CARE FOR THE HOMELESS
AND AFFILIATES

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2023 and 2022

CARE FOR THE HOMELESS AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Care for the Homeless and Affiliates
New York, NY

Opinion

We have audited the consolidated financial statements of Care for the Homeless and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Care for the Homeless and Affiliates as of December 31, 2023 and 2022, and the changes in their net assets and their 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 ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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 opinion.

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 Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- 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 audits 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 Organization'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Mayer Hoffman McCann CPAs

New York, NY
July 2, 2024

CARE FOR THE HOMELESS AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2D and 13A)	$ 4,018,296	$ 564,726
Investments (Notes 2E, 4 and 5)	2,151,720	1,943,174
NYC Department of Homeless Services receivable (Notes 2F and 2H)	9,832,357	13,289,902
Other government grants and contracts receivable (Notes 2F, 2H and 14)	1,749,516	5,581,830
Accounts receivable - patients, net (Notes 2G, 2H and 6)	1,184,888	1,322,572
Contributions receivable (Notes 2H and 2N)	-	108,120
Prepaid expenses and other assets	186,683	108,511
Total current assets	19,123,460	22,918,835
Escrow deposits (Notes 2D and 2I)	83,397	27,548
Property and equipment, net (Notes 2J and 7)	50,773,189	50,164,388
Operating lease right-of-use assets (Notes 2P and 9)	21,541,258	25,558,675
TOTAL ASSETS	$ 91,521,304	$ 98,669,446
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 4,030,149	$ 8,577,199
Refundable advances from grantors (Note 2F)	7,425,379	6,228,235
Deferred revenues (Note 2K)	1,953,623	33,000
Operating lease liability - current (Notes 2P and 9)	4,605,211	4,565,067
Loans payable - current (Note 8)	2,339,137	1,119,261
Total current liabilities	20,353,499	20,522,762
Operating lease liability (Notes 2P and 9)	18,190,722	22,346,275
Loans payable (Note 8)	43,314,632	47,502,788
TOTAL LIABILITIES	81,858,853	90,371,825
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS		
Without donor restrictions (Note 2C)	9,662,451	8,202,623
With donor restrictions (Notes 2C and 11)	-	94,998
TOTAL NET ASSETS	9,662,451	8,297,621
TOTAL LIABILITIES AND NET ASSETS	$ 91,521,304	$ 98,669,446

CARE FOR THE HOMELESS AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
REVENUE						
Net patient services revenues (net of contractual allowances) (Note 2L)	$ 4,651,124	$ -	$ 4,651,124	$ 4,177,309	$ -	$ 4,177,309
Public Health Services Section 330(h) - contract (Notes 2F and 13B)	7,143,354	-	7,143,354	8,073,835	-	8,073,835
NYC Department of Homeless Services - contract (Notes 2F and 13B)	21,613,079	-	21,613,079	19,539,503	-	19,539,503
Other grants and contracts (Notes 2F and 14)	4,272,618	-	4,272,618	8,299,743	-	8,299,743
Total government grants and contracts revenue	33,029,051	-	33,029,051	35,913,081	-	35,913,081
Net investment gain (loss) return (Note 4)	208,546	-	208,546	(406,128)	-	(406,128)
Contributions (Note 2N)	978,183	-	978,183	697,072	-	697,072
Other income	1,429,224	-	1,429,224	694,723	-	694,723
Gain on fixed assets disposal (Note 7)	-	-	-	17,833	-	17,833
Net assets released from restrictions	94,998	(94,998)	-	1,136,482	(1,136,482)	-
Total support and other income	2,710,951	(94,998)	2,615,953	2,139,982	(1,136,482)	1,003,500
TOTAL REVENUE	40,391,126	(94,998)	40,296,128	42,230,372	(1,136,482)	41,093,890
EXPENSES						
Program services:						
Medical clinics	12,023,184	-	12,023,184	14,758,485	-	14,758,485
Residential services	17,904,939	-	17,904,939	15,311,735	-	15,311,735
Total program services	29,928,123	-	29,928,123	30,070,220	-	30,070,220
Supporting services:						
Management and general	7,114,608	-	7,114,608	5,655,644	-	5,655,644
Fundraising and development	472,874	-	472,874	415,026	-	415,026
Total supporting services	7,587,482	-	7,587,482	6,070,670	-	6,070,670
TOTAL EXPENSES	37,515,605	-	37,515,605	36,140,890	-	36,140,890
CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION	2,875,521	(94,998)	2,780,523	6,089,482	(1,136,482)	4,953,000
Depreciation and amortization	(1,415,693)	-	(1,415,693)	(1,224,506)	-	(1,224,506)
CHANGE IN NET ASSETS	1,459,828	(94,998)	1,364,830	4,864,976	(1,136,482)	3,728,494
Net assets - beginning of year	8,202,623	94,998	8,297,621	3,337,647	1,231,480	4,569,127
NET ASSETS - END OF YEAR	$ 9,662,451	$ -	$ 9,662,451	$ 8,202,623	$ 94,998	$ 8,297,621

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

CARE FOR THE HOMELESS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services			Supporting Services				
	Medical Clinics	Residential Services	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	2023 Total	2022 Total
Salaries	$ 5,083,246	$ 5,626,365	$ 10,709,611	$ 4,228,190	$ 332,288	$ 4,560,478	$ 15,270,089	$ 14,059,347
Payroll taxes and employee benefits (Note 12)	864,943	1,264,750	2,129,693	696,049	68,119	764,168	2,893,861	3,009,176
Total salaries and related costs	5,948,189	6,891,115	12,839,304	4,924,239	400,407	5,324,646	18,163,950	17,068,523
Contract labor/purchase services	2,251,705	1,671,887	3,923,592	453,176	5,753	458,929	4,382,521	4,443,102
Consulting and professional services	290,138	1,511,270	1,801,408	444,940	-	444,940	2,246,348	2,667,565
Laboratory	460,929	-	460,929	-	-	-	460,929	459,466
Consumable supplies	2,000,639	1,261,022	3,261,661	102,790	9,255	112,045	3,373,706	2,803,274
Occupancy (Note 9)	368,046	4,958,204	5,326,250	442,184	-	442,184	5,768,434	4,974,731
Travel expenses	35,181	96,692	131,873	56,205	271	56,476	188,349	198,671
Maintenance, repairs and equipment	67,919	408,940	476,859	153,694	974	154,668	631,527	673,051
Insurance	9,237	232,666	241,903	116,934	-	116,934	358,837	246,782
Telecommunication	144,749	108,166	252,915	144,538	3,500	148,038	400,953	348,652
Membership and dues	358,163	1,950	360,113	-	11,905	11,905	372,018	496,113
Publication, printing, and postage	2,758	17,288	20,046	17,782	9,125	26,907	46,953	50,647
Recruitment/publication	50,465	-	50,465	-	-	-	50,465	441,354
Fundraising	-	-	-	-	31,684	31,684	31,684	2,750
Interest (Note 8)	-	348,693	348,693	154,898	-	154,898	503,591	509,578
Miscellaneous	35,066	397,046	432,112	103,228	-	103,228	535,340	756,631
Total operating expenses before depreciation	12,023,184	17,904,939	29,928,123	7,114,608	472,874	7,587,482	37,515,605	36,140,890
Depreciation (Note 7)	264,622	917,471	1,182,093	233,600	-	233,600	1,415,693	1,224,506
TOTAL EXPENSES	$ 12,287,806	$ 18,822,410	$ 31,110,216	$ 7,348,208	$ 472,874	$ 7,821,082	$ 38,931,298	$ 37,365,396

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

CARE FOR THE HOMELESS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			
	Medical Clinics	Residential Services	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries	$ 6,620,241	$ 4,229,853	$ 10,850,094	$ 2,955,403	$ 253,850	$ 3,209,253	$ 14,059,347
Payroll taxes and employee benefits (Note 12)	1,324,048	1,015,165	2,339,213	619,193	50,770	669,963	3,009,176
Total salaries and related costs	7,944,289	5,245,018	13,189,307	3,574,596	304,620	3,879,216	17,068,523
Contract labor/purchase services	2,522,797	1,590,636	4,113,433	249,125	80,544	329,669	4,443,102
Consulting and professional services	488,927	1,648,567	2,137,494	530,071	-	530,071	2,667,565
Laboratory	459,466	-	459,466	-	-	-	459,466
Consumable supplies	1,584,993	1,169,912	2,754,905	44,152	4,217	48,369	2,803,274
Occupancy (Note 9)	251,878	4,294,687	4,546,565	428,166	-	428,166	4,974,731
Travel expenses	69,071	89,153	158,224	40,016	431	40,447	198,671
Maintenance, repairs and equipment	152,608	420,564	573,172	96,425	3,454	99,879	673,051
Insurance	2,296	95,321	97,617	149,165	-	149,165	246,782
Telecommunication	164,073	90,234	254,307	93,850	495	94,345	348,652
Membership and dues	302,468	9,622	312,090	169,545	14,478	184,023	496,113
Publication, printing, and postage	7,823	13,882	21,705	22,216	6,726	28,942	50,647
Recruitment/publication	294,359	-	294,359	146,995	-	146,995	441,354
Fundraising	108	-	108	2,581	61	2,642	2,750
Interest (Note 8)	-	400,837	400,837	108,741	-	108,741	509,578
Miscellaneous	513,329	243,302	756,631	-	-	-	756,631
Total operating expenses before depreciation	14,758,485	15,311,735	30,070,220	5,655,644	415,026	6,070,670	36,140,890
Depreciation (Note 7)	359,115	839,709	1,198,824	25,682	-	25,682	1,224,506
TOTAL EXPENSES	$ 15,117,600	$ 16,151,444	$ 31,269,044	$ 5,681,326	$ 415,026	$ 6,096,352	$ 37,365,396

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

CARE FOR THE HOMELESS AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,364,830	$ 3,728,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,415,693	1,224,506
Non-cash adjustments on operating leases	(97,992)	1,352,667
Gain from fixed assets disposal	-	(17,833)
Net realized and unrealized(gain) loss on investments	(163,450)	435,536
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
NYC Department of Homeless Services receivable	3,457,545	(6,792,732)
Other government grants and contracts receivable	3,832,314	(3,611,535)
Accounts receivable - patients	137,684	(409,434)
Contributions receivable	108,120	294,781
Prepaid expenses and other assets	(78,172)	14,889
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,547,050)	4,415,894
Refundable advances from grantors	1,197,144	992,194
Deferred revenues	1,920,623	(75,787)
Deferred rent	-	(1,484,169)
Net Cash Provided by Operating Activities	8,547,289	67,471
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(45,096)	(626,229)
Proceeds from sale of investments	-	597,559
Purchases of property and equipment	(2,024,494)	(41,973,938)
Proceeds from sales of property and equipment	-	33,230
Net Cash Used in Investing Activities	(2,069,590)	(41,969,378)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loan payable	(3,471,697)	(617,417)
Loan proceeds received	503,417	42,050,000
Net Cash (Used in) Provided by Financing Activities	(2,968,280)	41,432,583
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	3,509,419	(469,324)
Cash, Cash Equivalents and Restricted Cash - beginning of year	592,274	1,061,598
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 4,101,693	$ 592,274
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 503,591	$ 455,235

NOTE 1 – ORGANIZATION AND TAX STATUS

Care for the Homeless ("CFH") provides, coordinates and arranges primary care, health education, HIV counseling and testing, early intervention services for those infected with HIV/AIDS, social services and behavioral health services to homeless people at more than 24 homeless clinics, shelters, soup kitchens and drop-in centers. CFH is licensed by the New York State Department of Health under Article 28 of the Public Health Law to operate clinics as diagnostic and treatment centers, which are designated as federally qualified health centers. CFH's outreach team members also address the long-range needs of homeless people by improving their access to services and public benefits and helping them develop necessary life skills and advocating for appropriate public policies.

CFH's affiliate, Jerome Avenue Care for the Homeless Housing Development Fund Corporation ("Jerome"), operates Susan's Place, a 200-bed transitional residential shelter. Jerome has a net asset deficiency (without donor restrictions) of $1,278,532 and $1,489,136 at December 31, 2023 and 2022, respectively. CFH has advanced funds to Jerome to assist in meeting Jerome's operating needs and will continue to do so as necessary. Based on this funding, as well as Jerome's projected revenues and expenses, Jerome believes it will continue to meet its obligations through 2024.

CFH's affiliate, Blondell Avenue Housing Development Fund Corporation ("Blondell Avenue"), was incorporated in 2022. The site is currently under construction.

CFH's affiliate, 91 East Broadway Housing Development Fund Corporation ("91 East Broadway"), was incorporated in 2022. The site is currently under renovation.

CFH, Jerome Avenue, Blondell Avenue, and 91 East Broadway (collectively, the "Organization"), are not-for-profit corporations, which are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporations are also exempt from state and local taxes.

The consolidated financial statements include the activities and net assets of CFH, Blondell Avenue, 91 East Broadway and Jerome. CFH is a sole member of Jerome Avenue Care for the Homeless Housing Development Fund Corporation, Blondell Avenue Housing Development Fund Corporation and 91 East Broadway Housing Development Fund Corporation.

In 2023, the Organization provided services to more than 11,398 homeless men, women and children.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** - The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization's management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

B. ***Principles of Consolidation*** - The consolidated financial statements include the activities of CFH, Jerome, Blondell Avenue and 91 East Broadway. All significant intercompany balances and transactions have been eliminated in consolidation.

C. ***Basis of Presentation*** - The Organization maintains its net assets under the following two classes:

- Net assets without donor restrictions – represents net assets that are not subject to donor-imposed stipulations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such 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. The Organization reports donor restricted contributions as an increase in net assets without donor restrictions, provided the restrictions are met in the same year the contributions are received.

D. ***Cash, Cash Equivalents and Restricted Cash*** - The Organization considers all highly liquid instruments acquired with maturities of three months or less to be cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 4,018,296	$ 564,726
Escrow deposits	83,397	27,548
Total	$ 4,101,693	$ 592,274

E. ***Investments and Fair Value Measurements*** - Investments are recorded at fair value. Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. ***Government Grants*** - Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors and in accordance with Accounting Standards Update ("ASU") 2018-08. To the extent amounts received exceed amounts spent, the Organization establishes refundable advances from governmental sources. Any revenue for contracts that has not yet been earned is reclassified as refundable advances from grantors, which amounted to $7,425,379 and $6,228,235, respectively, on the consolidated statements of financial position as of December 31, 2023 and 2022. Multi-year local government contracts in the coming years are approximately $57,000,000 per year with the length of the contracts from 18 months to 371 months remaining. Current year local government contracts recognized were approximately $21,600,000.

G. ***Accounts Receivable - Patients*** - The collection of receivables from third-party payors and patients is the Organization's primary source of cash for operations and is critical to its operating performance. Accounts receivable – patients is reported at estimated net realizable value. For the years ended December 31, 2023 and 2022, the Organization had determined contractual and charitable discounts and price concessions was $5,677,797 and $5,475,796, respectively, on patient services revenues, and as of December 31, 2023 and 2022 was $16,542,733 and $9,183,933, respectively, on its patient accounts receivable.

H. ***Allowance for Credit Losses and Uncollectible Receivables*** - The Organization determines whether an allowance for credit losses or uncollectable receivables should be provided based on management's assessment of the aged basis of its receivables, creditworthiness of its donors and borrowers, current economic conditions and historical information. As of both December 31, 2023 and 2022, the Organization determined that no allowance for credit losses or uncollectable receivables was necessary. The Organization generally does not charge interest on past due accounts. Accounts receivable – patients net are written off when deemed uncollectible.

I. ***Escrow Deposits*** - Cash in escrow deposits represents cash being held in a maintenance fund, which is required by the Low-Income Investment Fund (Note 8).

J. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. The Organization capitalizes all property and equipment having a cost of $1,000 or more and a useful life of at least one year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ***Deferred Revenues*** - Fees collected that relate to programs and/or events that will occur in future periods have been recorded as deferred revenues and will be recognized in the period earned or conditional contributions from non-governmental sources in which the extent of amounts received, exceed amounts earned under the conditions substantially met. The Organization collected conditional contributions from non-governmental sources, in which the conditions were not substantially met of $650,000 and $0 as of December 31, 2023 and 2022, respectively and are included within deferred revenues.

L. ***Patient Services Revenue*** - The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administrating agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. The Organization provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review.

Self-pay revenue is recorded at published charges with charitable care deducted to arrive at gross self-pay patient revenue. Contractual discounts are then deducted to arrive at net self-pay patient revenue before provision for doubtful accounts.

The Organization bills government agencies, third-party payors and individuals after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations. All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2023 and 2022. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Organization determines the transaction price based on established rates and contracts for services provided. Patient services revenues are recognized in accordance with ASU 2014-09 – Revenue with Contracts with Customers (Topic 606) adopted during 2019.

Accounts receivables from patient services revenue are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable – patients, net	$ 1,184,888	$ 1,322,572	$ 913,138

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program service fees consist of revenues for the following programs:

Patient revenue services as of December 31, 2023 consists of the following:

	Gross Charges	Contractual and Charitable Discounts and Price Concessions	Net Patient Service Revenue
Medicaid	$ 1,553,830	$ (127,903)	$ 1,425,927
Medicaid Managed Care	3,061,455	(2,265,201)	796,254
Child Health Plan	91,720	(73,278)	18,442
Medicare	720,989	(512,865)	208,124
Commercial	304,187	(218,206)	85,981
Self-pay	2,480,344	(2,480,344)	-
Total	8,212,525	(5,677,797)	2,534,728
Medicaid Wraparound			1,533,396
Safety Net payment			581,411
COVID Human Resources & Services Administration			1,589
Total			$ 4,651,124

Patient revenue services as of December 31, 2022 consists of the following:

	Gross Charges	Contractual and Charitable Discounts and Price Concessions	Net Patient Service Revenue
Medicaid	$ 1,233,074	$ (90,640)	$ 1,142,434
Medicaid Managed Care	2,677,763	(1,950,751)	727,012
Child Health Plan	35,682	(25,233)	10,449
Medicare	709,685	(470,534)	239,151
Commercial	277,216	(180,278)	96,938
Self-pay	2,758,360	(2,758,360)	-
Total	7,691,780	(5,475,796)	2,215,984
Medicaid Wraparound			1,224,157
Safety Net payment			727,986
COVID Vaccination			4,160
COVID Human Resources & Services Administration			5,022
Total			$ 4,177,309

M. ***Charity Care*** - The Organization is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Organization renders services to patients who are financially unable to pay for healthcare. The Organization provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Because the Organization does not pursue a collection of amounts determined to qualify as charity care, they are not reported as revenue.

The costs associated with the charitable care services provided are estimated by applying the cost-to charge ratio from the most recently filed cost report to the amount of the gross uncompensated charges for the patients receiving charity care net of Safety Net payment. Total such costs amounted to $1,269,839 and $587,764 for the years ended December 31, 2023 and 2022, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. ***Contributions*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Organization received conditional contributions from non-government sources of $650,000 and $0, respectively, that have not been recognized as of December 31, 2023 and 2022 because the conditionals have not been substantially met. There were no contributions receivable as of December 31, 2023. Contributions receivable as of December 31, 2022 are due within one year.

All contributions are considered to be without donor restrictions use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

O. ***Donated Services*** - Donated services are reported as contributions when the services create or enhance nonfinancial assets, require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services have not been recorded in the consolidated financial statements as they do not meet the criteria outlined above. There were no donated services during the years ended December 31, 2023 and 2022.

P. ***Leases*** - The Organization leases real property under operating leases expiring at various dates in the future. The Organization follows Financial Accounting Standards Board ("FASB") ASU 2016-02, Leases (Topic 842) to report how leases are recognized and disclosed.

Q. ***Functional Allocation of Expenses*** - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on usage or other equitable bases established by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, occupancy, depreciation, insurance, and interest expense, which are allocated based on functionalities of programs and services.

R. ***Reclassification*** - Certain reclassifications have been made to the 2022 amounts to confirm to the current year presentation.

S. ***Adoption of New Accounting Standard*** - On January 1, 2023, the Organization adopted ASU 2016-03, Financial Instruments—Credit Losses, (Topic 326), *Measurement of Credit Losses on Financial Instruments* (Accounting Standards Codification ("ASC") 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. This did not have an impact on the Organization for the year ended December 31, 2023.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, within one year of the consolidated statements of financial position dates, comprise the following:

	2023	2022
Cash and cash equivalents	$ 4,018,296	$ 564,726
Investments	2,151,720	1,943,174
Contributions receivable	-	108,120
NYC Department of Homeless Services receivable	9,832,357	13,289,902
Other government grants and contracts receivable	1,749,516	5,581,830
Accounts receivable – patients, net	1,184,888	1,322,572
Total	18,936,777	22,810,324
Less: Net assets with donor restrictions	-	(94,998)
Total	$ 18,936,777	$ 22,715,326

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term, liquid investments. In addition, the Organization has a maximum line of credit totaling $2,500,000 with a financial institution (Note 10B), which can be drawn upon if needed.

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31:

	2023	2022
Money market funds	$ 124,980	$ 80,338
Mutual funds	385,435	373,659
U.S. Government bonds	239,853	104,067
Corporate bonds	140,250	275,479
Equities	1,261,202	1,109,631
	$ 2,151,720	$ 1,943,174

Investment (loss) gain consists of the following for the years ended December 31:

	2023	2022
Interest and dividends	$ 64,305	$ 49,998
Realized gain	16,291	60,359
Unrealized gain (loss)	147,159	(495,895)
Investment expenses	(19,209)	(20,590)
Net Investment (loss) gain	$ 208,546	$ (406,128)

NOTE 5 – FAIR VALUE MEASUREMENTS

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Investments in money market funds, mutual funds and equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in government bonds and corporate bonds are valued using quoted prices in inactive markets (Level 2). Level 2 instrument valuations are obtained from similar assets or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. Investments are subject to market volatility which could substantially change their fair values in the near term.

Financial assets carried at fair value as of December 31, 2023 are measured by the fair value hierarchy level as follows:

	Level 1	Level 2	Total
Money market funds	$ 124,980	$ -	$ 124,980
Mutual funds	385,435	-	385,435
U.S. Government bonds	239,853	-	239,853
Corporate bonds	-	140,250	140,250
Equities	1,261,202	-	1,261,202
	$ 2,011,470	$ 140,250	$ 2,151,720

Financial assets carried at fair value as of December 31, 2022 are measured by the fair value hierarchy level as follows:

	Level 1	Level 2	Total
Money market funds	$ 80,338	$ -	$ 80,338
Mutual funds	373,659	-	373,659
U.S. Government bonds	-	104,067	104,067
Corporate bonds	275,479	-	275,479
Equities	1,109,631	-	1,109,631
	$ 1,839,107	$ 104,067	$ 1,943,174

NOTE 6 – ACCOUNTS RECEIVABLE – PATIENTS, NET

Patient services receivable consists of the following as of December 31, 2023:

	Gross Charges	Contractual and Charitable Discounts and Price Concessions	Net Patient Service Receivable
Medicaid	$ 2,014,488	$ (1,912,213)	$ 102,275
Medicaid Managed Care	5,198,716	(5,152,670)	46,046
Child Health Plan	127,402	(125,819)	1,583
Medicare	2,216,509	(2,203,152)	13,357
Commercial	752,018	(746,173)	5,845
Self Pay	6,402,706	(6,402,706)	-
Total	16,711,839	(16,542,733)	169,106
Medicaid Wraparound			435,569
Safety Net payment			580,213
Total			$ 1,184,888

NOTE 6 – ACCOUNTS RECEIVABLE – PATIENTS, NET (Continued)

Patient services receivable consists of the following as of December 31, 2022:

	Gross Charges	Contractual and Charitable Discounts and Price Concessions	Net Patient Service Receivable
Medicaid	$ 449,080	$ (326,571)	$ 122,509
Medicaid Managed Care	3,331,367	(3,138,522)	192,845
Child Health Plan	35,682	(25,232)	10,450
Medicare	1,545,295	(1,403,354)	141,941
Commercial	481,555	(367,892)	113,663
Self Pay	3,922,362	(3,922,362)	-
Total	9,765,341	(9,183,933)	581,408
Medicaid Wraparound			27,505
Safety Net payment			713,659
Total			$ 1,322,572

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of December 31:

	2023	2022	Estimated Useful Lives
Land	$ 3,777,810	$ 3,777,810	
Buildings	36,822,190	36,822,190	40 Years
Furniture and equipment	3,106,855	2,826,639	5 Years
Leasehold improvements	18,238,336	17,981,327	10 - 21 Years
Vehicles	392,634	392,634	5 Years
Construction in progress	2,214,988	727,719	
	64,552,813	62,528,319	
Less: Accumulated depreciation	(13,779,624)	(12,363,931)	
	$ 50,773,189	$ 50,164,388	

For the years ended December 31, 2023 and 2022, depreciation expense amounted to $1,415,693 and $1,224,506, respectively. During the year ended December 31, 2022, the Organization sold $42,186 of property and equipment with accumulated depreciation of $26,789 for $33,230. The Organization recorded a gain of $17,833 from the sale and it's included in the accompanying consolidated statements of activities.

On December 29, 2022, 91 East Broadway closed the purchase of the property including land for $40,600,000. The cost of purchase is included in Land and Buildings as of December 31, 2023 and 2022 and depreciation has not begun. The property is currently under construction. It will be a Safe Haven for eligible Homeless populations when it is placed into operation. The property also has a Federal Qualified Health Center. The project has an estimated completion of third quarter 2024 and is estimated to have $4 million in additional costs to complete.

There are other ongoing projects included within construction in progress that have an estimated completion through 2029 and have an estimated cost of $14 million in additional costs to complete.

NOTE 8 – LOANS PAYABLE

In 2007, Jerome borrowed $10,077,137 from the Low-Income Investment Fund to finance the construction of Susan's Place. The loan is being paid by the New York City Department of Homeless Services ("DHS") directly to the Low-Income Investment Fund as part of the debt service component of the reimbursement for the operations of Susan's Place. As of December 31, 2023 and 2022, there was $3,946,907 and $4,616,168 outstanding, respectively. The interest rate is fixed at 8.09% and interest expense was $348,693 and $400,837 for the years ended December 31, 2023 and 2022, respectively. The loan matures on August 1, 2028 and the improvements, which are carried as leasehold improvements, are collateral for the Low-Income Investment Fund loan. As part of the loan, Jerome is required to contribute $10,000 annually into a maintenance fund (Note 2I). These funds can be used as needed for capital expenditures.

In addition, the Organization borrowed $1,106,862 and $2,150,000 from its existing line of credit and term loan as of December 31, 2023 and 2022, respectively (Note 10B).

On December 29, 2022, 91 East Broadway received an acquisition loan of $23,650,000 from a financial institution for the purchase of a property including land. The property will be a Safe Haven for eligible Homeless populations when it is placed into operation. The loan is subject to a fixed interest rate of 5.91% per annum. The loan has a maturity date of December 1, 2053. Monthly interest only payments commence on the first day of the first month following the closing date. The Payment of the principal commences on January 1, 2024. The outstanding loan balance is $23,650,000 for the years ended December 31, 2023 and 2022.

On December 29, 2022, 91 East Broadway received a building loan of $8,304,231 from a financial institution in relation to the Safe Haven property. The loan is subject to a fixed interest rate of 5.91% per annum. The loan has a maturity date of December 1, 2053. Monthly interest only payments commence on the first day of the first month following the closing date. The Payment of the principal commences on January 1, 2024. The outstanding loan balance is $8,304,231 for the years ended December 31, 2023 and 2022.

On December 29, 2022, 91 East Broadway received a project loan of $8,645,769 from a financial institution in relation to the Safe Haven property. The loan is subject to a fixed interest rate of 5.91% per annum. The loan has a maturity date of December 1, 2053. Monthly interest only payments commence on the first day of the first month following the closing date. The Payment of the principal commences on January 1, 2024. The outstanding loan balance is $8,645,769 for the years ended December 31, 2023 and 2022.

The outstanding loan balance for Jerome, including 1% accrued interest, amounted to $355,881 as of December 31, 2022. The loan was repaid during the year ended December 31, 2023.

Future annual principal payments for the years ending after December 31, 2023 and thereafter are as follows:

2024	$ 2,339,137
2025	1,323,979
2026	1,422,668
2027	1,528,886
2028	1,300,351
Thereafter	37,738,748
	$ 45,653,769

Total interest expense for the years ended December 31, 2023 and 2022 was $503,591 and $509,578, respectively.

NOTE 9 – LEASES

In 2011, CFH entered into a ten-year operating lease agreement with 30 East 33rd St. Realty LLC, which expired on December 31, 2020. The lease agreement was extended for another ten-year period from January 1, 2021 to December 31, 2030. CFH also rents space for one of its clinics on a month-to-month basis. In November 2018, CFH entered into a ten-year operating lease for space for a clinic at 91 Junius Street in Brooklyn, New York, which expires on October 31, 2028. In December 2018, CFH also signed a lease for a building for a Mental Health Shelter at 427-429 West 52nd Street in New York, New York. The lease term and rental payments for 427-429 West 52nd Street commenced on June 1, 2019 and the occupancy costs are reimbursed by government grants and contract funding.

As of March 1, 2005, Jerome began leasing space under an operating lease agreement, which expires in February 2027. The 1911-21 Jerome Avenue lease is noncancelable, unless the landlord plans to sell the premises and the tenant is given the first right of refusal (Article 29 of the lease agreement). There are no other cancellation clauses in the lease.

In August 2020, the Organization entered into a ten-year operating lease for the space for Safe Haven at 528 Morris Avenue, Bronx. The site was operational on March 29, 2022 as the commencement date for monthly rental payment.

As of December 31, 2023 and 2022 the right-of-use ("ROU") asset had a balance of $21,541,258 and $25,558,675, and the lease liability totaled $22,795,933 and $26,911,342, respectively, as shown in the consolidated statements of financial position. The lease liabilities were calculated utilizing the prime rate of 1.89% for leases in effect at the initial adoption date of January 1, 2022. The weighted average of the remaining lease term is 6.01 months, and the weighted average discount rate is 1.85%.

The minimum lease commitments are as follows for the years ending after December 31, 2023:

2024	$ 4,605,211
2025	4,729,250
2026	4,785,955
2027	2,914,289
2028	1,747,111
Thereafter	5,449,166
Total lease payment	24,230,982
Less: present value discount	(1,435,049)
Present value of lease liability	$ 22,795,933

The total rent expense for real property for the years ended December 31, 2023 and 2022 amounted to $4,667,731 and $4,183,709, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. ***Third-Party Contingencies***

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

A. ***Third-Party Contingencies (Continued)***

The Organization is licensed by the NYSDOH to operate an Article 28 Diagnostic and Treatment Center and has been designated as a Federally Qualified Health Center ("FQHC"). As an FQHC, the Organization is reimbursed by the NYSDOH under the Prospective Payment System (PPS).

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral law, and false claims prohibitions.

B. ***Line of Credit and Term Loan***

On June 2, 2023, the Organization renewed the existing line of credit for $1,900,000 and a term loan of $1,600,000 for a total of $3,500,000. The line of credit carries an interest rate of 3% plus adjusted Secured Overnight Financing Rate ("SOFR"). The term loan carries a Treasury Securities Rate (the "Note Rate") of 2.73% plus 3% above the Note Rate, which has a stated maturity of June 2, 2028. As of December 31, 2023, there was $1,106,862 outstanding from the Term Loan, which was paid off on February 5, 2024 and is included in loans payable – current in the consolidated statements of financial position, and no amount outstanding from the line of credit. (Note 8). On May 23, 2024, the Organization renewed the existing line of credit for $2,500,000 through May 23, 2025.

C. ***Income Tax***

The Organization believes it has no uncertain income tax positions as of December 31, 2023 and 2022 in accordance with ASC Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for healthcare purposes amounts to $94,998 as of December 31, 2022. Net assets released from restrictions amounted to $94,998 and $1,136,482 for the years ended December 31, 2023, and 2022, respectively.

NOTE 12 – PENSION PLAN

The Organization maintains a defined contribution plan for all eligible employees who have completed one year of service. During the years ended December 31, 2023 and 2022, CFH made contributions of $187,527 and $187,315, respectively, to the plan.

NOTE 13 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $3,588,000 and $283,000 as of December 31, 2023 and 2022, respectively.

B. The PHS Section 330(h) and the DHS grants represent approximately 71% and 67% of total consolidated operating revenues in the accompanying consolidated statements of activities for the years ended December 31, 2023 and 2022, respectively.

NOTE 14 – EMPLOYEE RETENTION TAX CREDIT

During the year ended December 31, 2022, the Organization benefited from credits related to the passage of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act on March 27, 2020, in response to the COVID-19 crisis. As a result, the Organization filed for the employee retention credit in the amount of $2,497,523, which is included in the accompanying consolidated statements of financial position as of December 31, 2022 and the consolidated statements of activities for the year ended December 31, 2022.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through July 2, 2024, the date the consolidated financial statements were available to be issued.