



# Helen Keller Services

Financial Statements  
Year Ended June 30, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **Helen Keller Services**

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Financial Statements  
Year Ended June 30, 2023

# Helen Keller Services

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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, 2023, 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, 2023, 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' 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' 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' 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, 2022, and our report dated November 1, 2022, 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, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BDO USA, P. C.*

November 9, 2023

**Helen Keller Services**  
**Statement of Financial Position**  
**(with comparative totals for 2022)**

June 30,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents (including funds held in trust for trainees of \$13,788 in 2023) (Note 2)	\$ 2,232,557	\$ 1,924,637	\$ 4,157,194	\$ 3,386,297
Grants receivable (Note 2)	4,938,801	-	4,938,801	2,839,161
Program fees and accounts receivable, net (Note 2)	4,458,513	-	4,458,513	4,008,328
Pledges receivable, net (Note 4)	-	-	-	149,668
Due from other funds	-	-	-	346,497
Investments, at fair value (Notes 2 and 5)	77,271,224	364,063	77,635,287	77,359,714
Other assets	943,884	-	943,884	643,047
<b>Total Current Assets</b>	<b>89,844,979</b>	<b>2,288,700</b>	<b>92,133,679</b>	<b>88,732,712</b>
Investments, at fair value, less current portion (Notes 2 and 5)	9,633,411	2,275,062	11,908,473	7,693,375
Right-of-Use Asset (Notes 2 and 11)	27,666,185	-	27,666,185	-
<b>Property, Plant, and Equipment, Net</b> (Notes 2 and 7)	<b>10,320,420</b>	<b>-</b>	<b>10,320,420</b>	<b>9,649,749</b>
	\$ 137,464,995	\$ 4,563,762	\$ 142,028,757	\$ 106,075,836
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 4,059,222	\$ -	\$ 4,059,222	\$ 3,724,960
Deferred revenue	486,868	-	486,868	264,702
Due to other funds	-	-	-	346,497
Current portion of operating lease liabilities (Notes 2 and 11)	636,520	-	636,520	-
Other liabilities (Note 6)	55,559	-	55,559	53,903
<b>Total Current Liabilities</b>	<b>5,238,169</b>	<b>-</b>	<b>5,238,169</b>	<b>4,390,062</b>
Refundable Deposits	223,284	-	223,284	218,478
Deferred Rent	-	-	-	5,567,191
Operating Lease Liabilities, net of current portion (Notes 2 and 11)	32,766,304	-	32,766,304	-
<b>Total Liabilities</b>	<b>38,227,757</b>	<b>-</b>	<b>38,227,757</b>	<b>10,175,731</b>
<b>Commitments and Contingencies</b> (Notes 2, 3, 5, 6, 8, 10, 11, and 13)				
<b>Net Assets (Note 8)</b>				
Without donor restrictions	99,237,238	-	99,237,238	91,523,584
With donor restrictions:				
Time/purpose restricted (Notes 2 and 8)	-	1,793,611	1,793,611	1,730,639
Perpetual trusts (Notes 2 and 8)	-	2,318,806	2,318,806	2,194,537
Endowment funds (Notes 2 and 8)	-	451,345	451,345	451,345
<b>Total Net Assets</b>	<b>99,237,238</b>	<b>4,563,762</b>	<b>103,801,000</b>	<b>95,900,105</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 137,464,995</b>	<b>\$ 4,563,762</b>	<b>\$ 142,028,757</b>	<b>\$ 106,075,836</b>

*See accompanying notes to financial statements.*

**Helen Keller Services**  
**Statement of Activities**  
**(with comparative totals for 2022)**

*Year ended June 30,*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Support and Revenue</b>				
Public support:				
Contributions	\$ 518,286	\$ 916,429	\$ 1,434,715	\$ 1,425,630
Legacies	782,535	-	782,535	48,741
Special events:				
Gross receipts	655,182	-	655,182	271,631
Less: direct donor benefits	(66,422)	-	(66,422)	(24,931)
<b>Total Public Support</b>	<b>1,889,581</b>	<b>916,429</b>	<b>2,806,010</b>	<b>1,721,071</b>
Fees and grants from government agencies:				
National Center for DeafBlind Youths and Adults - grant income	22,253,005	-	22,253,005	22,698,018
Helen Keller Services for the Blind - grant income	539,370	-	539,370	407,653
Training fees and allowances	11,767,154	-	11,767,154	9,690,380
<b>Total Fees and Grants from Government Agencies</b>	<b>34,559,529</b>	<b>-</b>	<b>34,559,529</b>	<b>32,796,051</b>
Other revenue (expense):				
Investment income	2,597,396	-	2,597,396	2,928,561
Rental income:				
Gross receipts	765,363	-	765,363	612,322
Less: direct costs	(325,234)	-	(325,234)	(264,425)
Net gain (loss) on investments	6,150,731	124,269	6,275,000	(14,311,526)
Miscellaneous	59,105	-	59,105	111,494
<b>Total Other Revenue (Expense)</b>	<b>9,247,361</b>	<b>124,269</b>	<b>9,371,630</b>	<b>(10,923,574)</b>
Net assets released from restrictions (Note 9)	853,457	(853,457)	-	-
<b>Total Support and Revenue</b>	<b>46,549,928</b>	<b>187,241</b>	<b>46,737,169</b>	<b>23,593,548</b>

**Helen Keller Services**  
**Statement of Activities (continued)**  
**(with comparative totals for 2022)**

*Year ended June 30,*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Expenses</b>				
Program services:				
Comprehensive services	\$ 4,857,534	\$ -	\$ 4,857,534	\$ 4,934,530
Supported employment services	-	-	-	11,333
Day habilitation services	2,346,872	-	2,346,872	1,881,464
Children's Learning Center	3,945,006	-	3,945,006	3,825,650
Summer camp	167,109	-	167,109	140,564
National Center for DeafBlind Youths and Adults	17,221,015	-	17,221,015	17,428,559
Residential	972,893	-	972,893	991,383
<b>Total Program Services</b>	<b>29,510,429</b>	<b>-</b>	<b>29,510,429</b>	<b>29,213,483</b>
Supporting services:				
Management and general	7,949,574	-	7,949,574	4,454,699
Fundraising	1,376,271	-	1,376,271	740,359
Public relations and volunteer services	-	-	-	252,520
<b>Total Supporting Services</b>	<b>9,325,845</b>	<b>-</b>	<b>9,325,845</b>	<b>5,447,578</b>
<b>Total Expenses</b>	<b>38,836,274</b>	<b>-</b>	<b>38,836,274</b>	<b>34,661,061</b>
<b>Change in Net Assets, before other gains (losses)</b>	<b>7,713,654</b>	<b>187,241</b>	<b>7,900,895</b>	<b>(11,067,513)</b>
<b>Decrease in Unfunded Pension Obligation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,066,842</b>
<b>Loss on Dissolution of Pension Plan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,881,016)</b>
<b>Gain on Forgiveness of Paycheck Protection Program (PPP) Loan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,988,276</b>
<b>Change in Net Assets</b>	<b>7,713,654</b>	<b>187,241</b>	<b>7,900,895</b>	<b>(7,893,411)</b>
<b>Net Assets, beginning of year</b>	<b>91,523,584</b>	<b>4,376,521</b>	<b>95,900,105</b>	<b>103,793,516</b>
<b>Net Assets, end of year</b>	<b>\$ 99,237,238</b>	<b>\$ 4,563,762</b>	<b>\$ 103,801,000</b>	<b>\$ 95,900,105</b>

*See accompanying notes to financial statements.*



**Helen Keller Services**  
**Statement of Functional Expenses**  
**(with comparative totals for 2022)**

Year ended June 30,

	Program Services						Total Program Services
	Comprehensive Services	Day Habilitation Services	Children's Learning Center	Summer Camp	National Center for DeafBlind Youths and Adults	Residential	
Salaries	\$ 2,506,207	\$ 1,247,913	\$ 1,966,491	\$ 73,376	\$ 10,190,073	\$ 683,556	\$ 16,667,616
Employee benefits and payroll taxes	651,193	377,353	521,335	12,682	3,195,962	164,311	4,922,836
Real estate taxes and municipal service charge	-	-	-	-	12,279	-	12,279
Rent	-	-	-	-	115,552	-	115,552
Heat, light, and power	-	-	-	-	497,853	12,363	510,216
Supplies, equipment, and printing	45,825	7,477	53,387	1,595	230,107	15,778	354,169
Cleaning service	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Telephone	43,639	17,339	11,450	560	52,745	8,540	134,272
Insurance	26,994	200,275	10,549	8,162	-	7,137	253,117
Repairs and maintenance	-	-	-	-	123,531	7,915	131,446
Travel	44,114	2,959	1,880	2,021	528,187	400	579,561
Auto maintenance	-	111,051	-	-	19,193	21,093	151,337
Consultant fees	-	-	-	-	227,852	-	227,852
Professional fees	48,971	-	84,424	300	571,970	2,063	707,728
Medical fees	-	-	-	-	5,634	-	5,634
Medical supplies	-	-	-	-	4,301	5,818	10,119
Food	2,925	1,983	-	-	186,523	21,367	212,798
Client transportation	27,047	-	-	60,816	(171)	-	87,692
Client recreation	65,756	-	-	-	69,003	-	134,759
Client aids	188,881	-	-	-	74	2,625	191,579
Payments to subawards	-	-	-	-	-	-	-
Trainee allowances	-	-	-	-	33,923	-	33,923
Staff development and seminars	1,400	375	1,102	-	629,231	125	632,233
Postage	-	-	-	-	-	-	-
Equipment rental	1,177	215	-	-	-	1,875	3,267
Outside services	24,503	-	85,211	1,500	2,308	-	113,522
Bank and investment fees	-	-	-	-	237,268	-	237,268
Depreciation and amortization	3,200	41,432	-	-	-	4,995	49,627
Miscellaneous	38,969	7,824	7,469	6,097	287,617	12,932	360,910
<b>Total, before building allocations</b>	<b>3,720,801</b>	<b>2,016,196</b>	<b>2,743,298</b>	<b>167,109</b>	<b>17,221,015</b>	<b>972,893</b>	<b>26,841,312</b>
Building allocations:							
Brooklyn Bldg.:							
Program and supporting services	700,996	-	1,201,708	-	-	-	1,902,704
Rental properties	-	-	-	-	-	-	-
Hempstead Bldg.:							
Program and supporting services	393,384	251,019	-	-	-	-	644,403
Rental properties	-	-	-	-	-	-	-
Suffolk Bldg.:							
Program and supporting services	42,353	79,657	-	-	-	-	122,010
<b>Total Expenses</b>	<b>\$ 4,857,534</b>	<b>\$ 2,346,872</b>	<b>\$ 3,945,006</b>	<b>\$ 167,109</b>	<b>\$ 17,221,015</b>	<b>\$ 972,893</b>	<b>\$ 29,510,429</b>

## Helen Keller Services

### Statement of Functional Expenses (continued) (with comparative totals for 2022)

Year ended June 30,

	Supporting Services							2023	2022
	Brooklyn Buildings	Hempstead Building	Suffolk Building	National Center for DeafBlind Youths and Adults (Note 11)	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ -	\$ 1,186	\$ -	\$ 967,600	\$ 1,847,612	\$ 509,860	\$ 3,326,258	\$ 19,993,874	\$ 17,334,644
Employee benefits and payroll taxes	-	-	-	455,614	753,750	170,352	1,379,716	6,302,552	5,909,156
Real estate taxes and municipal service charge	89,230	204,873	-	-	390	-	294,493	306,772	413,545
Rent	1,710,504	-	100,964	3,534	-	-	1,815,002	1,930,554	1,903,036
Heat, light, and power	117,987	163,724	3,814	-	-	-	285,525	795,741	649,859
Supplies, equipment, and printing	17,921	40,114	396	8,513	130,170	69,369	266,483	620,652	628,646
Cleaning service	115,793	152,013	-	-	-	-	267,806	267,806	12,251
Advertising	695	-	-	-	-	22,722	23,417	23,417	11,515
Telephone	5,364	898	4,236	3,946	132,654	1,557	148,655	282,927	236,765
Insurance	23,118	38,466	2,639	-	312,043	-	376,266	629,383	449,521
Repairs and maintenance	42,516	39,920	1,372	-	1,153	1,247	86,208	217,654	117,724
Travel	-	107	-	120,299	9,517	3,545	133,468	713,029	476,085
Auto maintenance	-	-	-	-	778	-	778	152,115	108,957
Consultant fees	-	31,132	-	299,400	357,986	126,000	814,518	1,042,370	1,505,516
Professional fees	7,204	-	-	-	13,116	73,438	93,758	801,486	709,588
Medical fees	-	-	-	-	-	-	-	5,634	15,306
Medical supplies	-	-	-	-	48	-	48	10,167	11,568
Food	-	-	-	-	-	-	-	212,798	87,511
Client transportation	-	-	-	-	-	-	-	87,692	56,304
Client recreation	-	-	-	-	221	-	221	134,980	20,373
Client aids	-	-	-	-	197,153	-	197,153	388,732	416,307
Payments to subawards	-	-	-	442,202	-	-	442,202	442,202	503,235
Trainee allowances	-	-	-	-	-	-	-	33,923	75,394
Staff development and seminars	-	-	-	-	123,831	822	124,653	756,886	88,097
Postage	-	-	-	-	-	-	-	-	92,813
Equipment rental	5,993	5,544	2,399	51,141	22,945	-	88,022	91,289	38,674
Outside services	128,170	121,935	633	10,239	488,802	53,248	803,027	916,549	1,441,248
Bank and investment fees	3,949	-	-	-	227,091	46	231,086	468,354	304,416
Depreciation and amortization	319,783	67,672	2,516	-	216,945	114,811	721,727	771,354	751,775
Miscellaneous	4,561	15,864	-	240,233	92,554	46,494	399,706	760,616	351,055
<b>Total, before building allocations</b>	<b>2,592,788</b>	<b>883,448</b>	<b>118,969</b>	<b>2,602,721</b>	<b>4,928,759</b>	<b>1,193,511</b>	<b>12,320,196</b>	<b>39,161,508</b>	<b>34,720,884</b>
Building allocations:									
Brooklyn Bldg.:									
Program and supporting services	(2,503,558)	-	-	-	418,094	182,760	(1,902,704)	-	70,166
Rental properties	(89,230)	-	-	-	-	-	(89,230)	(89,230)	-
Hempstead Bldg.:									
Program and supporting services	-	(647,444)	-	-	-	-	(647,444)	(3,041)	-
Rental properties	-	(236,004)	-	-	-	-	(236,004)	(236,004)	(264,425)
Suffolk Bldg.:									
Program and supporting services	-	-	(118,969)	-	-	-	(118,969)	3,041	134,436
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,602,721</b>	<b>\$ 5,346,853</b>	<b>\$ 1,376,271</b>	<b>\$ 9,325,845</b>	<b>\$ 38,836,274</b>	<b>\$ 34,661,061</b>

See accompanying notes to financial statements.

**Helen Keller Services**  
**Statement of Cash Flows**  
**(with comparative totals for 2022)**

<i>Year ended June 30,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 7,900,895	\$ (7,893,411)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	771,354	751,775
Non-cash lease expense	1,790,879	-
Unrealized (gains) losses on investments	(6,372,657)	15,478,537
Realized losses (gains) on investments	97,657	(1,167,011)
Forgiveness of PPP loan	-	(3,988,276)
Decrease in minimum pension obligation	-	(8,066,842)
Loss on dissolution of pension plan	-	8,881,016
Decrease (increase) in assets:		
Grants receivable	(2,099,640)	529,890
Program fees and accounts receivable	(450,185)	(950,374)
Pledges receivable	149,668	(64,578)
Due from other funds	346,497	-
Other assets	(300,837)	94,900
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	334,262	689,342
Deferred revenue	222,166	75,360
Refundable deposits	4,806	52,501
Deferred rent	42,293	133,719
Due to other funds	(346,497)	(1,104)
Other liabilities	1,656	(9,065)
Principal reduction in operating lease liabilities	(1,663,724)	-
Accrued pension obligation	-	(7,319,620)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>428,593</b>	<b>(2,773,241)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(32,195,213)	(28,308,359)
Proceeds from sales of investments	33,979,542	40,930,997
Change in cash equivalents used in investments	-	(6,282,213)
Purchases of property, plant, and equipment	(1,442,025)	(1,048,347)
<b>Net Cash Provided by Investing Activities</b>	<b>342,304</b>	<b>5,292,078</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments on PPP loan	-	(751,724)
<b>Net Cash Used in Financing Activities</b>	<b>-</b>	<b>(751,724)</b>
<b>Increase in Cash and Cash Equivalents and Restricted Cash</b>	<b>770,897</b>	<b>1,767,113</b>
<b>Cash and Cash Equivalents and Restricted Cash, beginning of year</b>	<b>3,386,297</b>	<b>1,619,184</b>
<b>Cash and Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 4,157,194</b>	<b>\$ 3,386,297</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Investment in right-of-use assets - operating leases through operating lease liabilities	\$ 28,408,435	\$ -
Cash paid during the year for interest	-	-

*See accompanying notes to financial statements.*

# Helen Keller Services

## Notes to Financial Statements

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### 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-by-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.

# Helen Keller Services

## Notes to Financial Statements

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### 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 (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 cash equivalents 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

# Helen Keller Services

## Notes to Financial Statements

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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 its 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

# Helen Keller Services

## Notes to Financial Statements

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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, 2023*

Training fees and allowances	\$ 11,767,154
<b>Total Revenue Subject to ASC 606</b>	<b>11,767,154</b>
<b>Total Revenue Not Subject to ASC 606</b>	<b>34,970,015</b>
<b>Total Support and Revenue</b>	<b>\$ 46,737,169</b>

Receivables and contract liabilities from contracts with customers under ASC 606 are as follows:

	Receivables	Contract Liabilities (Deferred Revenue)
Beginning of year	\$ 4,008,328	\$ 264,702
End of year	4,458,513	486,868

### *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.

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# Helen Keller Services

## Notes to Financial Statements

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### *Fair Value Measurement*

GAAP defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. HKS classifies fair value balances based on the fair value hierarchy defined by GAAP 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 Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying financial statements.

### *Accounting for Uncertainty in Income Taxes*

HKS follows the provisions of GAAP, which state that an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. HKS does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded 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 information returns, as required, and all other applicable returns in jurisdictions where so required.



# Helen Keller Services

## Notes to Financial Statements

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### ***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. The estimated useful lives of the assets are as follows:

<u>Asset Category</u>	<u>Years</u>
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, 2023, 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 its 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 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.

# Helen Keller Services

## Notes to Financial Statements

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### *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. As of June 30, 2023, HKS has spent \$1,264,685 toward capital improvements. The endowment funds are invested in vehicles, such as money market funds, mutual funds, and 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 the endowment fund.
- The investment policies of the endowment fund.

### *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 are 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 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

# Helen Keller Services

## Notes to Financial Statements

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conformity with GAAP. Accordingly, such information should be read in conjunction with HKS' financial statements for the year ended June 30, 2022, from which the summarized information was derived.

### ***Recently Adopted Accounting Pronouncement***

#### *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. The amendments are effective for fiscal years beginning after December 15, 2021. HKS adopted the guidance on July 1, 2022, using the transition method provided by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, HKS applied the new requirements to only those leases that existed as of July 1, 2022, rather than at the earliest summarized comparative period presented in the financial statements. Prior periods will be presented under the existing lease guidance. Upon transition, HKS applied the package of practical expedients permitted under the ASC 842 transition guidance. As a result, HKS did not reassess (1) whether expired or existing contracts contain leases under the new definition of a lease, including whether an existing or expired contract contains an embedded lease; (2) lease classification for expired or existing leases; or (3) any initial direct costs of existing leases. Additionally, HKS did not elect the hindsight practical expedient to determine the applicable term for leases within HKS lease population. As a result of the adoption of ASC 842, HKS recorded right-of-use assets and lease liabilities of \$28,408,435 and \$34,017,918, respectively, on July 1, 2022. See Note 11 for additional information.

### ***Accounting Pronouncement Issued but Not Yet Adopted***

#### *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 15, 2022. Management is currently evaluating the impact of the pending adoption of ASU 2016-13.

### ***Reclassifications***

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation. There was no impact on the change in net assets.

# Helen Keller Services

## Notes to Financial Statements

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### 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, 2023*

<b>Total Current Assets Without Donor Restrictions</b>	<b>\$ 89,844,979</b>
Less amounts unavailable for general expenditures within one year due to:	
Other assets	(943,884)
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>\$ 88,901,095</b>

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#### *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, 2023, the net present value of pledges receivable is \$0. The prior year's balance of \$149,668 was collected in full.

### 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 publicly traded funds, their 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

# Helen Keller Services

## Notes to Financial Statements

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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, 2023. The assets are presented on a desegregated basis by class, determined by the nature and risks associated with the investment:

*June 30, 2023*

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 3,489,766	\$ -	\$ -	\$ 3,489,766
Equity securities	59,205,067	-	-	59,205,067
Mutual funds	993,593	-	-	993,593
Private real estate investment trusts	-	-	1,184,664	1,184,664
Investment in LP	-	-	8,448,747	8,448,747
Fixed income	15,439,694	610,418	-	16,050,112
Public real estate investment trust	171,811	-	-	171,811
<b>Total Assets, at fair value</b>	<b>\$ 79,299,931</b>	<b>\$ 610,418</b>	<b>\$ 9,633,411</b>	<b>\$ 89,543,760</b>

# Helen Keller Services

## Notes to Financial Statements

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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, 2023 totaled \$223,946 and are netted with investment income.

For the year ended June 30, 2023, realized losses on investments were \$(97,657). The change in unrealized gains, net on investments, was \$6,372,657 for the year ended June 30, 2023.

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 2023.

### **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, 2023, the Charitable Gift Annuity investment account had a fair market value of \$6,890 and the related liability amounted to \$42,801 and is included in other liabilities in the accompanying statement of financial position.

#### ***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, 2023, the pooled-income fund had a fair market value of \$364,063.

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**Helen Keller Services**  
**Notes to Financial Statements**

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**7. Property, Plant, and Equipment, Net**

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

*June 30, 2023*

Land	\$ 412,000
Buildings and improvements	28,760,667
Furniture, fixtures, and equipment	5,916,351
Vehicles	549,161
Construction-in-progress	7,695
<b>Total Property, Plant, and Equipment</b>	<b>35,645,874</b>
Less: accumulated depreciation and amortization	(25,325,454)
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 10,320,420</b>

For the year ended June 30, 2023, depreciation and amortization expense was \$771,354.

Construction-in-progress includes costs associated with the capital improvements for the 180 Livingston Street. Total costs to complete the project are \$620,057 at June 30, 2023.

**8. Net Assets with Donor Restrictions**

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

*June 30, 2023*

<b>Restricted for Specific Purpose/Time</b>	
Children's Learning Center	\$ 137,245
Pooled-income fund	352,500
Summer camp	46,000
Health and Wellness CORE	162,739
Other	20,115
National Center for Deaf-Blind Youths and Adults:	
Hampton Library	47,706
Robert and Michelle Smithdas Scholarship Fund	42,330
Room renovations	73,528
Technology equipment	39,700
Feeling Through Curriculum	753,706
Interpreting	60,000
Other	58,042
<b>Total Restricted for Specific Purpose/Program/Time</b>	<b>1,793,611</b>
<b>Restricted in Perpetuity</b>	
Endowment funds	451,345
Perpetual Trusts:	
Horace Moses Trust	1,165,616
Madeline Moses Trust	647,926
Mariette Major Trust	274,257
Marion Hershafft Trust	231,007
<b>Total Restricted in Perpetuity</b>	<b>2,318,806</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 4,439,493</b>

# Helen Keller Services

## Notes to Financial Statements

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

*Year ended June 30, 2023*

<b>Net Assets Restricted in Perpetuity</b> , beginning of year	\$	2,645,882
Net investment appreciation		124,269
<b>Net Assets Restricted in Perpetuity</b> , end of year		\$ 2,770,151

The cost basis of the endowment net assets is \$718,003. There are no underwater endowments as of June 30, 2023.

### 9. 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, 2023*

Health and Wellness CORE	\$	91,163
Feeling Through Curriculum		291,159
Summer camp		145,550
Lavelle Seep Away		115,267
ALP General		64,168
Children's Learning Center		58,087
College Bound and Beyond Program		56,006
HKS tech equipment		25,000
Other		7,057
<b>Total Net Assets Released from Donor Restrictions</b>		<b>\$ 853,457</b>

### 10. Retirement Plans

#### *Post-Retirement Benefits*

HKS provides life insurance benefits for retired employees who met certain minimum age and length of service requirements. The costs of providing these benefits are recognized as they are earned by the employees. As of June 30, 2023, 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, 2023, HKS accrued a non-elective contribution equivalent to 4% of eligible compensation, which was paid in July 2022. The total matching and non-elective contributions were \$972,902 for the year ended June 30, 2023.



# Helen Keller Services

## Notes to Financial Statements

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### **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, 2023.

### **11. Leases and Other Commitments**

As detailed in Note 2, HKS adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective July 1, 2022. HKS leases certain property under operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), HKS records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. HKS' leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities, unless the variable lease payments depend on an index or rate or are, in substance, fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities, unless HKS is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease. HKS has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016-02. As such, HKS accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities.

HKS has made an accounting policy election not to record leases with an initial term of less than a year as right-of-use assets and liabilities.

The following table summarizes information related to the lease assets and liabilities:

#### *Year ended June 30, 2023*

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Operating lease cost	\$	1,790,879
Operating cash flows used to pay operating leases		1,663,724

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Other information about lease amounts recognized in the financial statements is as follows:

#### *June 30, 2023*

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Remaining lease term - operating leases	25 years
Average discount rate - operating leases	3%

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# Helen Keller Services

## Notes to Financial Statements

*June 30, 2023*

	Operating Leases
<b>Lease Liabilities</b>	\$ 33,402,824
Less: current portion of lease liabilities	(636,520)
<b>Total Long-Term Lease Liabilities</b>	<b>\$ 32,766,304</b>

*June 30, 2023*

<b>Right-of-use assets - operating leases</b>	<b>\$ 27,666,185</b>
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For operating leases, right-of-use assets and lease liabilities are recorded in operating lease liabilities in the accompanying statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying statement of financial position at June 30, 2023:

*Year ending June 30,*

2024	\$ 1,665,904
2025	1,709,536
2026	1,931,257
2027	1,695,043
2028	1,695,043
Thereafter	40,902,975
<b>Total Minimum Lease Payments</b>	<b>49,599,758</b>
Less: imputed interest	(16,833,454)
<b>Total Operating Lease Liabilities</b>	<b>\$ 32,766,304</b>

Aggregate rent expense under the above leases for the year ended June 30, 2023 was \$1,923,990. 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 \$525,595 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 \$525,595 at June 30, 2023. The initial period was set to expire on July 30, 2022 and has been renewed with a new maturity date of July 30, 2023.

# Helen Keller Services

## Notes to Financial Statements

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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:

<i>Year ending June 30,</i>	
2024	\$ 271,440
2025	271,440
2026	271,440
2027	271,440
2028	271,440
Thereafter	-
	\$ 1,357,200

Rental income under the above leases for the year ended June 30, 2023 was approximately \$765,000, which is included in other revenue in the accompanying statement of activities.

### 12. Supporting Services

Supporting services for the Center consisted of the following:

<i>Year ended June 30, 2023</i>	
Management and general	\$ 2,458,442
Fundraising	828,485
	\$ 3,286,927

### 13. 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.

### 14. Subsequent Events

HKS' management has performed subsequent event procedures through November 9, 2023, 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.