, are without merit or are of such kind, or involve such amounts, that unfavorable disposition would not have a material effect on the financial position of HKS.

15. Subsequent Events

HKS' management has performed subsequent event procedures through November 1, 2022, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustments to the financial statements or disclosures as stated herein.