# Care for the Homeless and Affiliates

## Consolidated Financial Statements
Year Ended December 31, 2024

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## Contents

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## Independent Auditor's Report

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

### *Opinion*

We have audited the consolidated financial statements of Care for the Homeless and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 consolidated financial position of the Organization as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the 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 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 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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.

BDO USA, P.C.

June 30, 2025

# Care for the Homeless and Affiliates

## Consolidated Statement of Financial Position

| *December 31, 2024* | |
|---|---|
| **Assets** | |
| **Current Assets** | |
| Cash and cash equivalents | $ 2,564,055 |
| Investments, at fair value | 2,926,149 |
| New York City (NYC) Department of Homeless Services receivable | 21,453,641 |
| Other government grants and contracts receivable | 4,037,895 |
| Patient accounts receivable, net | 514,216 |
| Prepaid expenses and other assets | 208,776 |
| **Total Current Assets** | 31,704,732 |
| **Escrow Deposits** | 45,006 |
| **Funded Reserves** | 1,586,787 |
| **Security Deposits** | 58,672 |
| **Property and Equipment, Net** | 110,683,801 |
| **Operating Lease Right-of-Use Assets** | 34,966,986 |
| **Total Assets** | $ 179,045,984 |
| **Liabilities and Net Assets** | |
| **Current Liabilities** | |
| Accounts payable and accrued expenses | $ 5,955,886 |
| Refundable advances to grantors | 19,458,091 |
| Deferred revenues | 2,948,694 |
| Operating lease liabilities, current portion | 5,966,047 |
| Line of credit | 1,000,000 |
| Loans payable, current portion | 2,246,416 |
| **Total Current Liabilities** | 37,575,134 |
| **Operating Lease Liabilities**, net of current portion | 30,142,140 |
| **Loans Payable**, net of current portion and deferred financing costs | 91,828,938 |
| **Total Liabilities** | 159,546,212 |
| **Commitments and Contingencies** | |
| **Net Assets** | |
| Without donor restrictions | 19,499,772 |
| **Total Net Assets** | 19,499,772 |
| **Total Liabilities and Net Assets** | $ 179,045,984 |

*See accompanying notes to consolidated financial statements.*

# Care for the Homeless and Affiliates

## Consolidated Statement of Activities
## (Without Donor Restrictions)

| *Year ended December 31, 2024* | |
|---|---|
| **Revenue** | |
| Net patient service revenue | $ 4,280,695 |
| Public Health Services Section 330(h) - contract | 6,840,458 |
| NYC Department of Homeless Services - contract | 36,553,024 |
| Other grants and contracts | 6,104,145 |
| **Total Government Grants and Contracts Revenue** | 53,778,322 |
| Net investment income | 224,431 |
| Contributions | 682,220 |
| Developer’s fees | 2,016,264 |
| Other income | 1,530,082 |
| **Total Support and Other Income** | 4,452,997 |
| **Total Revenue** | 58,231,319 |
| **Expenses** | |
| Program services: | |
| Medical clinics | 14,771,892 |
| Residential services | 26,215,489 |
| **Total Program Services** | 40,987,381 |
| Supporting services: | |
| Management and general | 10,204,995 |
| Fundraising and development | 623,256 |
| **Total Supporting Services** | 10,828,251 |
| **Total Expenses** | 51,815,632 |
| **Change in Net Assets Without Donor Restrictions** | 6,415,687 |
| **Net Assets Without Donor Restrictions,** beginning of year | 13,084,085 |
| **Net Assets Without Donor Restrictions,** end of year | $ 19,499,772 |

*See accompanying notes to consolidated financial statements.*

# Care for the Homeless and Affiliates

## Consolidated Statement of Functional Expenses

*Year ended December 31, 2024*

| | Program Services | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|
| | Medical Clinics | Residential Services | Total Program Services | Management and General | Fundraising and Development | Total Supporting Services | Total Expenses |
| Salaries | $ 6,607,303 | $ 8,942,817 | $ 15,550,120 | $ 5,140,976 | $ 369,064 | $ 5,510,040 | $ 21,060,160 |
| Payroll taxes and employee benefits | 1,457,636 | 2,125,787 | 3,583,423 | 553,856 | 75,658 | 629,514 | 4,212,937 |
| **Total Salaries and Related Costs** | 8,064,939 | 11,068,604 | 19,133,543 | 5,694,832 | 444,722 | 6,139,554 | 25,273,097 |
| Contract labor/purchase services | 2,100,685 | 1,748,924 | 3,849,609 | 826,762 | 26,500 | 853,262 | 4,702,871 |
| Consulting and professional services | 304,344 | 1,285,479 | 1,589,823 | 580,583 | - | 580,583 | 2,170,406 |
| Laboratory | 449,265 | - | 449,265 | - | - | - | 449,265 |
| Consumable supplies | 3,074,494 | 1,996,904 | 5,071,398 | 380,333 | 4,728 | 385,061 | 5,456,459 |
| Occupancy | 309,585 | 6,870,923 | 7,180,508 | 532,914 | - | 532,914 | 7,713,422 |
| Travel expenses | 29,357 | 122,557 | 151,914 | 65,732 | 2,267 | 67,999 | 219,913 |
| Maintenance, repairs, and equipment | 77,318 | 520,976 | 598,294 | 290,853 | 2,007 | 292,860 | 891,154 |
| Insurance | 9,003 | 315,672 | 324,675 | 124,825 | - | 124,825 | 449,500 |
| Telecommunication | 163,369 | 129,455 | 292,824 | 128,275 | 5,075 | 133,350 | 426,174 |
| Membership and dues | - | 38,012 | 38,012 | 358,588 | 10,864 | 369,452 | 407,464 |
| Publication, printing, and postage | - | 50,670 | 50,670 | 26,907 | 14,398 | 41,305 | 91,975 |
| Recruitment/publication | 42,050 | - | 42,050 | - | 87,717 | 87,717 | 129,767 |
| Fundraising | - | 3,570 | 3,570 | - | 24,978 | 24,978 | 28,548 |
| Interest | - | 646,558 | 646,558 | 20,079 | - | 20,079 | 666,637 |
| Miscellaneous | 88,777 | 94,682 | 183,459 | 721,998 | - | 721,998 | 905,457 |
| **Total Expenses,** before depreciation and amortization | 14,713,186 | 24,892,986 | 39,606,172 | 9,752,681 | 623,256 | 10,375,937 | 49,982,109 |
| Depreciation and amortization | 58,706 | 1,322,503 | 1,381,209 | 452,314 | - | 452,314 | 1,833,523 |
| **Total Expenses** | $ 14,771,892 | $ 26,215,489 | $ 40,987,381 | $ 10,204,995 | $ 623,256 | $ 10,828,251 | $ 51,815,632 |

*See accompanying notes to consolidated financial statements.*

# Care for the Homeless and Affiliates

## Consolidated Statement of Cash Flows

| *Year ended December 31, 2024* | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets without donor restrictions | $ | 6,415,687 |
| Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities: | | |
| Depreciation and amortization | | 1,833,523 |
| Interest expense related to deferred financing costs | | 18,410 |
| Non-cash operating lease right-of-use asset expenses | | 5,355,447 |
| Net realized and unrealized gain on investments | | (158,989) |
| (Increase) decrease in assets: | | |
| NYC Department of Homeless Services receivable | | (11,621,284) |
| Other government grants and contracts receivable | | (2,288,379) |
| Patient accounts receivable, net | | 670,672 |
| Prepaid expenses and other assets | | (22,093) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | | 1,925,737 |
| Refundable advances to grantors | | 12,032,712 |
| Deferred revenues | | 995,071 |
| Principal reduction on lease liabilities | | (5,468,921) |
| **Net Cash Provided by Operating Activities** | | 9,687,593 |
| **Cash Flows from Investing Activities** | | |
| Purchases of investments | | (2,813,899) |
| Proceeds from sales of investments | | 2,198,459 |
| Purchases of property and equipment | | (9,016,661) |
| **Net Cash Used in Investing Activities** | | (9,632,101) |
| **Cash Flows from Financing Activities** | | |
| Principal payments on loans payable | | (2,489,395) |
| Proceeds from line of credit | | 1,000,000 |
| Proceeds from loan payable | | 2,034,762 |
| Payments of deferred financing costs | | (448,032) |
| **Net Cash Provided by Financing Activities** | | 97,335 |
| **Net Increase in Cash, Cash Equivalents, and Restricted Cash** | | 152,827 |
| **Cash, Cash Equivalents, and Restricted Cash,** beginning of year | | 4,101,693 |
| **Cash, Cash Equivalents, and Restricted Cash,** end of year | $ | 4,254,520 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash paid during the year for interest | $ | 4,417,133 |
| **Schedule of Non-Cash Financing Activities** | | |
| Property and equipment acquired with loans payable | $ | 49,305,840 |
| **Schedule of Non-Cash Operating Activities** | | |
| Right-of-use assets obtained in exchange for operating lease liabilities | $ | 18,781,175 |

*See accompanying notes to consolidated financial statements.*

## 1. Description of the Organization

Care for the Homeless (CFH) was founded in 1985. CFH provides, coordinates and arranges primary care, health education, Human Immunodeficiency Virus (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 (FQHC). 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), was incorporated in 2021. Jerome operates Susan's Place, a 200-bed transitional residential shelter.

CFH's affiliate, Blondell Avenue Housing Development Fund Corporation (Blondell Avenue), was incorporated in 2022. Blondell Avenue owns and operates a shelter at 1374 Blondell Avenue, Bronx, New York (Blondell Avenue Shelter) that was placed into service in December 2024.

CFH's affiliate, 91 East Broadway Housing Development Fund Corporation (91 East Broadway), was incorporated in 2022. 91 East Broadway is developing and renovating a shelter at 91 East Broadway, New Yok, New York (91 East Broadway Shelter).

CFH is the sole member of Jerome, Blondell Avenue, and 91 East Broadway. CFH, Jerome, 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 Code).

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

### *Principles of Consolidation*

The accompanying consolidated financial statements consist of the accounts of CFH, Jerome, Blondell Avenue, and 91 East Broadway. All material intercompany transactions and balances have been eliminated in consolidation.

### *Financial Statement Presentation*

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

These net asset classes are defined as follows:

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

*Net Assets with Donor Restrictions* – This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. 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. As of December 31, 2024, there were no net assets with donor restrictions.

***Use of Estimates***

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

***Cash, Cash Equivalents, and Restricted Cash***

The Organization considers all highly liquid instruments acquired with maturities of three months or less, at the date of purchase, to be cash equivalents. Cash, cash equivalents, and restricted cash consist of the following:

| *December 31, 2024* | | |
|---|---|---|
| Cash and cash equivalents | $ | 2,564,055 |
| Escrow deposits | | 45,006 |
| Funded reserves | | 1,586,787 |
| Security deposits | | 58,672 |
| **Total Cash, Cash Equivalents, and Restricted Cash** | $ | 4,254,520 |

Escrow deposits represents cash being held in a maintenance fund, which is required by the Low-Income Investment Fund (see Note 8 for further discussion). Funded reserves include operating reserve, capital reserve, debt service reserve, insurance reserve and property tax reserve that are required to be held in a bank account for the completion of the construction at Blondell Avenue.

***Fair Value Measurements***

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* - 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.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

***Investments, at Fair Value***

Investments are recorded at fair values. Investment income is recognized when earned and consists of unrealized and realized gains and losses, interest, and dividends, net of direct external expenses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

***Patient Accounts Receivable, Net***

Patient accounts receivable are recorded at the reimbursable or contracted amount and do not bear interest. Billings for services are included in revenue, net of allowances for contractual discounts and implicit price concessions for differences between the amounts billed and estimated price concessions for differences between the amounts billed and estimated program payment amounts. Adjustments to the estimated payment amounts that are expected to be received upon final settlement with the payors are reviewed at the end of each reporting period and upon final settlement and are recorded as adjustments to revenue.

Accounts receivable balances are further reduced by an allowance for current expected credit losses. The Organization utilizes FASB ASC 326, *Financial Instruments – Credit Losses*, model in its consolidated financial statements for the year ended December 31, 2024. The Organization provides patients with medical services and bills third-party insurers within days of the service being provided, and typically expects to receive payment within 60 days of the service being provided.

The Organization reviews its accounts receivables on a regular basis and analyzes these balances for potential credit losses based on a “roll-rate” methodology. Under a “roll-rate” methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets to determine the appropriate credit loss rate for each bucket. The Organization considers other available external data and management’s reasonable outlook for business and economic conditions over the life of the receivables. In accordance with FASB ASC 326-20-30-2, the Organization determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class, so the pools for the allowance for credit losses was calculated based on aging buckets.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to their methodology or inputs are required. As of December 31, 2024, the Organization determined that no allowance for credit losses was necessary.

### *Property and Equipment, Net*

Property and equipment are 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. The estimated useful lives of the assets are as follows:

| Asset Category | Estimated Useful Lives (Years) |
|---|---|
| Buildings | 40 |
| Furniture and equipment | 5 |
| Vehicles | 5 |

### *Impairment of Long-Lived Assets*

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2024, there were no impairments.

### *Leases*

The Organization determines whether an arrangement contains a lease at inception by determining if the contract conveys the right to control the use of identified property, or equipment for a period of time in exchange for consideration and other facts and circumstances.

Right-of-use (ROU) assets represent the Organization’s right to use an underlying asset for the lease term, and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by the Organization and exclude any lease incentives received from the lessor. Lease liabilities are recognized based on the present value of lease payments over the lease term. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Organization has elected to use the risk-free rate at the date of adoption.

Lease expense for operating leases is recognized on a straight-line basis over the term of the lease. Variable lease payments are the portion of lease payments that are not fixed over the lease term.

Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable. The Organization elected to combine lease and non-lease components as a single lease component and to exclude short-term leases, defined as leases with an initial term of 12 months or less, from its consolidated statement of financial position.

***Deferred Financing Costs***

Deferred financing costs consist of costs incurred in obtaining the long-term and are being amortized on the straight-line basis over the life of the related loans, which is not materially different than the effective-interest method. Amortization expense was $18,410 for 2024 and in included as a component of interest expense in the accompanying consolidated statement of functional expenses. As of December 31, 2024, accumulated amortization was $18,410. The unamortized amount is reported as a reduction to the total loans payable on the accompanying consolidated statement of financial position.

***Revenue Recognition***

*Government Grants*

The Organization has government grants consist of contract from Public Health Services Section 330(h), NYC Department Homeless Services, and other grants and contracts. Government grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under FASB ASC Topic 958, *Not-for-Profit Entities*. Government grants contracts are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred.

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 to grantors, which amounted to $19,458,091 on the consolidated statement of financial position as of December 31, 2024.

*Net 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 credit losses.

The Organization bills government agencies, third-party payors, and individuals after the services are performed. 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 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, 2024. 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 FASB Accounting Standards Update 2014-09, *Revenue with Contracts with Customers (Topic 606)*.

The following table shows the Organization’s patient services revenue, net, disaggregated by payor:

| *December 31, 2024* | |
|---|---|
| Medicaid | $ 1,302,171 |
| Medicaid Managed Care | 787,205 |
| Child Health Plan | 42,900 |
| Medicare | 311,722 |
| Commercial | 91,673 |
| Medicaid Wraparound | 1,320,389 |
| Safety Net payment | 421,188 |
| COVID Human Resources & Services Administration | 3,447 |
| **Patient Services Revenue, Net** | $ 4,280,695 |

*Charity Care*

The Organization is open to all patients, regardless of their ability to pay. The Organization provides charity care to patients who lack financial resources and are deemed to be medically indigent based on criteria established under the Organization’s charity care policy. This care is provided without charge or at amounts less than the Organization’s established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net operating revenues.

Direct and indirect costs for providing charity care are estimated by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charged associated with providing care to charity patients. The direct and indirect costs related to this care amounted to $1,013,069 for the year ended December 31, 2024.

*Contributions*

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are considered to be available for use, unless specifically restricted by the donors. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of FASB ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their 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 using the effective discount rate. Conditional promises to give are not included as revenue until time as the conditions are substantially met. There were no conditional contributions as of December 31, 2024.

***Developer's Fees***

The Organization acts as a developer for several Low-Income Housing Tax Credit (LIHTC) projects in New York City and oversees the construction and development of these projects. In return for the services provided, the Organization is entitled to developer's fees. Developer's fees, earned in accordance with terms detailed in each specific developer agreement, are performance obligations that are satisfied over time.

***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 statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. For the expenses that are not direct charges, if any, they are allocated among the various functionals benefited based upon predetermined allocation rates.

***Income Taxes***

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Code, and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. There was no unrelated business income from an unrelated trade or business for 2024.

Under FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. The Organization is subject to routine audits by a taxing authority. As of December 31, 2024, the Organization was not subject to any examination by a taxing authority.

***Revision of Prior-Year Consolidated Financial Statements for Immaterial Misstatement***

The consolidated financial statements for the year ended December 31, 2023 have been revised to correct an immaterial omission of revenue and capitalized interest costs to be included in net assets. The effects of the revision resulted in an increase to property and equipment, net; net assets; the New York City Department of Homeless Services - Contract; and change in net assets by $3,421,634 as of and for the year ended December 31, 2023.

## 3. Liquidity and Availability of Resources

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

| *December 31, 2024* | | |
|---|---|---|
| Cash and cash equivalents | $ | 2,564,055 |
| Investments, at fair value | | 2,926,149 |
| NYC Department of Homeless Services receivable | | 21,453,641 |
| Other government grants and contracts receivable | | 4,037,895 |
| Patients accounts receivable, net | | 514,216 |
| **Total Financial Assets Available to Management for General Expenditures Within One Year** | $ | 31,495,956 |

As part of the Organization's liquidity management plan, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $2,500,000, of which $1,500,000 was available as of December 31, 2024 (see Note 8).

## 4. Investments, at Fair Value

Investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820. See Note 2 for a discussion of the Organization's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

A description of the valuation techniques applied to the Organization's assets measured at fair value is as follows:

*Money Market Funds and Mutual Funds* - The Organization invests in publicly traded money market funds and mutual funds, which are carried at the aggregate market value as determined by quoted market prices. These investments are classified as Level 1.

Assets at fair value of the Organization are as follows:

*December 31, 2024*

| | | Level 1 | | Level 2 | | Level 3 | | Total |
|---|---|---|---|---|---|---|---|---|
| Investments, at fair value: | | | | | | | | |
| Money market funds | $ | 611,248 | $ | - | $ | - | $ | 611,248 |
| Mutual funds | | 2,314,901 | | - | | - | | 2,314,901 |
| **Total Investments,** at fair value | $ | 2,926,149 | $ | - | $ | - | $ | 2,926,149 |

The Organization's investments are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

There have been no changes in the methodologies used at December 31, 2024. There were no transfers between levels during the year ended December 31, 2024.

The following table summarizes the net investment income:

*Year ended December 31, 2024*

| | | |
|---|---|---|
| Interest and dividends | $ | 80,718 |
| Realized gain | | 245,622 |
| Unrealized loss | | (86,633) |
| Investment fees | | (15,276) |
| **Net Investment Income** | $ | 224,431 |

## 5. Accounts Receivable – Patients, Net

Accounts receivable – patients, net, consists of the following:

*December 31, 2024*

| | | |
|---|---|---|
| Medicaid | $ | 33,527 |
| Medicaid Managed Care | | 160,364 |
| Child Health Plan | | 6,999 |
| Medicare | | 38,970 |
| Commercial | | 35,379 |
| Medicaid Wraparound | | 42,787 |
| Safety Net payment | | 196,190 |
| **Total** | $ | 514,216 |

## 6. Government Grants and Contracts Receivable

Government grants and contracts receivable, consists of the following:

| *December 31, 2024* | |
|---|---|
| NYC Department of Homeless Services | $ 21,453,641 |
| New York State Department of Health | 2,401,279 |
| Public Health Services Section 330(h) | 454,089 |
| BronxWorks Health Services | 404,206 |
| Franklin Women's Shelter | 166,012 |
| Urban Pathways Nursing Care | 127,406 |
| U.S. Department of Housing and Urban Development | 111,051 |
| Other grants and contracts | 373,852 |
| **Total** | $ 25,491,536 |

## 7. Property and Equipment, Net

Property and equipment, net, consist of the following:

| *December 31, 2024* | |
|---|---|
| Land | $ 5,500,000 |
| Buildings | 46,396,111 |
| Furniture and equipment | 3,896,832 |
| Leasehold improvements | 18,580,337 |
| Vehicles | 449,380 |
| Construction in progress | 51,474,288 |
| **Total Property and Equipment** | 126,296,948 |
| Less: accumulated depreciation | (15,613,147) |
| **Property and Equipment, Net** | $ 110,683,801 |

For the year ended December 31, 2024, depreciation and amortization expense amounted to $1,833,523.

On December 29, 2022, 91 East Broadway closed on the purchase of property, including land, which is included in construction in progress. This property is under construction as of December 31, 2024. The estimated cost to complete the construction is $4 million, with the estimated date of completion to occur in the third quarter of 2025.

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.

## 8. Debt

***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 NYC 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, 2024, there was $3,221,450 outstanding. The interest rate is fixed at 8.09% and interest expense was $292,797 for the year ended December 31, 2024. 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 (see Note 2). These funds can be used as needed for capital expenditures.

On December 29, 2022, 91 East Broadway received a construction and project loan in the original amount of $40,600,000 from a financial institution for the purchase and renovation of the 91 East Broadway Shelter. The property will be a safe haven for eligible homeless populations when it is placed into operation. The loan is collateralized by the property and is subject to a fixed interest rate of 5.912% per annum. The loan has a maturity date of December 1, 2053. Monthly interest payments commenced on the first day of the first month following the closing date. The payment of the principal commenced on January 1, 2024. The loan is being paid by DHS directly to the lender as part of the debt service component of the reimbursement for the development of the 91 East Broadway Shelter. The outstanding loan balance is $40,093,182 for the year ended December 31, 2024. Interest of $2,386,684 incurred during the year ended December 31, 2024 paid by DHS has been capitalized in accordance with GAAP.

On November 14, 2024, Blondell Avenue received a loan in the original amount of $51,340,602 from a financial institution in relation to the Blondell Avenue Shelter. The loan is collateralized by the property and is subject to a fixed interest rate of 3.922% per annum. The loan has a maturity date of October 15, 2054. The payment of principal commenced on November 15, 2024. The loan is being paid by DHS directly to the lender as part of the debt service component of the reimbursement for the operations of the Blondell Avenue Shelter. The outstanding loan balance is $51,190,344 for the year ended December 31, 2024. DHS paid interest totaling $1,717,573 on behalf of Blondell Avenue during the year ended December 31, 2024, with $1,382,221 being capitalized in accordance with GAAP and $335,351 being expensed.

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Future annual principal payments for the years ending after December 31, 2024 and thereafter are as follows:

| *Year ending December 31,* | |
|---|---|
| 2025 | $ 2,246,416 |
| 2026 | 2,381,941 |
| 2027 | 2,526,465 |
| 2028 | 2,337,767 |
| 2029 | 1,759,477 |
| Thereafter | 83,252,910 |
| | 94,504,976 |
| Less: deferred financing costs | (429,622) |
| | $ 94,075,354 |

***Line of Credit***

The Organization has an uncommitted discretionary demand line of credit under which a maximum amount of $2,500,000 can be borrowed solely for working capital, with interest payable monthly at 5.689% plus the Secured Overnight Financing Rate (such rate being 4.49% as of December 31, 2024). As of December 31, 2024, there was $1,000,0000 outstanding under the line of credit. The line of credit matures on August 21, 2025. Interest expense was $20,079 for the year ended December 31, 2024.

## 9. Leases

The Organization has operating leases for properties used as offices, clinics, or shelters. These leases are for various durations through October 1, 2033.

The following tables summarize information related to the lease assets and liabilities:

| *Year ended December 31, 2024* | |
|---|---|
| Lease cost: | |
| Operating lease cost | $ 5,355,447 |
| **Total Lease Cost** | $ 5,355,447 |

| *Year ended December 31, 2024* | |
|---|---|
| Right-of-use assets and liabilities: | |
| Operating lease right-of-use assets, net of amortization | $ 34,966,986 |
| Operating lease liabilities | 36,108,187 |

| *Year ended December 31, 2024* | | |
|---|---|---|
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ | 5,468,921 |
| Right of use assets obtained in exchange for operating lease liabilities | | 18,781,175 |
| Weighted-average remaining lease term – operating leases | | 7.14 years |
| Weighted-average discount rate – operating leases | | 3.08% |

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2024:

| *Year ending December 31,* | | |
|---|---|---|
| 2025 | $ | 6,971,517 |
| 2026 | | 7,028,918 |
| 2027 | | 5,211,535 |
| 2028 | | 4,056,645 |
| 2029 | | 4,080,891 |
| Thereafter | | 13,353,254 |
| **Total Minimum Lease Payments** | | 40,702,760 |
| Less: interests | | (4,594,573) |
| | | 36,108,187 |
| Less: current portion | | (5,966,047) |
| **Total** | $ | 30,142,140 |

## 10. Commitments and Contingencies

***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 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 IRS, 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). Such audits might result in disallowance of costs submitted for reimbursements. Management is of the opinion that such cost disallowance, if any, will not have a material effect on the Organization's consolidated financial statements.

As a FQHC, the Organization is reimbursed by the DOH under the Prospective Payment System.

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.

## 11. Employee Benefit Plan

The Organization administrates and sponsors a defined contribution plan for all eligible employees who have completed one year of service. During the year ended December 31, 2024, the Organization made employer contributions of $257,163 to the plan.

## 12. Concentrations

The financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions, which, from time to time, exceed the Federal Deposit Insurance Coverage (FDIC) limit. The Organization has not experienced any losses in such accounts, and management does not believe the Organization is exposed to any significant credit risk on cash and cash equivalents. The Organization believes it has minimal credit risk with respect to accounts and contracts receivable.

The Public Health Services Section 330(h) and the DHS grants represent approximately 80% of total consolidated operating revenue in the accompanying consolidated statement of activities for the year ended December 31, 2024.

## 13. Subsequent Events

The Organization's management has performed subsequent events procedures through June 30, 2025, which is the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as a result of these procedures.