



UNAUDITED - For discussion purposes only.

NYSARC, Inc.
Chapters and Their Affiliates
Combining Statement of Financial Position
As of December 31, 2016 and December 31, 2015

	<u>12/31/2016</u>	<u>12/31/2015</u>	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 168,287,619	\$ 174,409,763	(A)
Investments	215,741,285	202,760,298	(A)
Restricted deposits and funded reserves	11,528,337	11,704,487	
Government receivables	191,657,258	181,441,007	(B)
Other receivables	29,531,097	36,544,131	(B)
Inventories	12,529,652	13,109,841	
Prepaid expenses and other assets	16,205,014	18,100,106	
Total Current Assets	<u>\$ 645,480,262</u>	<u>\$ 638,069,633</u>	(C)
NET PROPERTY, PLANT AND EQUIPMENT	404,628,319	407,379,114	
OTHER ASSETS	<u>83,578,411</u>	<u>77,027,627</u>	
TOTAL ASSETS	<u>\$ 1,133,686,992</u>	<u>\$ 1,122,476,374</u>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current installments of long-term debt	\$ 38,516,051	\$ 32,270,453	(E), (F), (G)
Accounts payable, accrued expenses and taxes	171,730,924	189,526,572	(D)
Due to governmental agencies	21,952,362	38,657,246	
Notes payable	12,659,023	9,749,126	
Other current liabilities	14,547,234	21,692,889	
Total Current Liabilities	<u>\$ 259,405,594</u>	<u>\$ 291,896,286</u>	(C)
LONG-TERM DEBT, NET OF CURRENT INSTALLMENTS	187,983,417	199,669,822	(E), (F), (G)
OTHER LIABILITIES	48,019,316	44,693,342	
NET ASSETS			
Unrestricted	619,186,683	557,173,101	
Temporarily restricted	16,549,824	26,528,723	
Permanently restricted	2,542,158	2,515,100	
Total Net Assets	<u>\$ 638,278,665</u>	<u>\$ 586,216,924</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,133,686,992</u>	<u>\$ 1,122,476,374</u>	



UNAUDITED - For discussion purposes only.

**NYSARC, Inc.
Chapters and Their Affiliates
Combining Statement of Activities
As of December 31, 2016 and December 31, 2015**

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>Notes</u>
UNRESTRICTED NET ASSETS			
Support and Revenue			
Program revenue	\$ 1,776,717,691	\$ 1,714,532,945	(1)
Nonprogram revenue	31,658,962	28,272,484	
Fundraising	7,980,533	8,118,595	
Gain (loss) on sale of investments	10,315,624	(2,408,442)	
Net assets released from restrictions	94,454	138,844	
Other revenue	5,313,347	8,470,008	
	<u>\$ 1,832,080,611</u>	<u>\$ 1,757,124,434</u>	(B), (F), (I)
Expenses			
Program services	1,612,156,753	1,575,355,407	
Management and general	157,984,369	153,240,634	(H), (2)
Fundraising	3,255,968	2,714,543	
Other	7,295,602	9,313,083	
Total Expenses	<u>\$ 1,780,692,692</u>	<u>\$ 1,740,623,667</u>	(A), (D), (H)
Change in Unrestricted Net Assets	<u>\$ 51,387,919</u>	<u>\$ 16,500,767</u>	(G), (I), (3)
TEMPORARILY RESTRICTED NET ASSETS			
Contributions, grants, etc.	442,186	436,838	
Interest income	-	1,079,400	
Other changes and additions	(1,098,240)	(1,081,908)	
Net assets released from restrictions	(94,454)	(138,844)	
Change in Temporarily Restricted Net Assets	<u>\$ (750,508)</u>	<u>\$ 295,486</u>	
PERMANENTLY RESTRICTED NET ASSETS			
Contributions	-	-	
Other changes and additions	-	-	
Change in Permanently Restricted Net Assets	<u>-</u>	<u>-</u>	
Total Change in Net Assets	50,637,411	16,796,253	(3), (4)
Net Assets, Beginning of Year	<u>587,641,254</u>	<u>569,420,671</u>	
Net Assets, December 31, 2016 and 2015	<u><u>\$ 638,278,665</u></u>	<u><u>\$ 586,216,924</u></u>	

UNAUDITED DRAFT FOR DISCUSSION ONLY

NYSARC, Inc.
Chapters and Their Affiliates
Notes, Ratios and Comments
As of December 31, 2016 and December 31, 2015

	Internal 12/31/2016	Internal 12/31/2015	Range
<u>Notes & Ratios:</u>			
(A) - Primary Reserve Days *	78.72	79.09	40-60
(B) - Average Days Revenues in Receivables *	44.07	45.28	<60
(C) - Current Ratio	2.49	2.19	1.50-3.00
(D) - Average Days Expenses in Payables *	54.78	63.17	40-70
(E) - LT Debt / Unrestricted Net Assets	0.30	0.18	<1.00
(F) - Debt Service / Revenues *	2.61%	2.43%	<0.50
(G) - Debt Service Coverage	2.36	1.80	1.25-2.00
(H) - Administrative Expenses / Total Expenses	8.87%	8.80%	<15.00%
(I) - Surplus (Deficit) / Total Revenues	2.80%	0.94%	>0.50%

* - the ratio has been adjusted to annualize components to account for 12 months of operating results for NYC Chapter included.

NOTE: The Internal Financial Statements submitted by the Chapters are subject to change based on year-end auditing procedures that may result in adjustments and reclassifications. Additionally, the Chapters in some instances may not have reported on a consolidated basis on the internal reports. NYC Chapter includes 12 months of operating results.

- (1) - Program revenues reflect an increase from prior reporting period. Limited program development within the OPWDD system (de-institutionalization), Rate Rationalization has positively impacted NYSARC during reporting period. Additionally, there is an additional operating day reflected in 2016. Lastly, timing of residential rate adjustments (vacancy, bed hold days), "auspice change" (FEGS programs), BIP grants, changes in attendance patterns (weather, illness factors) and seasonal contract sales variances are all impacting the early 2016 results (compared to 2015).
- (2) - Management & General expenses reported within the interim statements are subject to review and adjustment as Chapter audits are conducted by their accounting firms. Prior Bonadio compilation report reported Management & General at **8.87%** of total expenses.
- (3) - As of December 31, 2016, **6** Chapters are reporting operating deficits for the period (December of 2015, 14 Chapters reported deficits).

Reported Deficits and Other Highlighted Chapters

Chautauqua - The Chapter's financial sustainability plan is being monitored by the Financial Sustainability Review Committee ("FSRC") on a monthly basis. The Chapter reports a surplus of \$3.9MM for the period with improvement in rationalized rates and Affirmative Business sales contributing.

Chenango - The Chapter is reporting a YTD deficit of (\$702k). Shortfalls in Workshop sales and profitability combined with declining waiver program rates due rate rationalization within residential and day programs contribute to the deficit. Chenango and Broome-Tioga's boards have agreed to unification.

Clinton - The Chapter is reporting a YTD deficit of (\$224,644) primarily due to paying out a salary adjustment on 12/23/16 in the amount of \$689,489. Also, the Chapter recorded a prior year recoupment reserve for PreVoc (workshop wages) in the amount of \$404,467.

Columbia - The Chapter's financial sustainability plan is currently being monitored by the FSRC. Columbia reported a YTD surplus of \$916k.

Delaware - The Chapter reported an immaterial deficit (\$9,398) for the period.

NYC - The Chapter is reporting a surplus of \$716k on a consolidated basis for their financial period beginning July 2017. The Chapter's financial performance is currently being monitored by the FSRC. These results contain financial results FYE June, 30, 2016.

Niagara - The Chapter is reporting a deficit of (\$271k). The Chapter's financial results are currently being monitored by the FSRC on a monthly basis. Additionally, the Cattaraugus Chapter has decided to unify with Niagara. The Chapter is currently being managed with assistance from Cattaraugus. Residential program revenue is significantly impacted by 14 vacant beds. Resulting in a YTD Deficit in the IRA program of (\$518k).

Orange - The Chapter is currently being monitored by the Financials Sustainability Review Committee. The Chapter reported a YTD surplus of \$1.55M. The Chapter is exploring collaboration opportunities with the Sullivan Chapter.

Orleans & Genesee - The Chapter reported a YTD deficit of (\$89,424) that is driven by a pay rate increase to address high number of staff vacancies. All DSP hourly rates increased 3.5% in November. Also, an attendance incentive was paid out to the Orleans staff. Lastly, lower than budgeted enrollment in pre-school contributed to the deficit.

Putnam - The Chapter reported a surplus of \$1.2 MM. The surplus includes \$450k of non-program revenue from a one time settlement. The Chapter's financial sustainability plan is being monitored by the FSRC. Additionally, the Chapter reduced a prior year OMIG reserve (~ \$950k) in the period.

Schenectady - The Chapter reported a deficit of (\$29k). The deficit includes their Article 28 clinic and holding companies. The Chapter's financial results are being monitored by the FSRC.

St. Lawrence - The Chapter reported a YTD surplus of \$10k. The Chapter's financial sustainability plan is currently being monitored by the FSRC.

Sullivan - The Chapter reported a YTD surplus of ~ \$2.65M. The Chapter's financial sustainability plan is currently being monitored by the FSRC.

Westchester - The Chapter reported a YTD deficit of (\$249,811). Material factors include deficit in their E-doc venture. The Chapter is currently looking for alternatives to the E-doc venture employment opportunities. The Chapter incurred a Workers' Compensation adjustment of ~ \$525k.

Please note that we have included additional financial ratios on each of the Chapters below. These ratios are included in the Financial Sustainability Work Group "Scoring" formula:

Related Chapter ratios:

	Chapter Name	December 16 Reported Surplus / (Deficit)	Current Ratio (Target > 1.50)	Days in A/R (Target < 45 Days)	LT Debt to Net Assets (Target 0.5 - 0.7)	Modified DSCR (Target > 1.10)	Operating Surplus / Revenues (Target > 1.00%)	Primary Reserve Days (Target > 60 Days)
1	Chautauqua	\$ 3,897,107	1.33	51.85	0.37	4.19	3.64%	6.38
4	Chenango	(701,615)	2.82	31.41	0.16	(0.31)	-7.02%	85.76
2	Clinton	(153,644)	3.51	65.68	0.07	101.69	-1.17%	67.74
3	Columbia	915,519	2.32	35.67	1.16	1.83	3.80%	46.41
5	Delaware	(9,398)	16.79	35.77	0.07	2.19	-0.08%	359.86
6	NYC	1,746,743	0.97	47.21	1.58	1.32	-0.21%	16.63
7	Niagara	(271,219)	0.67	32.65	1.76	0.84	-1.07%	8.44
8	Orange	1,551,205	2.08	35.26	0.44	2.21	3.51%	49.73
9	Orleans & Genesee	(89,424)	2.57	46.15	0.48	0.94	-1.20%	63.05
10	Putnam	1,224,893	1.26	33.09	1.40	1.88	4.68%	49.75
11	Schenectady (does not include Article 28 clinic).	195,479	1.32	34.60	0.98	0.92	0.10%	45.57
12	St. Lawrence	10,193	1.47	36.37	0.38	0.70	-0.04%	42.60
13	Sullivan	2,651,874	1.98	41.10	1.04	2.07	6.37%	54.16
14	Westchester	(249,811)	1.91	57.27	0.34	1.16	-0.45%	47.66