

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Financial Statements  
and Supplementary Information  
with Independent Auditor's Report**

**June 30, 2025 and 2024**

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

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GUILMARTIN ▪ DIPIRO ▪ SOKOLOWSKI LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Connecticut Institute for the Blind  
and Subsidiaries d/b/a Oak Hill:

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 1 to the consolidated financial statements, The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill early adopted new accounting guidance for the year ended June 30, 2025: Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Connecticut Institute for the Blind and Subsidiaries d/b/a Oak Hill'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information on pages 35 and 36 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Guilberti, DiPiro & Sokolowski LLC*

Middletown, Connecticut  
January 2, 2026

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Statements of Financial Position**

**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,270,490	\$ 14,783,217
Accounts receivable, net	7,395,803	6,779,001
Prepaid expenses and other assets	1,881,271	1,030,628
Investments	162,213,521	165,782,963
Beneficial interest in perpetual trusts	60,122,777	56,590,651
Cash restricted for investment in property and equipment	953,650	972,837
Property and equipment, net	35,549,480	32,953,889
Right-of-use (ROU) assets - operating, net	669,759	696,931
Right-of-use (ROU) assets - finance, net	<u>388,834</u>	<u>1,117,472</u>
<b>Total Assets</b>	<b>\$ 291,445,585</b>	<b>\$ 280,707,589</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,687,620	\$ 4,249,552
Accrued wages and fringe benefits	11,097,440	10,512,112
Line of credit	500,000	-
Deferred revenue	2,064,864	2,018,160
Refundable advances	1,191,046	483,349
Due to State	1,510,725	4,721,801
Lease liabilities - operating	677,551	704,148
Lease liabilities - finance	373,765	1,100,158
Mortgages payable, net	3,297,373	3,677,148
Notes payable	2,109,784	1,647,755
Funds held on behalf of others	75,280	62,434
DDS cash advance	757,663	794,479
HUD capital advances	<u>1,783,600</u>	<u>1,783,600</u>
Total liabilities	<u>32,126,711</u>	<u>31,754,696</u>
<b>Net Assets</b>		
Without donor restrictions	126,250,234	123,992,791
With donor restrictions	<u>133,068,640</u>	<u>124,960,102</u>
Total net assets	<u>259,318,874</u>	<u>248,952,893</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 291,445,585</b>	<b>\$ 280,707,589</b>

The accompanying notes are an integral part of the consolidated financial statements.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Statements of Activities**

**For the years ended June 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues and Other Additions</b>						
Group home services	\$ 70,343,006	\$ -	\$ 70,343,006	\$ 68,133,289	\$ -	\$ 68,133,289
Adult day programs	5,968,427	-	5,968,427	5,494,462	-	5,494,462
Oak Hill School	23,074,423	-	23,074,423	21,310,866	-	21,310,866
Behavioral health services	16,218,323	-	16,218,323	16,388,204	69,044	16,457,248
Easter Seals Camp	46,602	-	46,602	1,322,847	-	1,322,847
Integrated Center	1,858,752	-	1,858,752	1,654,126	-	1,654,126
Other	1,700,968	279,246	1,980,214	1,031,189	399,900	1,431,089
Net assets released from restrictions	2,601,988	(2,601,988)	-	2,475,643	(2,475,643)	-
Total operating revenues and other additions	<u>121,812,489</u>	<u>(2,322,742)</u>	<u>119,489,747</u>	<u>117,810,626</u>	<u>(2,006,699)</u>	<u>115,803,927</u>
<b>Operating Expenses</b>						
Program expenses:						
Group home services	76,727,945	-	76,727,945	68,544,491	-	68,544,491
Adult day programs	3,331,008	-	3,331,008	3,146,361	-	3,146,361
Oak Hill School	18,544,289	-	18,544,289	16,456,482	-	16,456,482
Behavioral health services	15,951,172	-	15,951,172	14,992,166	-	14,992,166
Easter Seals Camp	932,664	-	932,664	979,740	-	979,740
Integrated Center	2,669,939	-	2,669,939	1,933,324	-	1,933,324
Other	2,025,536	-	2,025,536	1,802,629	-	1,802,629
Total program expenses	<u>120,182,553</u>	<u>-</u>	<u>120,182,553</u>	<u>107,855,193</u>	<u>-</u>	<u>107,855,193</u>
Support services:						
Management and general	15,836,259	-	15,836,259	13,672,471	-	13,672,471
Fundraising	800,902	-	800,902	871,139	-	871,139
Total support services	<u>16,637,161</u>	<u>-</u>	<u>16,637,161</u>	<u>14,543,610</u>	<u>-</u>	<u>14,543,610</u>
Total operating expenses	<u>136,819,714</u>	<u>-</u>	<u>136,819,714</u>	<u>122,398,803</u>	<u>-</u>	<u>122,398,803</u>
<b>Change in Net Assets from Operations</b>	<u>(15,007,225)</u>	<u>(2,322,742)</u>	<u>(17,329,967)</u>	<u>(4,588,177)</u>	<u>(2,006,699)</u>	<u>(6,594,876)</u>
<b>Non-Operating Revenues and Expenses</b>						
Investment income, net	2,590,872	1,843,934	4,434,806	2,764,206	1,931,000	4,695,206
Net realized and unrealized gains on investments	6,354,375	4,781,423	11,135,798	5,604,239	4,208,966	9,813,205
Income from perpetual trusts	2,485,281	-	2,485,281	2,130,522	-	2,130,522
Interest income	573,583	-	573,583	420,178	-	420,178
Gifts, grants, bequests and fundraising	3,114,833	273,797	3,388,630	1,804,105	3,236,187	5,040,292
Gain/loss on disposal of property and equipment	264,724	-	264,724	295,551	-	295,551
Increase in value of beneficial interest in perpetual trusts	-	3,532,126	3,532,126	-	4,235,587	4,235,587
Legal settlement	1,881,000	-	1,881,000	-	-	-
<b>Change in Net Assets from Non-Operating Activities</b>	<u>17,264,668</u>	<u>10,431,280</u>	<u>27,695,948</u>	<u>13,018,801</u>	<u>13,611,740</u>	<u>26,630,541</u>
<b>Change in Net Assets</b>	<u>2,257,443</u>	<u>8,108,538</u>	<u>10,365,981</u>	<u>8,430,624</u>	<u>11,605,041</u>	<u>20,035,665</u>
<b>Net Assets - Beginning of Year</b>	<u>123,992,791</u>	<u>124,960,102</u>	<u>248,952,893</u>	<u>115,562,167</u>	<u>113,355,061</u>	<u>228,917,228</u>
<b>Net Assets - End of Year</b>	<u>\$ 126,250,234</u>	<u>\$ 133,068,640</u>	<u>\$ 259,318,874</u>	<u>\$ 123,992,791</u>	<u>\$ 124,960,102</u>	<u>\$ 248,952,893</u>

The accompanying notes are an integral part of the consolidated financial statements.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Statement of Functional Expenses**

**For the year ended June 30, 2025**

*(with comparative totals for the year ended June 30, 2024)*

	<b>Program Expenses</b>							Total Program Expenses
	Group Home Services	Adult Day Programs	Oak Hill School	Behavioral Health Services	Easter Seals Camp	Integrated Center	Other	
Salaries	\$ 39,381,678	\$ 2,407,056	\$ 9,411,398	\$ 10,240,263	\$ 73,485	\$ 1,468,559	\$ 385,332	\$ 63,367,771
Benefits	12,599,557	747,638	3,011,047	2,919,015	23,511	438,437	123,297	19,862,502
Purchased services	18,988,126	83,182	4,927,512	1,376,945	311,133	166,286	709,855	26,563,039
Materials and supplies	1,745,898	9,929	609,896	480,354	1,180	543,254	57,970	3,448,481
Miscellaneous expenditures	1,757,766	12,578	148,401	304,506	148,882	21,519	48,345	2,441,997
Depreciation and amortization	<u>2,254,920</u>	<u>70,625</u>	<u>436,035</u>	<u>630,089</u>	<u>374,473</u>	<u>31,884</u>	<u>700,737</u>	<u>4,498,763</u>
Total expenses	<u>\$ 76,727,945</u>	<u>\$ 3,331,008</u>	<u>\$ 18,544,289</u>	<u>\$ 15,951,172</u>	<u>\$ 932,664</u>	<u>\$ 2,669,939</u>	<u>\$ 2,025,536</u>	<u>\$ 120,182,553</u>
	<b>Support Services</b>			<b>June 30, 2025</b>	<b>June 30, 2024</b>			
	Management and General	Fundraising	Total Support Services	<b>Total Expenses</b>	<b>Total Expenses</b>			
Salaries	\$ 7,188,481	\$ 543,520	\$ 7,732,001	\$ 71,099,772	\$ 66,012,575			
Benefits	2,274,761	169,179	2,443,940	22,306,442	18,783,036			
Purchased services	4,472,872	34,077	4,506,949	31,069,988	26,174,223			
Materials and supplies	545,155	42,515	587,670	4,036,151	3,444,299			
Miscellaneous expenditures	736,960	10,856	747,816	3,189,813	3,193,641			
Depreciation and amortization	<u>618,030</u>	<u>755</u>	<u>618,785</u>	<u>5,117,548</u>	<u>4,791,029</u>			
Total expenses	<u>\$ 15,836,259</u>	<u>\$ 800,902</u>	<u>\$ 16,637,161</u>	<u>\$ 136,819,714</u>	<u>\$ 122,398,803</u>			

The accompanying notes are an integral part of the consolidated financial statements.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Statement of Functional Expenses**

**For the year ended June 30, 2024**

	<b>Program Expenses</b>							<b>Total Program Expenses</b>
	<b>Group Home Services</b>	<b>Adult Day Programs</b>	<b>Oak Hill School</b>	<b>Behavioral Health Services</b>	<b>Easter Seals Camp</b>	<b>Integrated Center</b>	<b>Other</b>	
Salaries	\$ 36,780,220	\$ 2,334,123	\$ 8,560,939	\$ 9,348,561	\$ 162,492	\$ 1,192,390	\$ 212,972	\$ 58,591,697
Benefits	10,521,352	649,526	2,448,942	2,594,903	46,483	341,095	60,923	16,663,224
Purchased services	15,838,520	72,649	4,295,318	1,327,843	263,397	113,519	653,409	22,564,655
Materials and supplies	1,549,173	7,313	538,281	545,709	6,085	241,295	51,575	2,939,431
Miscellaneous expenditures	1,885,791	12,508	144,817	569,675	116,441	12,169	50,793	2,792,194
Depreciation and amortization	<u>1,969,435</u>	<u>70,242</u>	<u>468,185</u>	<u>605,475</u>	<u>384,842</u>	<u>32,856</u>	<u>772,957</u>	<u>4,303,992</u>
<b>Total expenses</b>	<u>\$ 68,544,491</u>	<u>\$ 3,146,361</u>	<u>\$ 16,456,482</u>	<u>\$ 14,992,166</u>	<u>\$ 979,740</u>	<u>\$ 1,933,324</u>	<u>\$ 1,802,629</u>	<u>\$ 107,855,193</u>
	<b>Support Services</b>							
	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Support Services</b>	<b>Total Expenses</b>				
Salaries	\$ 6,850,740	\$ 570,138	\$ 7,420,878	\$ 66,012,575				
Benefits	1,958,809	161,003	2,119,812	18,783,036				
Purchased services	3,509,610	99,958	3,609,568	26,174,223				
Materials and supplies	472,044	32,824	504,868	3,444,299				
Miscellaneous expenditures	333,605	5,894	339,499	3,193,641				
Depreciation and amortization	<u>547,663</u>	<u>1,322</u>	<u>548,985</u>	<u>4,791,029</u>				
<b>Total expenses</b>	<u>\$ 13,672,471</u>	<u>\$ 871,139</u>	<u>\$ 14,543,610</u>	<u>\$ 122,398,803</u>				

The accompanying notes are an integral part of the consolidated financial statements.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Statements of Cash Flows**

**For the years ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 10,365,981	\$ 20,035,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,832,849	4,484,957
Amortization of right-of-use (ROU) asset - operating	284,699	306,072
Net realized and unrealized (gain) on investments	(11,135,798)	(9,813,205)
(Increase) in value of beneficial interest in perpetual trusts	(3,532,126)	(4,235,587)
(Gain) on disposal of property and equipment	(264,724)	(295,551)
Contributions restricted for capital assets	(2,604,597)	(358,031)
Contributions restricted for endowment	(514,447)	(2,928,720)
(Increase) in operating assets:		
Accounts receivable, net	(616,802)	(89,632)
Prepaid expenses and other assets	(850,643)	(277,164)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	2,438,068	(135,439)
Accrued wages and fringe benefits	585,328	200,263
Deferred revenue	46,704	(56,904)
Refundable advances	707,697	(744,154)
Due to State	(3,211,076)	1,644,197
Lease liabilities - operating	(284,124)	(285,434)
Funds held on behalf of others	12,846	(4,602)
DDS cash advance	(36,816)	-
Net cash (used in) provided by operating activities	<u>(3,776,981)</u>	<u>7,446,731</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(5,878,803)	(2,340,449)
Proceeds from the sale of property and equipment	268,220	112,470
Proceeds from the sale of investments	63,086,540	77,551,977
Purchases of investments	(48,381,300)	(84,054,844)
Net cash provided by (used in) investing activities	<u>9,094,657</u>	<u>(8,730,846)</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for capital assets	2,604,597	358,031
Contributions restricted for endowment	514,447	2,928,720
Borrowings on line of credit	500,000	-
Principal payments on finance leases	(726,393)	(803,665)
Principal payments on mortgages and notes payable	(742,241)	(1,804,596)
Net cash provided by financing activities	<u>2,150,410</u>	<u>678,490</u>
<b>Net increase (decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>7,468,086</b>	<b>(605,625)</b>
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>	<u>15,756,054</u>	<u>16,361,679</u>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<u>\$ 23,224,140</u>	<u>\$ 15,756,054</u>

The accompanying notes are an integral part of the consolidated financial statements.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Notes to Financial Statements**

**June 30, 2025 and 2024**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Connecticut Institute for the Blind and Subsidiaries (Oak Hill) was originally founded in 1893 and provides community-based residential, day and education programs for people with visual impairments, multiple disabilities and behavioral health needs. Oak Hill's primary source of revenue is government fees and contracts.

The accompanying consolidated financial statements include the accounts of Oak Hill, all of which are controlled by a common Board of Directors. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. Unless otherwise noted, the consolidated subsidiaries are hereinafter referred to as "Oak Hill".

The Connecticut Institute for the Blind's subsidiaries consist of the following:

Oak Hill Industries, Inc.	Hartland Group Homes, Inc.
Oak Hill Foundation, Inc. (the Foundation)	Harwinton Group Home, Inc.
Easter Seals Connecticut, Inc.	Lebanon Canterbury Group Homes, Inc.
Gilead Community Services, Inc. (Gilead)	Newington Group Homes, Inc.
Rainbow Housing Corporation (Rainbow)	Oak Hill Community Residences, Inc.
Bolton Group Home, Inc.	Barkhamsted Granby Group Homes, Inc.
Burlington Group Homes, Inc.	Plymouth Group Home, Inc.
Coventry Group Home, Inc.	Thomaston Group Home, Inc.
Glastonbury Group Homes, Inc.	Vernon Group Homes, Inc.
Granby Group Homes, Inc.	Watertown Group Home, Inc.

Due to separate reporting requirements, the financial information for Gilead and Rainbow (hereinafter referred to as "Gilead") has been presented as supplementary information within these consolidated financial statements. The consolidating statement of financial position includes an intercompany receivable and payable between Oak Hill and Gilead in the amount of \$1,031,592 as of June 30, 2025, which relates to amounts due to Oak Hill for the payoff of Gilead's mortgages, which occurred during the year ended June 30, 2024. The consolidating statement of activities presents intercompany eliminations related to management fees charged between Oak Hill and Gilead.

**Summary of Significant Accounting Policies:**

**Basis of Accounting and Presentation**

The accounts of Oak Hill are maintained, and the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. Oak Hill reports information regarding its financial position and activities according to the following two categories of net assets:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. *Board designated net assets* are net assets established by the Board of Directors, which represent funds without donor restrictions, designated for general investment and endowment, and property and equipment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity but permit Oak Hill to expend the income earned thereon.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
AND SUBSIDIARIES D/B/A OAK HILL**

**Consolidated Notes to Financial Statements**

**June 30, 2025 and 2024**

**Operating and Non-Operating Activities**

The consolidated statements of activities present the changes in net assets of Oak Hill from operating activities and from non-operating activities. Oak Hill has defined an operating measure in the consolidated statements of activities whereby all support, revenue and expenses are considered operating except for the following: investment income, realized and unrealized gains and losses from investments, income from perpetual trusts, interest income, gifts, grants, bequests and fundraising revenue, gains and losses on disposals of property and equipment, changes in value from beneficial trusts and legal settlements.

**Recently Adopted Accounting Standards**

***ASU 2025-05 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets***

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05. The amendments in the ASU simplify the measurement of credit losses by providing 1) all entities with a practical expedient and 2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from certain exchange-type revenue streams. In developing reasonable and supportable forecasts as part of estimating expected credit losses, the practical expedient allows entities to assume the current conditions as of the consolidated statement of financial position date do not change for the remaining life of the asset, eliminating the need to further analyze macroeconomic data. Furthermore, eligible entities that elect the practical expedient are permitted to make an accounting policy election to consider collection activity after the consolidated statement of financial position date when estimating expected credit losses. The ASU is required to be applied prospectively and is effective for fiscal years beginning after December 15, 2025, but early adoption is permitted.

Oak Hill early adopted the ASU for the year ended June 30, 2025, noting it primarily impacts the Organization's room and board receivables and tuition and fees receivables. The early adoption of the standard did not have a material impact on the allowances recognized by Oak Hill. However, Oak Hill's allowance policies disclosed in Note 1 were enhanced as a result of the adoption of the standard. Additionally, see Note 3 for further disclosure of Oak Hill's receivable balances and related allowances.

**Cash, Cash Equivalents and Restricted Cash**

Oak Hill considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to investment in property and equipment are excluded from this definition. Restricted cash is for investment in property and equipment and is combined with cash and cash equivalents for the purposes of the consolidated statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$22,270,490	\$14,783,217
Cash restricted for investment in property and equipment	<u>953,650</u>	<u>972,837</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$23,224,140</u>	<u>\$15,756,054</u>

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**Residents' Assets Held**

Oak Hill and Gilead have fiduciary responsibility over resident funds held in a bank. These accounts totaled \$548,700 and \$720,621 at June 30, 2025 and 2024, respectively, for Oak Hill, and \$66,748 and \$78,259 at June 30, 2025 and 2024, respectively, for Gilead, and are not included in the accompanying consolidated statements of financial position as they are owned by the residents.

**Accounts Receivable**

***Government Grants Receivable***

Oak Hill has receivables related to grants and contracts from state governmental agencies, of which the related revenue is accounted for consistent with conditional contributions. Based on historical experience, grants are considered fully collectable.

***Program Fee for Service Receivables and Allowance for Credit Losses***

Oak Hill has receivables from student tuition and fees, room and board services provided to clients and from various other contracts for services provided.

Oak Hill accounts for uncollectible balances under the Current Expected Credit Loss (CECL) model. Oak Hill estimates an allowance for expected credit losses calculated on a pooled basis where similar risk characteristics exist. Receivables are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. Oak Hill's pools of receivables include those related to tuition and fees and those related to room and board. At each reporting period, the allowance is updated to reflect any changes in credit risk since the related receivable was initially recorded. During the year ended June 30, 2025, Oak Hill elected the practical expedient to assume the current conditions of current receivables as of the consolidated statement of financial position date do not change for the life of the asset, and also adopted the accounting policy to consider collection activity subsequent to the consolidated statement of financial position date in determining the estimate of the allowance for credit losses at year-end. As a result, Oak Hill does not recognize an allowance on any receivables that were subsequently collected within 30 days from the date of the consolidated statement of financial position. Rather, the allowance estimate is derived from a review of Oak Hill's historical losses based on the aging of receivables after considering subsequent collections and then is adjusted for any additional factors as a result of management's assessment of current conditions.

For the year ended June 30, 2024, management determined that its analysis of current conditions and forecast factors did not have a material impact on the allowance estimate. Therefore, the election of the practical expedient and related accounting policy for the year ended June 30, 2025 impacted management's approach to determining the allowance for credit losses, but did not have a material impact on the allowances determined by management.

The allowance at June 30, 2025 and 2024 was \$103,562 and \$128,598, respectively. The consolidated statements of financial position report accounts receivable net of the allowance. See Note 3 for further disclosure of Oak Hill's receivable balances and related allowances.

**Investments**

Oak Hill records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income is reported net of related expenses, which totaled \$521,972 and \$466,542 for the years ended June 30, 2025 and 2024, respectively. Net realized and unrealized gains (losses) on investments include Oak Hill's gains and losses on investments bought and sold as well as held during the year.

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**Investments, continued**

Realized and unrealized gains and losses and investment income on donor-restricted endowment assets are reported in the consolidated statements of activities as increases or decreases in net assets with donor restrictions until appropriated for expenditure.

Oak Hill determines its valuation policies and procedures utilizing information provided by investment advisors and asset custodians.

**Beneficial Interest In Perpetual Trusts**

Oak Hill has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to Oak Hill; however, Oak Hill will never receive the principal assets of the trusts. At the date Oak Hill receives notice of an irrevocable beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

**Property and Equipment**

Oak Hill follows the practice of capitalizing all property and equipment with a cost exceeding \$5,000, or if donated, at fair value on the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets with a range in lives from 3 to 40 years. Property under finance leases is amortized over the related lease term. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense as incurred.

Oak Hill reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Oak Hill has determined that there was no impairment of long-lived assets as of June 30, 2025 and 2024.

**Deferred Revenue**

Included in deferred revenue are funds restricted for specific services to be rendered by Easter Seals Connecticut, Inc. (Easter Seals). The corresponding revenue is recognized as the services are rendered. At June 30, 2025 and 2024, these funds totaled \$1,910,828. The corresponding assets whose use is restricted in the same amount are included in investments in the consolidated statements of financial position. Other amounts included in deferred revenue relate to program fees collected that are designated for or related to future years' activities that are deferred and will be recognized as revenue in the period in which they are earned. At June 30, 2025, 2024 and 2023, deferred revenue totaled \$2,064,864, \$2,018,160 and \$2,075,064, respectively.

**Refundable Advances**

Oak Hill presents refundable advances when grant advances and other revenue exceeds the eligible cost incurred. Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to grantors. Unspent grant funds of \$1,191,046 and \$483,349 as of June 30, 2025 and 2024, respectively, are included in the consolidated statements of financial position. Amounts are to be used for future programmatic expenses, in accordance with the funding agencies' guidelines.

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**Due to State**

Due to State liability represents unspent funding that is due back to the State of Connecticut Department of Developmental Services (DDS).

**Debt Issuance Costs**

In connection with the issuance of the mortgages and notes payable, Oak Hill incurred debt issuance costs. These costs, net of accumulated amortization, are reported as a direct reduction of the amount of long-term debt. These costs are reflected as a component of interest expense and are computed using an imputed interest rate on the related loan.

**Workers' Compensation and Self-funded Insurance**

Oak Hill, exclusive of Gilead, self-insures for workers' compensation claims up to \$250,000 per individual claim. Oak Hill has secured a claims-made insurance policy to provide coverage above a deductible per claim and maximum amount per year for workers' compensation claims. The policy in place as of June 30, 2025 provides coverage for a single workers' compensation claim in excess of \$250,000.

The nature of workers' compensation claims is such that the estimated liabilities associated with a specific claim can be significant and subject to change. As of June 30, 2025 and 2024, accrued wages and fringe benefits included a liability of \$2,498,475 and \$2,777,600, respectively, reflecting management's estimate based on a third party actuarial calculation of the ultimate cost of workers' compensation claims not covered by insurance. Management's evaluation as reflected by the actuary, considers asserted claims and reflects the estimated cost of settling claims.

Gilead is a member of a trust that separately calculates its cost of coverage.

During the year ended June 30, 2025, Oak Hill entered into self-funded medical, prescription drug and dental plans. The claim reserve for these plans is \$699,300 as of June 30, 2025, and reflects management's estimate of claims incurred prior to July 1, 2025 and paid after June 30, 2025 and is based on a third party actuarial calculation. The reserve is included in accrued wages and benefits within the consolidated statements of financial position.

**Revenue and Revenue Recognition**

***Contributions***

Oak Hill receives contributions in the form of promises to give (pledges), donations and other gifts. These contributions can be from individuals, foundations, corporations, trusts or others. Oak Hill recognizes contributions when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived by the donor.

Oak Hill reports gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets, as support with donor restrictions. When a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed (in-kind) services and nonfinancial assets are recorded as contributions at their estimated fair values at the date of donation. Contributed services are recognized in the consolidated financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time in supporting Oak Hill's mission. Contributed nonfinancial assets include donated equipment and specialized services. It is Oak Hill's policy to repair and then sell donated equipment.

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***Government Grants and Contracts***

Oak Hill is the recipient of federal, state and private grants to fund its primary programs. Oak Hill's grant funding from the State of Connecticut Department of Developmental Services (DDS), Department of Mental Health and Addiction Services (DMHAS) and Department of Children and Families (DCF) in addition to other state and federal departments, are accounted for consistently with conditional contributions. Grants are not recognized until the conditions on which they depend have been substantially met. Such grants are conditioned upon the incurrence of allowable qualifying expenses and are recorded as revenue when the related approved expenditures are made. At June 30, 2025 and 2024, conditional reimbursement-basis grants of \$102,073,867 and \$22,602,738, respectively, have not been recognized in the accompanying consolidated financial statements because qualifying expenditures have not yet been incurred. In addition, Gilead executed a new contract with DMHAS which covers the period July 1, 2025 to June 30, 2027 with a maximum contract amount of \$18,474,366.

Oak Hill is also party to contracts with certain governmental agencies that provide funding for programming. Funding from such contracts, including those with the State of Connecticut Department of Social Services, is based on contractually-identified performance obligations that include the nature and timing of services required in an exchange-type transaction. Oak Hill recognizes revenue once performance obligations have been satisfied. The revenue is recognized at the amount reflecting the consideration Oak Hill expects to receive in exchange for the services provided.

***Federal and State COVID-19 Funding***

Oak Hill received American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) funding during the years ended June 30, 2024, 2023 and 2022, which was provided by the State of Connecticut Department of Developmental Services (DDS). The funding provides for three initiatives: 1) Temporary provider stabilization (category 1), 2) Workforce stability incentives (category 2), and 3) Stability and infrastructure improvements through technology (category 3). The State established expenditure deadlines, by category, for providers to adhere to and DDS will recover any funds not expended by the established deadlines. The final deadline for expenditure of funds received was September 30, 2024. For the years ended June 30, 2025 and 2024, Oak Hill spent \$454,114 and \$1,583,101 in ARPA HCBS funding and recorded \$0 and \$454,114 as a refundable advance, respectively, which represents the balance of unspent funds before the expenditure deadlines as of the end of the fiscal years. The \$454,114 and \$1,583,101 ARPA revenue recognized is included in group home services and adult day programs operating revenues on the consolidated statements of activities for the years ended June 30, 2025 and 2024, respectively.

Oak Hill received \$1,529,278 in American Rescue Plan Act (ARPA) Vehicles and Infrastructure Maintenance funding during the year ended June 30, 2025, which was provided by the State of Connecticut Department of Developmental Services (DDS). The funding provides for two initiatives: 1) The purchase of vehicles used to assist in transportation of served individuals to community-based supports and services, and 2) Maintenance, repairs, or enhancements of physical structures where individuals supported by the state are served. The funding is allowed to be spent on qualifying expenditures from February 1, 2025 through March 31, 2026 and any funding not used by Oak Hill will be required to be repaid to DDS. For the year ended June 30, 2025, the Organization spent \$793,134 in ARPA Vehicles and Infrastructure Maintenance funding, which is included in group home services and adult day programs operating revenues on the consolidated statements of activities for the years ended June 30, 2025. Oak Hill has also recorded \$736,144 as a refundable advance, which represents the unspent funds as of the end of the fiscal year.

In April 2024, Oak Hill was awarded \$6,379,851 of ARPA One Time Provider Stabilization Funds through DDS and in August 2023, Easter Seals Connecticut, Inc. was awarded \$1,211,643 of ARPA Improve Camp Funds through DDS. Both awards were to be used to offset economic hardship caused by COVID-19 and to stabilize services moving forward. Based on the respective programmatic losses reported during the award period of availability, the criteria for recognition was met and as such, the funds were fully recognized as operating revenue during the year ended June 30, 2024.

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***Special Events***

Special events revenue is comprised of an exchange between the direct benefits donors receive and their contribution. Oak Hill recognizes the net contribution for special events revenue in the month the event takes place unless there is a right of return if the special event does not take place.

***Oak Hill School Revenue***

Oak Hill recognizes revenue from student tuition and fees during the year in which the related services are provided to students. Contracts for tuition and other services (i.e. transportation and 1:1 support) are in place for each academic year, which are based on Oak Hill's fiscal year and are satisfied as of June 30<sup>th</sup>. Tuition contracts include a fixed annual tuition rate. Other services provided to students are covered under separate contracts. Oak Hill bills in arrears and issues monthly invoices to the respective Board of Education for tuition and corresponding services provided to students. Payments are due within 30 days of the invoice date. The performance obligation of delivering educational services is simultaneously received by the students; therefore, the revenue is recognized ratably over the course of the academic year. Tuition and corresponding services are payable unless the Planning and Placement Team convenes and agrees to withdraw the student from Oak Hill School, at which point the contract would terminate. Unbilled tuition related to services provided represents contract assets. There were no contract assets as of June 30, 2025 or 2024. Tuition billed and due to Oak Hill for services provided is recorded in accounts receivable. Tuition paid in advance represents contract liabilities and is recorded as deferred revenue. There was no deferred revenue related to tuition and fees as of June 30, 2025 or 2024. The balances of Oak Hill's tuition and fees accounts receivable at June 30 are as follows:

	<u>Tuition and Fees Accounts Receivable</u>
2025	\$2,941,151
2024	2,722,035
2023	2,940,699

Because Oak Hill's performance obligations relate to contracts with a duration of one year or less, Oak Hill has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose information about remaining performance obligations. There are no incremental costs of obtaining a contract and no significant financing components.

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***Revenue Disaggregation***

The following table presents the disaggregation of revenues under exchange transactions as well as a reconciliation of exchange and non-exchange revenues to the consolidated statements of activities:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Timing of Revenue Recognition</u>
Oak Hill School tuition and fees	\$ 23,072,657	\$ 21,256,460	Over time
DSS Intermediate Care Facilities (ICF) services	19,813,471	19,698,013	Point in time
Room and board and rental income through DSS, HUD and tenants	4,691,230	4,584,226	Point in time
Behavioral health outpatient services	442,933	582,366	Point in time
Behavioral health residential services	3,812,168	3,902,534	Over time
Program sales	351,188	345,790	Point in time
Assistive technology memberships	187,000	458,300	Over time
Assistive technology services	333,967	173,537	Point in time
Other	703,874	612,742	Point in time
Other	<u>643,927</u>	<u>389,429</u>	Over time
Total revenues from exchange transactions	54,052,415	52,003,397	
Government grant and contracts contribution revenue	64,987,162	62,927,314	
Non-governmental contribution revenue	<u>450,170</u>	<u>873,216</u>	
Total operating revenues	<u>\$119,489,747</u>	<u>\$115,803,927</u>	

**Contract Balances and Deferred Amounts**

Contract assets generally represent Oak Hill's right to consideration in exchange for services that have been transferred to the customer before payment is due. Oak Hill includes contract assets with receivables on the consolidated statements of financial position. Contract liabilities generally include consideration due or paid by a customer prior to when Oak Hill transfers services and represent Oak Hill's obligation to the customer. Oak Hill refers to contract liabilities as deferred revenue on the consolidated statements of financial position, and represents program fees collected that are designated for or related to future years' activities. Amounts are recognized as revenue in the period in which they apply or when earned.

**Leases**

Oak Hill determines if an arrangement is or contains a lease at inception. Lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. All leases are accounted for as right-of-use (ROU) assets and lease liabilities in the consolidated statements of financial position, with the exception of leases with an initial term of 12 months or less. Management has elected to account for lease payments for such short term leases as lease expense on a straight-line basis over the lease term. Management only reassesses its determination of a lease contract if the terms and conditions of the contract are changed.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. Oak Hill uses the implicit rate when it is readily available to discount future lease payments for finance leases, which primarily includes vehicles, and uses a risk-free rate based on U.S. Treasury rates for its operating leases, under a portfolio approach based on similar characteristics within its operating leases, which primarily include real estate. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating and finance lease ROU assets and related lease liabilities are separately stated

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**Leases, continued**

on the consolidated statements of financial position. When lease agreements provide for the separate identification of lease and non-lease components, such components are accounted for separately using stand-alone prices; however, when non-lease components are not separately identifiable, Oak Hill accounts for the lease and non-lease components as a single lease.

Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease expense includes amortization of the ROU asset on a straight-line basis, and interest on the lease liabilities using Oak Hill's applied discount rate. All of Oak Hill's operating leases utilize a risk-free rate. See Note 17 for more information on Oak Hill's leasing arrangements.

**Advertising Costs**

Oak Hill expenses advertising costs as incurred. Advertising expenses totaled \$123,066 and \$56,886 for the years ended June 30, 2025 and 2024, respectively.

**Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities and by nature and function in the consolidated statements of functional expenses. Oak Hill charges direct expenses incurred for a specific function directly to the program or supporting service category. These costs are those that can be specifically identified as being incurred for the activities of that program or supporting service. Other costs incurred that benefit more than one program or supporting service are allocated. Expenses allocated based on utilization of space include occupancy charges, building operations, technology, depreciation and amortization. Salaries, not directly charged, are allocated on the basis of estimates of time and effort. Employee benefits are allocated based on the program percentage of salary. Administrative and general expenses are allocated based on the percentage of a program expense to the total. Oak Hill reevaluates its allocation method each year.

**Fair Value Measurements**

Oak Hill reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that Oak Hill has the ability to access at the measurement date;
- Level 2    Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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**Fair Value Measurements, continued**

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement for the asset or liability. In these situations, Oak Hill develops inputs using the best information available in the circumstances.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Money Market Funds:* Money market funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.

*Equities, Fixed Income and Commodities:* These items are valued at the closing price reported in the active market in which the individual securities, bonds or commodities are traded. Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

*Pooled Investment Securities:* These investments are held in a community foundation. The community foundation maintains a diversified portfolio investing in individual stocks, exchange-traded funds, mutual funds, corporate bonds, government obligations and short-term treasuries. The fair value of the fund is provided by the foundation and represents Gilead's share of the value of the underlying investments.

*Hedge Funds:* The value of the hedge funds are determined by a number of factors including the hedge fund's strategy, risk tolerance, and the methodology used to price the unique aggregate of the underlying assets. Valuation is determined independently by each hedge fund's manager.

*U.S. Treasury Bills:* The fair values of U.S. Treasury bills are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy.

*Real Estate Investments:* The fair values of the investments in this category have been estimated using the net asset value of Oak Hill's ownership interest in partners' capital.

*Private Equity:* Interests in private equities are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. The valuations involve assumptions and methods that are reviewed by the Foundation. Because investments in these partnerships are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such investments existed.

*Beneficial Interest in Perpetual Trusts:* Beneficial interest in perpetual trusts held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreement, which is measured by the fair values of the underlying assets. Oak Hill cannot access assets in the trust.

There have been no changes in the methodologies used at June 30, 2025 and 2024. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, Oak Hill believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

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**Fair Value Measurements, continued**

Oak Hill uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Oak Hill uses pricing information supplied by investment managers to determine the net asset value for real estate and private equity investments. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

**Income Taxes**

Oak Hill has received exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Oak Hill has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii).

Oak Hill believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Oak Hill's federal Returns of Organization Exempt from Income Tax (Form 990) for June 30, 2025, 2024 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

**Concentrations**

***Financial Instruments***

Oak Hill maintains its cash, cash equivalents and restricted cash with high-credit quality financial institutions. At times, such amounts may exceed federal depository insurance limits. At June 30, 2025, the cash balance exceeded the federally insured limit by \$23,620,153. However, Oak Hill has not experienced any losses in this area, and management believes that Oak Hill's deposits are not exposed to significant credit risk.

***Government Grants and Contracts***

A substantial portion of Oak Hill's revenue is derived from government grants and contracts. Since the contracts are evidenced by signed contracts with government and other agencies, management believes there is nominal credit risk associated with any outstanding grants receivable. As with all government funding, these grants and contracts may not be renewed or may be renewed in reduced amounts in future years. Any significant reduction in these grants and contracts could have an adverse effect on Oak Hill's program services. For the years ended June 30, 2025 and 2024, approximately 75% and 76%, respectively, of its operating revenue is from various departments of the State of Connecticut. Approximately 51% and 40%, respectively, of its accounts receivable as of June 30, 2025 and 2024 is due from various departments of the State of Connecticut.

**Compensated Absences**

Oak Hill accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated. Oak Hill's policies related to compensated absences vary by years of service and include a maximum allowable carryover provision. Compensated absences of \$2,806,396 and \$2,967,070 were recorded as of June 30, 2025 and 2024, respectively, and are included in accrued wages and fringe benefits within the consolidated statements of financial position.

**Estimates**

The preparation of Oak Hill's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Oak Hill’s financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$22,270,490	\$14,783,217
Accounts receivable, net	7,395,803	6,779,001
Distributions from beneficial interests in perpetual trusts	2,485,281	2,130,522
Endowment spending-rate distributions and appropriations	5,881,606	5,536,648
U.S. Treasury Bill (expired in February and May 2025)	<u>-</u>	<u>9,000,000</u>
 Total financial assets available to meet general expenditures within one year	 <u>\$38,033,180</u>	 <u>\$38,229,388</u>

Oak Hill regularly monitors liquidity required to meet its operating needs and other contractual commitments. Oak Hill manages its liquid resources by focusing on collecting receivables timely.

Oak Hill has a board-designated endowment of \$94,501,177 that can be made available for general expenditure with approval from Oak Hill Foundation, Inc.’s (the Foundation) board, subject to investment liquidity provisions.

Oak Hill’s endowment consists of donor-restricted endowments and a board-designated endowment. Income from these endowments is available for both general expenditure and specific purpose and is subject to a spending rate of no more than 4.625% of a 20-quarter rolling average market value. Appropriations for general expenditure that will be available within the next 12 months is \$5,881,606.

Distributions from beneficial interests in perpetual trusts is based on what will be received and available over the next 12 months.

**NOTE 3 – ACCOUNTS RECEIVABLE/DDS BRIDGE FUNDING ADVANCES**

Oak Hill retains bridge funding advances from DDS to fund the cash flow requirements of Oak Hill’s DDS programs in the amount of \$3,423,274 as of June 30, 2025 and 2024.

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**Accounts Receivable/DDS Bridge Funding Advances, continued**

As shown below, these advances are offset against DDS accounts receivable on the accompanying consolidated statements of financial position.

	<u>2025</u>	<u>2024</u>
DDS accounts receivable	\$ 4,698,740	\$ 3,954,385
Less: DDS advance	<u>(3,423,274)</u>	<u>(3,423,274)</u>
Net DDS receivable	1,275,466	531,111
Tuition and fees receivables	2,941,151	2,722,035
Room and board receivables	1,745,988	1,530,807
Other receivables	1,536,760	2,123,646
Less: allowance for credit losses	<u>(103,562)</u>	<u>(128,598)</u>
Accounts receivable, net	<u>\$ 7,395,803</u>	<u>\$ 6,779,001</u>

Included in DDS accounts receivable at June 30, 2025 is \$1,000,000 of one-time strike preparation costs.

Tuition and fees receivables and room and board receivables as of June 30, 2023 were \$2,940,699 and \$1,406,396, respectively.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, as of June 30, 2025:

<u>Description</u>	<u>Fair Value Measurements Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 2,173,056	\$ 1,761,137	\$ -	\$ 411,919
Equities	100,462,131	100,462,131	-	-
Fixed income	27,207,784	14,715,867	12,491,917	-
Pooled investment securities	359,352	-	359,352	-
Commodities	121,781	-	-	121,781
Hedge funds	<u>7,085,586</u>	<u>-</u>	<u>-</u>	<u>7,085,586</u>
Total leveled investments, at fair value	<u>137,409,690</u>	<u>116,939,135</u>	<u>12,851,269</u>	<u>7,619,286</u>
Investments measured at net asset value:				
Real estate	4,305,629	-	-	-
Private equity	<u>20,498,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments measured at net asset value	<u>24,803,831</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	162,213,521			
Beneficial interest in perpetual trusts	<u>60,122,777</u>	<u>-</u>	<u>-</u>	<u>60,122,777</u>
Total investments and beneficial interest in perpetual trusts	<u>\$222,336,298</u>			

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**Fair Value Measurements, continued**

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, as of June 30, 2024:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 6,688,565	\$ 6,406,283	\$ -	\$ 282,282
Equities	94,466,067	94,466,067	-	-
Fixed income	28,217,770	17,602,377	10,615,393	-
Pooled investment securities	342,933	-	342,933	-
Commodities	125,226	-	-	125,226
Hedge funds	7,205,588	-	-	7,205,588
U.S. Treasury bills	<u>8,634,610</u>	<u>8,634,610</u>	-	-
Total leveled investments, at fair value	<u>145,680,759</u>	<u>127,109,337</u>	<u>10,958,326</u>	<u>7,613,096</u>
Investments measured at net asset value:				
Real estate	4,343,583	-	-	-
Private equity	<u>15,758,621</u>	-	-	-
Total investments measured at net asset value	<u>20,102,204</u>	-	-	-
Total investments	165,782,963			
Beneficial interest in perpetual trusts	<u>56,590,651</u>	-	-	<u>56,590,651</u>
Total investments and beneficial interest in perpetual trusts	<u>\$222,373,614</u>			

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**Fair Value Measurements, continued**

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2025 is as follows:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Liquidity or Other Restrictions</u>
<u>Real Estate:</u>					
Blackstone Real Estate Income Trust Inc. (a)	\$ 3,306,189	\$ -	Monthly	2 days before deadline each month	After 1 year lock up period
BREP IX Commercial Real Estate Fund (a)	999,440	60,000	None	None	None
<u>Private Equity:</u>					
Fund of Funds:					
Hamilton Lane Private Equity Fund IX LP (b)	2,506,568	134,280	None	None	None
NB Crossroads Participation Fund 23 (TE) LP (c)	6,645,573	930,000	None	None	None
NB Crossroads Private Markets Fund VII Advisory LP (d)	3,227,975	1,840,000	None	None	None
NB Crossroads Participation Fund 24 (TE) LP (e)	625,818	450,000	None	None	None
Illumen Capital II A LP (f)	371,621	500,330	None	None	None
Other:					
KKR Global Special Situations II Cayman Access LP (g)	202,930	92,500	None	None	None
LLCP Structured Equity Access Fund VI LP (h)	3,162,827	45,000	None	None	None
Oaktree Opportunities Access Fund XII (i)	770,334	1,775,000	None	None	None
Ares Strategic Income Fund Class I (j)	1,504,911	-	Quarterly	Quarterly withdrawal window	Quarterly after 1 year lock-up period
Blue Owl Credit Income Corp. Class I (k)	<u>1,479,645</u>	-	Quarterly	Quarterly withdrawal window	Quarterly
	<u>\$24,803,831</u>				

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**Fair Value Measurements, continued**

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2024 is as follows:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Liquidity or Other Restrictions</u>
<u>Real Estate:</u>					
Blackstone Real Estate Income Trust Inc. (a)	\$ 3,248,304	\$ -	Monthly	2 days before deadline each month	After 1 year lock up period
BREP IX Commercial Real Estate Fund (a)	1,095,279	60,000	None	None	None
<u>Private Equity:</u>					
Fund of Funds:					
Hamilton Lane Private Equity Fund IX LP (b)	2,859,862	190,400	None	None	None
NB Crossroads Participation Fund 23 (TE) LP (c)	6,033,575	1,080,000	None	None	None
NB Crossroads Private Markets Fund VII Advisory LP (d)	2,313,626	2,400,000	None	None	None
NB Crossroads Participation Fund 24 (TE) LP (e)	322,004	685,000	None	None	None
Illumen Capital II A LP (f)	241,148	708,834	None	None	None
Other:					
KKR Global Special Situations II Cayman Access LP (g)	327,400	92,500	None	None	None
LLCP Structured Equity Access Fund VI LP (h)	<u>3,661,006</u>	45,000	None	None	None
	<u>\$20,102,204</u>				

The investment strategies of these investments are as follows:

- a. To invest in primarily stabilized commercial real estate properties.
- b. To provide a strategic blend of primaries, secondaries and co-investments to create a concentrated, well-diversified portfolio.
- c. To invest in Class B limited partnerships interests in NB Crossroads Fund 23 Onshore LP.
- d. To invest substantially all assets in NB Crossroads Private Markets Fund VII Holdings LP.
- e. To invest in buyout funds co-managed by Neuberger Berman and NB Private Equity Partners.
- f. To combine investment capital with evidence-based tools to help fund managers activity reduce racial and gender bias.
- g. To invest in rescue financing, recapitalization opportunities, control distressed investments, secondary distressed investments and opportunistic investments.
- h. To seek attractive opportunistic risk-adjusted returns by acquiring positions of control or significant influence in real estate and real estate companies globally capitalizing on market instabilities and volatility and accessing growth opportunities.

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**Fair Value Measurements, continued**

- i. To invest through multiple market cycles, generating consistently strong returns through a disciplined and diversified approach to capital deployment and risk mitigation.
- j. To utilize expertise of the Ares Credit Group, along with the boarder resources of Ares, in sourcing, evaluating and structuring transactions. To employ a longstanding investment approach focused on long-term credit performance and downside protection and focus on liquid and illiquid credit of U.S. companies, and to a lesser extent non-U.S. companies; and to maintain rigorous portfolio monitoring to anticipate and pre-empt negative credit events in the portfolio.
- k. To generate current income through a diverse, high-quality portfolio of predominantly senior secured, directly originated floating rate loans to U.S. middle and upper middle-market companies.

Oak Hill incurred bank charges, custodial fees and advisory fees totaling \$521,972 and \$466,542 for the years ended June 30, 2025 and 2024, respectively, for maintaining the investment funds.

There were no transfers into or out of Level 3 assets during the years ended June 30, 2025 and 2024.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended June 30, 2025 and 2024 are reported in net realized and unrealized gains on investments in the consolidated statements of activities.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 5,737,157	\$ 5,737,157
Land improvements	4,334,682	4,156,641
Buildings and improvements	70,336,379	68,138,491
Furniture, equipment and vehicles	<u>9,835,855</u>	<u>8,422,198</u>
	90,244,073	86,454,487
Less: accumulated depreciation	<u>(57,636,765)</u>	<u>(54,059,522)</u>
	32,607,308	32,394,965
Construction in progress	<u>2,942,172</u>	<u>558,924</u>
Property and equipment, net	<u>\$ 35,549,480</u>	<u>\$ 32,953,889</u>

Depreciation on property and equipment was \$4,104,211 and \$3,670,291 (including \$662,129 and \$495,223 related to Gilead) for the years ended June 30, 2025 and 2024, respectively.

Construction in progress at June 30, 2025 included costs incurred related to Easter Seals Camp Hemlocks construction and education classroom projects as well as Gilead's rebuild of the apartment buildings at 82 High Street in Clinton. Total costs incurred for these projects as of June 30, 2024 were \$558,924 and an additional \$2,383,248 was incurred during the fiscal year ended June 30, 2025. Depreciation will commence when the projects are completed and the assets are placed in service.

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**NOTE 6 – REFUNDABLE ADVANCES**

Refundable advances consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
DDS - ARPA funding for IT	\$ -	\$454,114
DDS - ARPA funding for vehicles	736,144	-
Various grantor advances	<u>454,902</u>	<u>29,235</u>
Total refundable advances	<u>\$1,191,046</u>	<u>\$483,349</u>

**NOTE 7 – RESERVE FOR RATE ADJUSTMENTS**

Oak Hill's expenses are subject to examination by several agencies of the State of Connecticut from which funding is received. Oak Hill believes that any adjustments that might result from such examinations would not have a material effect on its activities or financial position. The reserve for rate adjustments was \$1,784,000 at June 30, 2025 and 2024, and is included in accounts payable and accrued expenses within the consolidated statements of financial position.

**NOTE 8 – MORTGAGES AND NOTES PAYABLE**

Mortgages and notes payable consist of the following as of June 30:

<b>Mortgages Payable</b>	<u>2025</u>	<u>2024</u>
United States Department of Housing and Urban Development (HUD) mortgages, with interest ranging from 8.375% to 9.250%, payable over 40 years through 2034, with monthly payments of principal and interest ranging from \$2,024 to \$4,703, aggregate \$22,084 per month, collateralized by 14 group homes.	\$ 742,836	\$ 932,073
Commercial bank mortgages, with interest ranging from 2.640% to 6.400%, payable over 14 to 20 years through 2035, with monthly payments of principal and interest ranging from \$569 to \$2,903, aggregate \$12,620 per month, collateralized by 10 group homes.	1,224,950	1,318,980
Connecticut Housing Finance Authority (CHFA) mortgages, with interest ranging from 3.000% to 6.626%, payable over 30 years beginning in 2000, with monthly payments of principal, interest and replacement reserves ranging from \$2,133 to \$3,666, aggregate \$14,379 per month, collateralized by 5 group homes.	<u>1,354,487</u>	<u>1,462,087</u>
Total mortgages payable	3,322,273	3,713,140
Less: unamortized debt issuance costs	<u>(24,900)</u>	<u>(35,992)</u>
Mortgages payable, net	<u>\$3,297,373</u>	<u>\$3,677,148</u>

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**Mortgages and Notes Payable, continued**

The group homes collateralized for each category of mortgages payable are carried at a net book value as of June 30 as follows:

	<u>2025</u>	<u>2024</u>
HUD mortgages	\$1,560,636	\$1,444,104
Commercial bank mortgages	2,438,392	2,506,454
CHFA mortgages	<u>1,441,706</u>	<u>1,480,209</u>
	<u>\$5,440,734</u>	<u>\$5,430,767</u>

**Notes Payable**

	<u>2025</u>	<u>2024</u>
Vehicle notes payable with Webster Capital Finance, with interest ranging from 5.562% to 7.424%, payable over 5 to 6 years through 2031, with monthly payments of principal and interest ranging from \$132 to \$1,241, aggregate \$49,024 per month, collateralized by 65 vehicles.	<u>\$2,109,784</u>	<u>\$1,647,755</u>
Total notes payable	<u>\$2,109,784</u>	<u>\$1,647,755</u>

Future maturities of mortgages and notes payable are as follows:

<u>Years Ending June 30,</u>	<u>Mortgages payable</u>	<u>Notes payable</u>
2026	\$ 418,980	\$ 459,286
2027	404,416	491,322
2028	366,504	522,474
2029	379,761	446,511
2030	338,245	169,973
Thereafter	<u>1,414,367</u>	<u>20,218</u>
Total	<u>\$3,322,273</u>	<u>\$2,109,784</u>

Interest expense for mortgages and notes payable was \$327,054 and \$385,660 (including \$24,837 and \$86,976 related to Gilead) for the years ended June 30, 2025 and 2024, respectively.

Under the terms of the debt agreements and the lines and letters of credit (Notes 9 and 10), Oak Hill and Gilead are required to maintain certain financial and other restrictive covenants.

**NOTE 9 – LINES OF CREDIT**

Gilead has a revolving line of credit with Liberty Bank that is due on demand, which provides borrowings up to a maximum of \$1,000,000. Borrowings under the line bear interest at 8.50% and are collateralized by all business assets of Gilead. The balance outstanding at June 30, 2025 and 2024 was \$500,000 and \$0, respectively, and no interest expense was incurred for the years ended June 30, 2025 and 2024.

Oak Hill does not have any open lines of credit.

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**NOTE 10 – LETTERS OF CREDIT**

As of June 30, 2025 and 2024, Oak Hill has two irrevocable standby letters of credit in the amounts of \$553,000 and \$2,275,000 and \$653,000 and \$2,275,000 respectively, with Bank of America for the benefit of the Travelers Insurance Company and the United States Fire Insurance Company, respectively, to support Oak Hill's workers' compensation insurance benefits. The letters expire on October 10, 2026 and July 1, 2026, respectively. The Foundation guarantees the reimbursement of any drawdowns against the letter for Bank of America. There were no drawdowns against the letters during the years ended June 30, 2025 and 2024.

**NOTE 11 – CASH ADVANCES**

When a facility commences operations with DDS funding, Oak Hill may receive an operational advance equal to the service revenue for one month based on full capacity. These operational advances are applied against the final reimbursement when a facility ceases their agency relationship with DDS. Total operational advances were \$757,663 and \$794,479, respectively for the years ended June 30, 2025 and 2024.

**NOTE 12 – CAPITAL ADVANCES**

Capital advances were provided under Section 811 of the National Affordable Housing Act, with no interest and repayable only if the properties do not remain available for very low-income eligible individuals for at least 40 years. These capital advances of \$1,783,600 at June 30, 2025 and 2024 were collateralized by four group homes, which were carried at a net book value of \$1,126,622 and \$947,485 as of June 30, 2025 and 2024, respectively. These group homes are separate subsidies of Oak Hill.

**NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30 are restricted for the following purpose or period:

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Scholarship and employee awards	\$ 662,779	\$ 621,639
Programs to aid the visually impaired and multi-handicapped	4,017,990	3,587,845
Equipment	19,849	22,801
Autism programs	798,270	798,270
Gilead	140,932	167,623
Camp Hemlocks	8,180	8,180
Time restriction:		
Donor-restricted endowment funds and accumulated investment gains subject to spending policy	56,327,658	52,149,875
Net asset value adjustments to underlying investments of private equity funds	<u>177,455</u>	<u>120,468</u>
Total donor restricted by purpose or time	<u>62,153,113</u>	<u>57,476,701</u>
Restricted in perpetuity:		
Scholarship awards	174,685	174,685
Programs to aid the visually impaired and multi-handicapped	4,114,703	4,214,703
Any activities of Oak Hill:		
Investments held by Oak Hill	6,503,362	6,503,362
Beneficial interest in perpetual trusts	<u>60,122,777</u>	<u>56,590,651</u>
Total donor restricted in perpetuity	<u>70,915,527</u>	<u>67,483,401</u>
Total net assets with donor restrictions	<u>\$133,068,640</u>	<u>\$124,960,102</u>

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**Net Assets with Donor Restrictions, continued**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows, for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Scholarship and employee awards	\$ 44,800	\$ 7,723
Programs to aid the visually impaired and multi-handicapped	2,522,702	2,434,037
Equipment	7,795	3,962
Autism programs	-	17,474
Gilead	26,691	2,000
Veterans' programs	<u>-</u>	<u>10,447</u>
Total net assets released from donor restrictions	<u>\$2,601,988</u>	<u>\$2,475,643</u>

**NOTE 14 – BOARD-DESIGNATED NET ASSETS**

Oak Hill's Board has designated from net assets without donor restrictions \$94,501,177 and \$93,524,351 as of June 30, 2025 and 2024, respectively, of net assets to be held for investment purposes with the earnings subject to the spending policy.

**NOTE 15 – ENDOWMENT**

**Interpretation of Relevant Law**

Oak Hill's endowment includes donor-restricted endowment funds and funds designated by the Board of Directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Oak Hill retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, Oak Hill considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Oak Hill and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of Oak Hill.
7. The investment policies of Oak Hill.

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**Endowment, continued**

Donor-restricted and board-designated endowment funds are held by the Foundation.

Endowment Net Asset Composition

The following tables represent the composition of Oak Hill's endowment by net asset class as of June 30, 2025 and 2024:

<u>June 30, 2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$94,501,177	\$ -	\$ 94,501,177
Donor-restricted endowment funds	-	1,193,429	1,193,429
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	10,792,748	10,792,748
Accumulated investment gains	<u>-</u>	<u>54,646,157</u>	<u>54,646,157</u>
	<u>\$94,501,177</u>	<u>\$66,632,334</u>	<u>\$161,133,511</u>

Endowment Net Asset Composition, continued

<u>June 30, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$93,524,351	\$ -	\$ 93,524,351
Donor-restricted endowment funds	-	889,178	889,178
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	10,892,750	10,892,750
Accumulated investment gains	<u>-</u>	<u>51,085,948</u>	<u>51,085,948</u>
	<u>\$93,524,351</u>	<u>\$62,867,876</u>	<u>\$156,392,227</u>

Changes in Endowment Net Assets

The following table represents the changes in Oak Hill's endowment net assets for the years ended June 30, 2025 and 2024:

<u>June 30, 2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$93,524,351	\$62,867,876	\$156,392,227
Investment return, net	8,839,300	6,568,370	15,407,670
Contributions	2,363,477	514,447	2,877,924
Transfers to cash from endowment	(7,200,000)	(408,349)	(7,608,349)
Appropriation of endowment assets pursuant to spending policy	<u>(3,025,951)</u>	<u>(2,910,010)</u>	<u>(5,935,961)</u>
Endowment net assets, end of year	<u>\$94,501,177</u>	<u>\$66,632,334</u>	<u>\$161,133,511</u>

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**June 30, 2025 and 2024**

**Endowment, continued**

<u>June 30, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$84,583,283	\$56,821,519	\$141,404,802
Investment return, net	8,073,183	5,443,149	13,516,332
Contributions	615,054	2,928,720	3,543,774
Transfer from cash to endowment	3,665,792	-	3,665,792
Appropriation of endowment assets pursuant to spending policy	(3,420,957)	(2,317,516)	(5,738,473)
Other changes: transfer for underwater endowment	<u>7,996</u>	<u>(7,996)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$93,524,351</u>	<u>\$62,867,876</u>	<u>\$156,392,227</u>

Amounts classified as donor restricted net assets (endowment only) are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under CTUPMIFA:		
Without purpose restrictions	\$48,220,192	\$45,356,998
With purpose restrictions	<u>6,425,965</u>	<u>5,728,950</u>
Total endowment funds classified as restricted net assets	<u>\$54,646,157</u>	<u>\$51,085,948</u>

**Underwater Endowments**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Oak Hill has interpreted CTUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of June 30, 2025 and 2024.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor restricted assets that Oak Hill must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to meet Oak Hill's primary objective of preservation of capital and secondary objective of long-term capital appreciation.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Oak Hill relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Oak Hill targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its primary long-term objective of preservation of capital.

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**Consolidated Notes to Financial Statements**

**June 30, 2025 and 2024**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation's spending policy limits annual spending to no more than 4.625% of a 20-quarter rolling average market value. Expenditures will be made at the discretion of Oak Hill's Board of Directors. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**NOTE 16 – EMPLOYEE BENEFIT PLANS**

**Defined Contribution Retirement Plan**

Oak Hill, exclusive of Gilead, maintains a non-contributory, defined contribution retirement plan for employees hired after January 1, 1993 who have at least one year of service and have reached 21 years of age. Participants are immediately vested in their rollover contributions, including the earnings on these amounts. Vesting in the remainder of their accounts is based on years of continuous service. Participants are fully vested in employer contributions after completion of five years of service. Oak Hill's contributions to the plan for the years ended June 30, 2025 and 2024 were \$3,795,300 and \$3,927,608, respectively.

Gilead maintains a 401(k) plan for all eligible employees. Non-union employees who participate in the 401(k) plan are eligible for an employer safe harbor matching contribution. Union employees who participate in the 401(k) plan are eligible for a non-elective employer contribution as per the requirement of Gilead's collective bargaining agreement with the union. Contributions to the plan for the years ended June 30, 2025 and 2024 were \$204,720 and \$172,441, respectively.

**Multi-Employer Pension Plan**

Oak Hill, exclusive of Gilead, employees hired prior to January 1, 1993 who participate in collective bargaining agreements are members of the State of Connecticut (the State) Employee's Retirement Plan. The plan is contributory for certain employees. Benefits are funded by appropriations from the State general fund. Oak Hill made no contributions to this plan for the years ended June 30, 2025 and 2024. It is impractical to determine amounts of pension contributions made by the State pertaining to Oak Hill employees and the related actuarial value of accumulated benefits and plan assets.

The risks of participating in multi-employer defined benefit pension plans are different from single-employer plans because (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if Oak Hill chooses to stop participating in its multi-employer plan, it may be required to pay a withdrawal liability to the plan.

Plan information for the State of Connecticut Employee's Retirement Plan is not publicly available. The State of Connecticut Employee's Retirement Plan provides fixed retirement benefits based on years of credited service and average salary by eligible employees. Oak Hill is unable to provide additional quantitative information about total plan assets, accumulated benefit obligations and the amount by which the State of Connecticut Employee's Retirement Plan is funded without undue cost and effort.

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**June 30, 2025 and 2024**

**NOTE 17 – LEASES**

The Organization leases certain vehicles, equipment and property under various finance and operating leases. Monthly payment amounts range from \$60 to \$35,750 for terms through 2030.

The Organization presents the following balances related to leases on its consolidated statements of financial position as of June 30, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	<u>Operating</u>	<u>Finance</u>	<u>Operating</u>	<u>Finance</u>
ROU assets	\$ 967,854	\$ 1,952,349	\$1,318,535	\$ 2,786,523
Accumulated amortization	<u>(298,095)</u>	<u>(1,563,515)</u>	<u>(621,604)</u>	<u>(1,669,051)</u>
	<u>\$ 669,759</u>	<u>\$ 388,834</u>	<u>\$ 696,931</u>	<u>\$ 1,117,472</u>
Lease liabilities - current	\$ 235,447	\$ 298,120	\$ 138,135	\$ 709,742
Lease liabilities - non-current	<u>442,104</u>	<u>75,645</u>	<u>566,013</u>	<u>390,416</u>
	<u>\$ 677,551</u>	<u>\$ 373,765</u>	<u>\$ 704,148</u>	<u>\$ 1,100,158</u>

Lease costs during the years ended June 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Operating Leases:		
Operating lease costs	\$ 312,205	\$ 326,342
Short-term lease costs	<u>292,201</u>	<u>247,263</u>
	<u>604,406</u>	<u>573,605</u>
Finance Leases:		
Amortization of ROU assets	728,638	814,666
Interest on lease liabilities	<u>9,374</u>	<u>19,956</u>
Total finance lease cost	<u>738,012</u>	<u>834,622</u>
Total lease costs	<u>\$1,342,418</u>	<u>\$1,408,227</u>

Total lease costs for the year ended June 30, 2025 were \$1,342,418 and is included in purchased services and depreciation and amortization expenses in the consolidated statement of functional expenses in the amounts of \$282,677 and \$1,059,741, respectively. Total lease costs for the year ended June 30, 2024 were \$1,408,227 and is included in purchased services and depreciation and amortization expenses in the consolidated statement of functional expenses in the amounts of \$287,489 and \$1,120,738, respectively.

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**Consolidated Notes to Financial Statements**

**June 30, 2025 and 2024**

**Leases, continued**

Cash paid for amounts included in the measurement of lease liabilities and other information for the years ended June 30, 2025 and 2024 include:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating leases	\$306,814	\$305,649
Operating cash flows from finance leases	9,374	19,956
Financing cash flows from finance leases	696,102	803,666
ROU assets obtained in exchange for lease obligations:		
Operating leases	257,527	802,112
Finance leases	-	-

Average lease terms and discount rates at June 30, 2025 and 2024 were as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Operating</u>	<u>Finance</u>	<u>Operating</u>	<u>Finance</u>
Weighted average remaining lease term (years)	3.54	1.52	5.09	2.17
Weighted average discount rate	2.97%	1.33%	2.75%	1.46%

Aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating and finance leases as of June 30, 2025:

	<u>Operating</u>	<u>Finance</u>
2026	\$251,295	\$329,133
2027	244,828	67,668
2028	95,771	8,428
2029	97,866	-
2030	19,170	-
Thereafter	-	-
Total lease payments	708,930	405,229
Less: amount representing interest	(31,379)	(31,434)
Present value of lease liabilities	<u>\$677,551</u>	<u>\$373,795</u>

**NOTE 18 – STATE LIENS ON PROPERTY**

The State of Connecticut holds liens in the amount of \$647,000 on Oak Hill's headquarters facility. Under the terms of the liens, the liens will be foreclosed on behalf of the State if the land or buildings are used for any purpose other than to carry on the mission of Oak Hill.

Gilead has received grants from the State of Connecticut Department of Mental Health and Addiction Services to assist with the purchase of buildings or make renovations to existing structures. Under the terms of the agreement, Gilead must, on a continuous basis for ten years from the date the grant funds were expended, assist individuals who have experienced a severe disruption in their psychiatric and behavioral function. If Gilead were to discontinue usage of the property for the specified grant purpose, the grant would be repayable to the State of Connecticut, less 10% for each year which has elapsed. The State of Connecticut has a lien on a property for the amount of the grant, which terminates in August 2026.

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
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**Consolidated Notes to Financial Statements**

**June 30, 2025 and 2024**

**NOTE 19 – CASH FLOWS**

**Additional Cash Flow Information**

Cash paid for interest totaled \$363,734 and \$425,882 for the years ended June 30, 2025 and 2024, respectively.

**Non-Cash Investing and Financing Activities**

Oak Hill acquired vehicles through notes payable in the amounts of \$824,495 and \$1,057,627 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 20 – LEGAL SETTLEMENT**

In August 2024, Gilead was awarded \$1,881,000 in its lawsuit against the Town of Cromwell for the town's violation of the Fair Housing Act and Americans with Disabilities Act. Gilead's award included both compensatory and punitive damages. The funds were received in October 2024 and were recorded as non-operating revenue for the year ended June 30, 2025.

**NOTE 21 – CONTINGENCIES**

On March 20, 2024, a jury returned a verdict in favor of the plaintiff and against Oak Hill in the amount of \$10,000,000 plus pre and post interest. Oak Hill is responsible for \$6,000,000 plus pre and post interest and the insurance carrier is responsible for \$4,000,000 plus pre and post interest. Oak Hill has filed an appeal and in the opinion of management and counsel, it is reasonably possible that the verdict will be overturned.

Additionally, Oak Hill is party to a number of other asserted and unasserted claims. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on Oak Hill's consolidated financial statements.

**NOTE 22 – SUBSEQUENT EVENTS**

**Subsequent Events**

Oak Hill has evaluated events and transactions for potential recognition or disclosure through January 2, 2026, which is the date the consolidated financial statements were available to be issued.

**Line of Credit**

In November 2025, Oak Hill entered into an agreement with Bank of America for a line of credit in the amount of \$9,000,000. The line of credit has an interest rate per year equal to the daily SOFR (Secured Overnight Financing Rate) plus 0.8 percentage points and expires in November 2026. As a subfacility under the line of credit, the bank may elect to issue standby letters of credit for Oak Hill, provided however, that the aggregate drawn and undrawn amount of all outstanding letters of credit shall not at any time exceed \$9,000,000. The form and substance of each letter of credit shall be subject to approval by the bank, and each letter of credit shall be issued for a term, as designated by Oak Hill, not to exceed 365 days. Any drawing paid under a letter of credit may be deemed an advance under the line of credit. Each letter of credit shall be subject to additional terms and conditions of the letter of credit agreements. The line of credit is secured by securities or other investment property owned by The Oak Hill Foundation, Inc.

**SUPPLEMENTARY INFORMATION**

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
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**Consolidating Statement of Financial Position**

**June 30, 2025**

	<u>Oak Hill</u>	<u>Gilead/Rainbow</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,398,008	\$ 872,482	\$ -	\$ 22,270,490
Accounts receivable, net	6,542,570	853,233	-	7,395,803
Due from Gilead	1,031,592	-	(1,031,592)	-
Prepaid expenses and other assets	1,748,971	132,300	-	1,881,271
Investments	158,954,717	3,258,804	-	162,213,521
Beneficial interest in perpetual trusts	60,122,777	-	-	60,122,777
Cash restricted for investment in property and equipment	953,650	-	-	953,650
Property and equipment, net	29,455,838	6,093,642	-	35,549,480
Right-of-use (ROU) assets - operating, net	585,361	84,398	-	669,759
Right-of-use (ROU) assets - finance, net	363,921	24,913	-	388,834
<b>Total Assets</b>	<u>\$ 281,157,405</u>	<u>\$ 11,319,772</u>	<u>\$ (1,031,592)</u>	<u>\$ 291,445,585</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 6,339,162	\$ 348,458	\$ -	\$ 6,687,620
Accrued wages and fringe benefits	10,227,247	870,193	-	11,097,440
Line of credit	-	500,000	-	500,000
Due to Oak Hill	-	1,031,592	(1,031,592)	-
Deferred revenue	2,002,964	61,900	-	2,064,864
Refundable advances	1,186,046	5,000	-	1,191,046
Due to State	1,510,725	-	-	1,510,725
Lease liabilities - operating	593,093	84,458	-	677,551
Lease liabilities - finance	356,018	17,747	-	373,765
Mortgages payable, net	2,867,905	429,468	-	3,297,373
Notes payable	1,978,738	131,046	-	2,109,784
Funds held on behalf of others	23,955	51,325	-	75,280
DDS cash advance	757,663	-	-	757,663
HUD capital advances	1,783,600	-	-	1,783,600
Total liabilities	<u>29,627,116</u>	<u>3,531,187</u>	<u>(1,031,592)</u>	<u>32,126,711</u>
<b>Net Assets</b>				
Without donor restrictions	118,667,581	7,582,653	-	126,250,234
With donor restrictions	132,862,708	205,932	-	133,068,640
Total net assets	<u>251,530,289</u>	<u>7,788,585</u>	<u>-</u>	<u>259,318,874</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 281,157,405</u>	<u>\$ 11,319,772</u>	<u>\$ (1,031,592)</u>	<u>\$ 291,445,585</u>

**THE CONNECTICUT INSTITUTE FOR THE BLIND  
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**Consolidating Statement of Activities**

**For the year ended June 30, 2025**

	<b>Oak Hill</b>			<b>Gilead/Rainbow</b>			<b>Intercompany Eliminations</b>	<b>Consolidated</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues and Other Additions</b>										
Group home services	\$ 70,343,006	\$ -	\$ 70,343,006	\$ -	\$ -	\$ -	\$ -	\$ 70,343,006	\$ -	\$ 70,343,006
Adult day programs	5,968,427	-	5,968,427	-	-	-	-	5,968,427	-	5,968,427
Oak Hill School	23,074,423	-	23,074,423	-	-	-	-	23,074,423	-	23,074,423
Behavioral health services	-	-	-	16,853,504	-	16,853,504	(635,181)	16,218,323	-	16,218,323
Easter Seals Camp	46,602	-	46,602	-	-	-	-	46,602	-	46,602
Integrated Center	1,858,752	-	1,858,752	-	-	-	-	1,858,752	-	1,858,752
Other	1,680,551	279,246	1,959,797	20,417	-	20,417	-	1,700,968	279,246	1,980,214
Net assets released from restrictions	2,575,297	(2,575,297)	-	26,691	(26,691)	-	-	2,601,988	(2,601,988)	-
Total operating revenues and other additions	<u>105,547,058</u>	<u>(2,296,051)</u>	<u>103,251,007</u>	<u>16,900,612</u>	<u>(26,691)</u>	<u>16,873,921</u>	<u>(635,181)</u>	<u>121,812,489</u>	<u>(2,322,742)</u>	<u>119,489,747</u>
<b>Operating Expenses</b>										
Program expenses:										
Group home services	76,727,945	-	76,727,945	-	-	-	-	76,727,945	-	76,727,945
Adult day programs	3,331,008	-	3,331,008	-	-	-	-	3,331,008	-	3,331,008
Oak Hill School	18,544,289	-	18,544,289	-	-	-	-	18,544,289	-	18,544,289
Behavioral health services	-	-	-	15,951,172	-	15,951,172	-	15,951,172	-	15,951,172
Easter Seals Camp	932,664	-	932,664	-	-	-	-	932,664	-	932,664
Integrated Center	2,669,939	-	2,669,939	-	-	-	-	2,669,939	-	2,669,939
Other	2,025,536	-	2,025,536	-	-	-	-	2,025,536	-	2,025,536
Total program expenses	<u>104,231,381</u>	<u>-</u>	<u>104,231,381</u>	<u>15,951,172</u>	<u>-</u>	<u>15,951,172</u>	<u>-</u>	<u>120,182,553</u>	<u>-</u>	<u>120,182,553</u>
Support services:										
Management and general	14,540,606	-	14,540,606	1,930,834	-	1,930,834	(635,181)	15,836,259	-	15,836,259
Fundraising	655,800	-	655,800	145,102	-	145,102	-	800,902	-	800,902
Total support services	<u>15,196,406</u>	<u>-</u>	<u>15,196,406</u>	<u>2,075,936</u>	<u>-</u>	<u>2,075,936</u>	<u>(635,181)</u>	<u>16,637,161</u>	<u>-</u>	<u>16,637,161</u>
Total operating expenses	<u>119,427,787</u>	<u>-</u>	<u>119,427,787</u>	<u>18,027,108</u>	<u>-</u>	<u>18,027,108</u>	<u>(635,181)</u>	<u>136,819,714</u>	<u>-</u>	<u>136,819,714</u>
<b>Change in Net Assets from Operations</b>	<u>(13,880,729)</u>	<u>(2,296,051)</u>	<u>(16,176,780)</u>	<u>(1,126,496)</u>	<u>(26,691)</u>	<u>(1,153,187)</u>	<u>-</u>	<u>(15,007,225)</u>	<u>(2,322,742)</u>	<u>(17,329,967)</u>
<b>Non-Operating Revenues and Expenses</b>										
Investment income, net	2,535,445	1,843,934	4,379,379	55,427	-	55,427	-	2,590,872	1,843,934	4,434,806
Net realized and unrealized gain on investments	6,179,827	4,781,423	10,961,250	174,548	-	174,548	-	6,354,375	4,781,423	11,135,798
Income from perpetual trusts	2,485,281	-	2,485,281	-	-	-	-	2,485,281	-	2,485,281
Interest income	477,459	-	477,459	96,124	-	96,124	-	573,583	-	573,583
Gifts, grants, bequests and fundraising	2,275,531	273,797	2,549,328	839,302	-	839,302	-	3,114,833	273,797	3,388,630
Gain/loss on disposal of property and equipment	226,403	-	226,403	38,321	-	38,321	-	264,724	-	264,724
Increase in value of beneficial interest in perpetual trusts	-	3,532,126	3,532,126	-	-	-	-	-	3,532,126	3,532,126
Legal settlement	-	-	-	1,881,000	-	1,881,000	-	1,881,000	-	1,881,000
<b>Change in Net Assets from Non-Operating Activities</b>	<u>14,179,946</u>	<u>10,431,280</u>	<u>24,611,226</u>	<u>3,084,722</u>	<u>-</u>	<u>3,084,722</u>	<u>-</u>	<u>17,264,668</u>	<u>10,431,280</u>	<u>27,695,948</u>
<b>Change in Net Assets</b>	299,217	8,135,229	8,434,446	1,958,226	(26,691)	1,931,535	-	2,257,443	8,108,538	10,365,981
<b>Net Assets - Beginning of Year</b>	<u>118,368,364</u>	<u>124,727,479</u>	<u>243,095,843</u>	<u>5,624,427</u>	<u>232,623</u>	<u>5,857,050</u>	<u>-</u>	<u>123,992,791</u>	<u>124,960,102</u>	<u>248,952,893</u>
<b>Net Assets - End of Year</b>	<u>\$ 118,667,581</u>	<u>\$ 132,862,708</u>	<u>\$ 251,530,289</u>	<u>\$ 7,582,653</u>	<u>\$ 205,932</u>	<u>\$ 7,788,585</u>	<u>\$ -</u>	<u>\$ 126,250,234</u>	<u>\$ 133,068,640</u>	<u>\$ 259,318,874</u>