

The Doe Fund, Inc. and Affiliates

Consolidated Financial Statements

June 30, 2024 and 2023

The Doe Fund, Inc. and Affiliates

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Independent Auditors' Report

To the Board of Directors of
The Doe Fund, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of The Doe Fund, Inc. and Affiliates (the Corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, changes in net assets, 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 consolidated financial position of the Corporation as of June 30, 2024 and 2023, 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 (GAAP).

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 Corporation 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 GAAP, 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 Corporation's ability to continue as a going concern within 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.

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 Corporation'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 Corporation'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 3 - 5 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

New York, New York
December 20, 2024

The Doe Fund, Inc. and Affiliates

 Consolidated Statements of Financial Position
 June 30, 2024 and 2023

	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	
				2024	2023
Assets					
Current Assets					
Cash and cash equivalents	\$ 3,121,663	\$ 1,381,708	\$ -	\$ 4,503,371	\$ 3,422,352
Receivables, net	33,361,435	2,227,027	-	35,588,462	34,497,098
Grants and pledges receivable	141,104	-	-	141,104	10,000
Developer fees receivable	48,646	-	-	48,646	5,384,811
Investments	92,932	-	-	92,932	87,366
Due from affiliates	6,317,474	5,919,549	(12,237,023)	-	-
Prepaid expenses and other assets	1,245,360	233,303	-	1,478,663	1,551,848
Other receivables	5,458,213	3,183	(3,920,291)	1,541,105	377,572
Total current assets	49,786,827	9,764,770	(16,157,314)	43,394,283	45,331,047
Lender Restricted Cash and Contractual Reserves	10,634,248	4,907,530	-	15,541,778	12,805,847
Developer Fees Receivable	23,197,186	-	(11,450,715)	11,746,471	7,625,700
Security and Other Deposits	557,638	3,560	-	561,198	563,664
Right-of-Use Assets, Leases	5,802,136	-	-	5,802,136	12,977,254
Property and Equipment, Net	66,077,726	357,341,289	(11,554,150)	411,864,865	407,519,824
Total assets	<u>\$ 156,055,761</u>	<u>\$ 372,017,149</u>	<u>\$ (39,162,179)</u>	<u>\$ 488,910,731</u>	<u>\$ 486,823,336</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 15,407,333	\$ 2,981,215	\$ (1,057,045)	\$ 17,331,503	\$ 13,734,573
Current maturities of long-term debt	1,692,990	33,349,511	-	35,042,501	24,809,395
Line of credit	7,000,000	-	-	7,000,000	5,000,000
Trainee savings payable	2,077,130	-	-	2,077,130	1,767,160
Accrued interest payable, mortgages and notes	411,122	8,604,478	-	9,015,600	7,400,090
Developer fees payable	-	35,753,244	(11,450,715)	24,302,529	27,251,040
Construction payables	593,503	2,470,483	-	3,063,986	6,131,777
Operating leases payable	1,820,615	-	-	1,820,615	3,455,374
Due to affiliates	1,970,582	10,266,441	(12,237,023)	-	-
Total current liabilities	30,973,275	93,425,372	(24,744,783)	99,653,864	89,549,409
Deferred Revenue	3,038,603	6,869,240	-	9,907,843	18,077,671
Tenant Security Deposits	78,361	439,990	-	518,351	254,770
Long-Term Debt, Net of Current Maturities and Unamortized Debt Issuance Costs	67,951,509	186,827,610	(2,863,246)	251,915,873	252,601,828
Operating Leases Payable, Net	4,467,265	-	-	4,467,265	10,104,678
Total liabilities	<u>106,509,013</u>	<u>287,562,212</u>	<u>(27,608,029)</u>	<u>366,463,196</u>	<u>370,588,356</u>
Net Assets					
Net assets without donor restrictions:					
Controlling interest	48,109,743	(2,742,157)	(11,554,150)	33,813,436	31,362,622
Noncontrolling interest	-	87,197,094	-	87,197,094	83,497,375
Net assets with donor restrictions	1,437,005	-	-	1,437,005	1,374,983
Total net assets	<u>49,546,748</u>	<u>84,454,937</u>	<u>(11,554,150)</u>	<u>122,447,535</u>	<u>116,234,980</u>
Total liabilities and net assets	<u>\$ 156,055,761</u>	<u>\$ 372,017,149</u>	<u>\$ (39,162,179)</u>	<u>\$ 488,910,731</u>	<u>\$ 486,823,336</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

 Consolidated Statement of Activities
 Year Ended June 30, 2024

	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support and Revenue				
Contributions	\$ 4,559,452	\$ -	\$ -	\$ 4,559,452
Special events, net of direct benefit expense of approximately \$196,000	1,300,134	-	-	1,300,134
Earned income from government contracts	44,537,393	-	-	44,537,393
Other earned revenue	7,122,795	-	(84,469)	7,038,326
Developer fees	2,536,648	-	(1,189,813)	1,346,835
Management fees	70,170	-	(7,670)	62,500
Program service fees	1,446,171	-	-	1,446,171
Rental income	1,245,475	11,455,056	-	12,700,531
Other income	3,406,459	9,079,003	-	12,485,462
Net assets released from restrictions	791,562	-	-	791,562
Total support and revenue	67,016,259	20,534,059	(1,281,952)	86,268,366
Expenses				
Programs:				
Ready, Willing & Able	31,962,770	-	-	31,962,770
Affordable housing operations	3,113,059	34,176,407	(92,139)	37,197,327
Supportive housing programs	13,030,204	-	-	13,030,204
Liberty Fund	487,288	-	-	487,288
Social enterprise programs	4,054,129	-	-	4,054,129
Management and general	10,192,044	-	-	10,192,044
Fundraising	534,776	-	-	534,776
Total expenses	63,374,270	34,176,407	(92,139)	97,458,538
Change in net assets without donor restrictions	3,641,989	(13,642,348)	(1,189,813)	(11,190,172)
Net Assets With Donor Restrictions				
Contributions	853,584	-	-	853,584
Net assets released from restrictions	(791,562)	-	-	(791,562)
Change in net assets with donor restrictions	62,022	-	-	62,022
Change in net assets	3,704,011	(13,642,348)	(1,189,813)	(11,128,150)
Excess of Expenses Over Support and Revenue Attributable to Noncontrolling Interest				
	-	13,640,986	-	13,640,986
Excess (deficiency) of support and revenue over expenses	\$ 3,704,011	\$ (1,362)	\$ (1,189,813)	\$ 2,512,836

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

Consolidated Statement of Activities
Year Ended June 30, 2023

	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support and Revenue				
Contributions	\$ 3,917,354	\$ -	\$ -	\$ 3,917,354
Special events, net of direct benefit expense of approximately \$237,000	954,049	-	-	954,049
Earned income from government contracts	46,334,943	-	-	46,334,943
Other earned revenue	6,384,763	-	(67,357)	6,317,406
Developer fees	1,468,942	-	(90,471)	1,378,471
Management fees	623,099	-	(623,099)	-
Program service fees	1,638,287	-	-	1,638,287
Rental income	1,454,928	11,834,932	-	13,289,860
Other income	346,854	1,841,443	-	2,188,297
Net assets released from restrictions	708,321	-	-	708,321
	<u>63,831,540</u>	<u>13,676,375</u>	<u>(780,927)</u>	<u>76,726,988</u>
Expenses				
Programs:				
Ready, Willing & Able	35,031,171	-	-	35,031,171
Affordable housing operations	3,214,788	25,106,843	(690,456)	27,631,175
Supportive housing programs	12,114,053	-	-	12,114,053
Liberty Fund	503,524	-	-	503,524
Social enterprise programs	3,737,103	-	-	3,737,103
Management and general	11,150,815	-	-	11,150,815
Fundraising	578,221	-	-	578,221
	<u>66,329,675</u>	<u>25,106,843</u>	<u>(690,456)</u>	<u>90,746,062</u>
Change in net assets without donor restrictions	<u>(2,498,135)</u>	<u>(11,430,468)</u>	<u>(90,471)</u>	<u>(14,019,074)</u>
Net Assets With Donor Restrictions				
Contributions	376,325	-	-	376,325
Net assets released from restrictions	<u>(708,321)</u>	<u>-</u>	<u>-</u>	<u>(708,321)</u>
Change in net assets with donor restrictions	<u>(331,996)</u>	<u>-</u>	<u>-</u>	<u>(331,996)</u>
Change in net assets	(2,830,131)	(11,430,468)	(90,471)	(14,351,070)
Excess of Expenses Over Support and Revenue Attributable to Noncontrolling Interest				
	<u>-</u>	<u>10,738,938</u>	<u>-</u>	<u>10,738,938</u>
Deficiency of support and revenue over expenses	<u>\$ (2,830,131)</u>	<u>\$ (691,530)</u>	<u>\$ (90,471)</u>	<u>\$ (3,612,132)</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2024 and 2023

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Consolidated Total
	Controlling Interest	Noncontrolling Interest	Total		
Beginning Balance, June 30, 2022	\$ 38,102,338	\$ 43,607,322	\$ 81,709,660	\$ 1,706,979	\$ 83,416,639
Capital contributions from investors	-	47,169,411	47,169,411	-	47,169,411
Transfer of noncontrolling interest by an existing partner	(3,459,580)	3,459,580	-	-	-
Excess of expenses over support and revenue attributable to noncontrolling interest	-	(10,738,938)	(10,738,938)	-	(10,738,938)
Deficiency of support and revenue over expenses	(3,280,136)	-	(3,280,136)	(331,996)	(3,612,132)
Ending Balance, June 30, 2023	31,362,622	83,497,375	114,859,997	1,374,983	116,234,980
Capital contributions from investors	-	17,340,705	17,340,705	-	17,340,705
Excess of expenses over support and revenue attributable to noncontrolling interest	-	(13,640,986)	(13,640,986)	-	(13,640,986)
Excess of support and revenue over expenses	2,450,814	-	2,450,814	62,022	2,512,836
Ending Balance, June 30, 2024	<u>\$ 33,813,436</u>	<u>\$ 87,197,094</u>	<u>\$ 121,010,530</u>	<u>\$ 1,437,005</u>	<u>\$ 122,447,535</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Ready, Willing & Able	Affordable Housing Operations	Supportive Housing Programs	Liberty Fund	Social Enterprise Programs	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 18,813,189	\$ 2,167,829	\$ 5,349,355	\$ 326,009	\$ 2,756,651	\$ 29,413,033	\$ 4,561,375	\$ 242,157	\$ 34,216,565
Payroll taxes and employee benefits	3,869,198	679,563	1,694,147	110,694	918,856	7,272,458	1,607,954	71,343	8,951,755
Total salaries and related expenses	22,682,387	2,847,392	7,043,502	436,703	3,675,507	36,685,491	6,169,329	313,500	43,168,320
Legal, professional and management fees	78,301	4,369,876	23,409	12,212	-	4,483,798	2,079,123	7,608	6,570,529
Occupancy costs	1,838,525	5,464,271	1,885,804	25,254	8,028	9,221,882	365,498	-	9,587,380
Office expenses	332,830	63,846	275,757	7,201	61,611	741,245	740,484	130,258	1,611,987
Equipment maintenance and repairs	-	-	-	-	-	-	3,125	-	3,125
Travel and meetings	15,395	17,398	16,357	175	1,171	50,496	81,763	3,622	135,881
Client services	2,787,395	8,681,729	293,628	-	124,889	11,887,641	-	-	11,887,641
Aid to clients	50,609	-	3,052,663	-	-	3,103,272	-	-	3,103,272
Insurance and taxes	50	465,553	-	125	-	465,728	285,308	-	751,036
Equipment, furniture and vehicle purchases	166,395	39,454	233,119	-	151	439,119	-	-	439,119
Vehicles and transportation	2,267,910	-	-	-	157,062	2,424,972	29,562	-	2,454,534
Financing expenses	679,524	6,341,745	106,207	5,618	2,979	7,136,073	359,991	49,862	7,545,926
Miscellaneous	431	-	84	-	1,704	2,219	35,268	36	37,523
In-kind goods	-	-	-	-	-	-	-	29,890	29,890
Depreciation and amortization	1,063,018	8,906,063	99,674	-	21,027	10,089,782	42,593	-	10,132,375
Total expenses	<u>\$ 31,962,770</u>	<u>\$ 37,197,327</u>	<u>\$ 13,030,204</u>	<u>\$ 487,288</u>	<u>\$ 4,054,129</u>	<u>\$ 86,731,718</u>	<u>\$ 10,192,044</u>	<u>\$ 534,776</u>	<u>\$ 97,458,538</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

 Consolidated Statement of Functional Expenses
 Year Ended June 30, 2023

	<u>Ready, Willing & Able</u>	<u>Affordable Housing Operations</u>	<u>Supportive Housing Programs</u>	<u>Liberty Fund</u>	<u>Social Enterprise Programs</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 20,807,462	\$ 2,748,150	\$ 4,212,101	\$ 326,349	\$ 2,514,207	\$ 30,608,269	\$ 7,066,249	\$ 226,394	\$ 37,900,912
Payroll taxes and employee benefits	4,106,069	869,237	1,366,025	110,298	845,261	7,296,890	1,107,127	71,238	8,475,255
Total salaries and related expenses	24,913,531	3,617,387	5,578,126	436,647	3,359,468	37,905,159	8,173,376	297,632	46,376,167
Legal, professional and management fees	65,344	2,342,184	504,047	15,000	495	2,927,070	823,074	8,304	3,758,448
Occupancy costs	1,630,412	4,402,205	1,659,335	43,157	47,691	7,782,800	1,265,384	-	9,048,184
Office expenses	287,772	119,934	221,113	5,441	54,144	688,404	448,088	181,094	1,317,586
Equipment maintenance and repairs	13,502	1,977	4,179	226	4,067	23,951	6,041	-	29,992
Travel and meetings	20,965	19,294	24,395	46	196	64,896	40,761	1,465	107,122
Client services	4,127,025	7,755	192,668	500	127,539	4,455,487	-	-	4,455,487
Aid to clients	57,266	-	3,612,085	-	-	3,669,351	-	-	3,669,351
Insurance and taxes	3,492	23,216	1,241	125	12,089	40,163	198,925	-	239,088
Equipment, furniture and vehicle purchases	163,663	1,595	801	-	1,416	167,475	-	-	167,475
Vehicles and transportation	1,932,255	20	990	45	107,124	2,040,434	17,213	100	2,057,747
Financing expenses	812,841	7,449,637	223,332	2,337	557	8,488,704	134,960	61,715	8,685,379
Miscellaneous	75	64,884	164	-	-	65,123	400	-	65,523
In-kind goods	-	-	-	-	-	-	-	27,911	27,911
Depreciation and amortization	1,003,028	9,581,087	91,577	-	22,317	10,698,009	42,593	-	10,740,602
Total expenses	<u>\$ 35,031,171</u>	<u>\$ 27,631,175</u>	<u>\$ 12,114,053</u>	<u>\$ 503,524</u>	<u>\$ 3,737,103</u>	<u>\$ 79,017,026</u>	<u>\$ 11,150,815</u>	<u>\$ 578,221</u>	<u>\$ 90,746,062</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and AffiliatesConsolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (11,128,150)	\$ (14,351,070)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	10,132,375	10,740,602
Interest on debt issuance costs	401,029	301,915
Unrealized gain on investments	(5,566)	(1,764)
(Decrease) increase in developer fees payable	(1,733,117)	176,873
Net accretion of operating leases	(97,054)	(101,682)
(Increase) decrease in operating assets:		
Receivables	(1,091,364)	(4,243,754)
Grants and pledges receivable	(131,104)	-
Prepaid expenses and other assets	73,185	(279,072)
Other receivables	(1,163,533)	55,888
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	3,596,930	3,321,769
Accrued interest payable, mortgages and notes	1,615,510	1,077,918
Deferred revenue	361,002	2,518,158
Net cash flows from operating activities	<u>830,143</u>	<u>(784,219)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(26,076,037)</u>	<u>(29,457,331)</u>
Net cash flows from investing activities	<u>(26,076,037)</u>	<u>(29,457,331)</u>
Cash Flows From Financing Activities		
Capital contributions from investors	17,340,705	47,169,411
Proceeds from line of credit	7,000,000	5,200,000
Repayments of line of credit	(5,000,000)	(1,700,000)
Proceeds from long-term debt	26,904,252	68,777,692
Repayments of long-term debt	(17,262,466)	(79,478,380)
Payments of debt issuance costs	(495,664)	(3,192,670)
Trainee savings payable	309,970	95,087
Tenant security deposits	263,581	7,569
Net cash flows from financing activities	<u>29,060,378</u>	<u>36,878,709</u>
Net change in cash and cash equivalents and restricted cash	3,814,484	6,637,159
Cash and Cash Equivalents and Restricted Cash, Beginning	<u>16,791,863</u>	<u>10,154,704</u>
Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 20,606,347</u>	<u>\$ 16,791,863</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 4,503,371	\$ 3,422,352
Lender restricted cash and contractual reserves	15,541,778	12,805,847
Security and other deposits	561,198	563,664
Total cash and cash equivalents and restricted cash	<u>\$ 20,606,347</u>	<u>\$ 16,791,863</u>
Noncash Investing and Financing Activities		
Conveyance of leasehold improvements	\$ 8,530,830	\$ -
Recognition of deferred leasehold improvements	(8,530,830)	-
	<u>\$ -</u>	<u>\$ -</u>
Construction payables capitalized to property and equipment	<u>\$ 282,573</u>	<u>\$ 1,929,948</u>

See notes to consolidated financial statements

The Doe Fund, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

1. Description of the Organization

The accompanying consolidated financial statements include the accounts of The Doe Fund, Inc., and its wholly owned subsidiaries and several affiliated entities, as described below (collectively, the Corporation). The Doe Fund, Inc. provides oversight for these entities, which are affiliated through common management and Board of Directors. All significant intercompany transactions and balances have been eliminated in consolidation.

The Doe Fund, Inc. is a not-for-profit charitable organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The mission of The Doe Fund, Inc. is to develop and implement cost-effective, holistic programs that meet the needs of a diverse population working to break the cycles of homelessness, addiction and criminal recidivism. All of the programs and innovative business ventures of The Doe Fund, Inc. strive to connect people experiencing homelessness to living wage employment, permanent housing, and lasting stability.

The following summarizes the programmatic activities and entities comprising the Corporation which are presented within the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Ready, Willing & Able, Inc. (RWA) - This entity, a charitable not-for-profit corporation, serves as the Doe Fund's flagship program. RWA provides individuals experiencing homelessness and reentering society after incarceration with paid transitional work experience; safe, transitional housing; workforce development; and comprehensive support services including case management, addiction recovery, essential skills training, educational opportunities, assistance in obtaining employment and permanent housing, and more. RWA conducts its program at the following three transitional residences:

<u>520 Gates Avenue</u>	<u>2960 Frederick Douglass Blvd</u>	<u>89 Porter Avenue</u>	<u>510 Gates Avenue</u>
Opened 1990	Opened 1996	Opened 2003	To open in 2025
61 beds	198 beds	400 beds	200 beds
Owned by the Corporation	Owned by the City of New York	Owned by the Corporation	Owned by the Corporation

In addition to its flagship RWA program, the Corporation operates other programs and social enterprises as follows:

Liberty Fund, Inc. (Liberty Fund) was established June 4, 2016, with The Doe Fund, Inc. as its sole member. The Liberty Fund is a charitable not-for-profit corporation dedicated to reducing the number of New Yorkers subjected to unnecessary detention while simultaneously providing much needed social services to this population. It achieves this by providing bail and case management services to any qualifying client throughout the pendency of their court case. The Liberty Fund reduces the jail population, prevents New Yorkers from having their lives upended and their freedom sacrificed and provides support in order to avoid future interaction with the criminal justice system.

Pest at Rest, LLC was established on October 29, 2003, with The Doe Fund, Inc. as its sole member. Pest at Rest, LLC provides work training and experience in integrated pest management to individuals participating in the RWA program.

Good Food Works, Inc. (GFW) was established on June 25, 2021, with The Doe Fund, Inc. as its sole member. GFW is a charitable not-for-profit corporation organized to produce, distribute and sell affordable and healthy food with a primary focus on serving low-income communities.

The Doe Fund, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

TDF HoldCo LLC (TDF HoldCo) was established on September 1, 2022, with The Doe Fund, Inc. as its sole member. TDF HoldCo is a domestic limited liability company organized to own the 51% interest in The Doe Store, LLC (The Doe Store), a New York State-licensed adult-use retail cannabis store. When profits are generated by The Doe Store, they are distributed in the form of dividends, with TDF HoldCo receiving its proportionate share. Dividends received are used to support The Doe Fund, Inc.'s mission.

2736 Creston Avenue HDFC was established on August 20, 2024, with The Doe Fund, Inc. as its sole member and owner. 2736 Creston Avenue HDFC is a charitable not-for-profit corporation, as further described below, organized exclusively for the purpose of operating a transitional housing facility with "light touch" social services for adults transitioning out of the New York City (NYC) Department of Homeless Services (DHS) shelter system who are eligible for a NYC rental assistance voucher program.

The following summarizes the other Housing Development Fund Corporations (HDFC), each of which are consolidated in accordance with U.S. GAAP and roll-up in the "Not-for-Profit Entities" column of the accompanying consolidated financial statements. These HDFC entities were organized under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law of the State of New York and are exempt from income and excise taxes under Section 501(c)(3) or Section 501(c)(4) of the IRC.

Not-for-Profit Entity Name	Housing Entity Name	General Partner	Number of Units
#1 Single Room Occupancy HDFC	TDF 2000 Partners L.P.	TDF 2000 Corp.	74
A Better Place HDFC	None	None	28
None	Stadium Court Associates LLC	Iron Horse Managers, LLC	60
Crotona Park HDFC	Crotona Park Apartments LLC	Crotona Park, Inc.	60
Webster Green HDFC	Webster Green Apts., L.P.	Webster Green Apts. GP, LLC	82
Rogers Avenue HDFC	Rogers Apartments LLC	Rogers Managers LLC	123
Villa House HDFC	Villa House Apartments LLC	Villa House Managers Corp.	68
United Services HDFC	United Services Apartments LLC	United Services Managers Corp.	90
1331 Jerome Ave HDFC	1331 Jerome Owner LLC	1331 Jerome MM LLC	255
4519 White Plains Road HDFC	4519 WPR Apartments LLC	4519 WPR Managers Corp.	98
980 Westchester HDFC	980 Westchester Owner LLC	980 Westchester MM LLC	151
1220 Spofford HDFC	1220 Spofford Managers LLC	1220 Spofford Managers Corp.	96
800 Rockaway HDFC	800 Rockaway Apartments LLC	800 Rockaway Managers Corp.	104
None	TDF 3118 Webster Avenue	None	109

The Corporation is also the sole owner or controlling member of each General Partnership (GP) or Managing Member (MM) entity (The Housing Entities) listed above, which own 0.01% of the respective Limited Partnerships (LPs) or Limited Liability Corporations (LLCs) with the exception of Villa House Managers Corp. and Iron Horse Managers, LLC (Stadium Court Associates LLC) which has an additional .01% interest as a special managing member bringing their ownership to .02% each, respectively. The Housing Entities were formed to own individual properties that are developed and managed to provide low-income housing.

In addition to the entities described above, the Corporation established several other affiliates and/or subsidiaries that are presently dormant or inactive.

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Notes to Consolidated Financial Statements
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2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with U.S. GAAP.

Not-for-Profit Entities

The accompanying consolidated financial statements include the accounts of the entities in Note 1 (collectively known as the Not-for-Profit Entities). The Not-for-Profit Entities are either affiliates or subsidiaries of The Doe Fund, Inc., which are under common board control and for which there is economic interest.

Housing Entities

LPs or LLCs that are controlled by The Doe Fund, Inc. or its affiliated Not-for-Profit Entities are consolidated in the accompanying consolidated financial statements. The GP interests held by the Corporation entities equal 0.01% of the respective Housing Entities' equity with the remainder of the Housing Entities' equity held by the limited partners/members of the respective Housing Entities (Note 1). The portion of the Housing Entities not controlled by The Doe Fund, Inc. or its affiliated entities are consolidated and presented in the accompanying consolidated financial statements as noncontrolling interest.

All intercompany transactions and accounts between the Not-for-Profit Entities and the Housing Entities have been eliminated in consolidation.

Net Asset Classification

The net assets of the Corporation and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions, Controlling Interest - Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Corporation.

Net Assets Without Donor Restrictions, Noncontrolling Interest - Represent the aggregate of limited partners/members capital/equity interests in the nonwholly owned Housing Entities that are included in the accompanying consolidated financial statements.

Net Assets With Donor Restrictions - Net assets which have been limited by donor-imposed stipulations that expire with the passage of time or can be fulfilled and removed by the actions of the Corporation pursuant to those stipulations. Net assets, if any, with donor restrictions also include net assets that are subject to donor-imposed restrictions that must be maintained in perpetuity. There were no net assets restricted in perpetuity as of June 30, 2024 and 2023.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Doe Fund, Inc. and Affiliates

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Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks. The Corporation maintains its bank accounts with several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate amount of \$250,000 for each entity. At times, cash balances within these accounts may exceed federally insured limits. The Corporation has not experienced, nor does it anticipate, any losses in such accounts (Note 15).

Investments

Investments include a money market fund and equity securities without readily determinable fair values. Realized and unrealized gains and losses are included in other income on the consolidated statements of activities. Investment income (loss) is reported net of investment expenses. Investments acquired by gift are recorded at their fair values at the date of the gift.

Investment in equity securities without readily determinable fair values represents the ownership interests in The Doe Store (Note 1). The Corporation does not have the ability to exercise significant influence over the operating and financial policies of The Doe Store. Accordingly, the carrying amount of approximately \$510,000 is included in prepaid expenses and other assets as of June 30, 2024 and 2023, respectively. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification 321, *Equity Securities*, these equity securities without readily determinable fair value are recorded at their cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Dividend income for the year ended June 30, 2024 totaled approximately \$2,703,000 and is included in other income on the consolidated statement of activities.

Lender Restricted Cash and Contractual Reserves

Lender restricted cash and contractual reserves represent amounts that are required to be maintained by contractual or other agreements and consist of cash and cash equivalents (Note 6).

Allowance for Credit Losses

The Corporation recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. Such receivables are written off when the Corporation determines that such receivables are deemed uncollectible.

The Corporation utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable arising from reciprocal transactions. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. As of June 30, 2024, the allowance for credit losses was approximately \$3,805,000. As of June 30, 2023, prior to the adoption of Accounting Standards Update (ASU) No. 2016-13, an allowance for doubtful accounts for such receivables was approximately \$1,916,000.

The Doe Fund, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Allowance for Doubtful Accounts

Management routinely makes estimates of the realizability of receivables arising from nonreciprocal transactions. In doing so, management specifically analyzes historical bad debts, current funding trends and changes in payment terms and rates when evaluating allowance for doubtful accounts. As of June 30, 2024 and 2023, the allowance for doubtful accounts approximated \$354,000 and \$610,000, respectively.

Grants and Pledges Receivable

Grants and pledges receivable are recorded at their estimated realizable values. Amounts due in more than one year are recorded at the present value of the estimated cash flows, discounted at a risk-adjusted rate applicable to the year in which the promise was received. Amortization of the discount is credited to contributions revenue. No reserves were recorded against grants and pledges receivable as of June 30, 2024 and 2023. Grants and pledges receivable as of June 30, 2024 and 2023 consisted of approximately \$141,000 and \$10,000, respectively, all due within one year.

Developer Fees Receivable

Developer fees receivable represent developer fees for related construction project activities. Developer fees receivable from Housing Entities that are payable from the operational cash flow of the respective projects is eliminated in consolidation. Any remaining developer fees receivable is paid by the related Housing Entities upon receipt of the limited partner/member capital/equity contribution. Developer fees receivable as of June 30, 2024 and 2023 totaled approximately \$11,795,000 and \$13,011,000, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs), as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The Corporation's money market fund is carried at fair value and is a Level 1 asset.

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Notes to Consolidated Financial Statements

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Property and Equipment and Depreciation and Amortization

All acquisitions of property and equipment in excess of \$5,000, and all expenditures for repairs, nonroutine maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Purchased property and equipment are recorded at cost, except when such costs are reimbursed as part of current programs by a funding agency and such agency retains title. Building, building improvements, furniture, fixtures and equipment are depreciated on the straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Useful lives of the Corporation's fixed assets range from 3-31 years (Note 5).

Deferred Revenue

Deferred revenue consists of capital advances or construction loans that bear no interest and are not required to be repaid if the related facilities are operated for specific purposes over required time frames.

Impairment of Long-Lived Assets

Impairment losses are recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair values, and assets held for sale are adjusted to their estimated fair values, less selling expenses. The Corporation reviews annually its investments in real estate for impairment events or when changes in circumstances indicate that the carrying value of such property may not be recoverable. No impairment losses were required to be recognized in 2024 and 2023.

Trainee Savings Payable

Trainee savings payable are deposits that represent fixed minimum deductions from participants' training incentives plus voluntary savings as they may exceed the minimum on a voluntary basis. These amounts accumulate over the time a trainee is in the RWA program and are provided to the participant when they leave the RWA program. As of June 30, 2024 and 2023, the trainee savings payable due to participants was approximately \$2,077,000 and \$1,767,000, respectively.

Trainees who graduate from the RWA program can also receive an additional grant up to \$1,000 contingent on the trainees keeping a job for the first six months. Training incentives are provided to participants in the form of debit cards in order to provide the most accessible form of payment to the composition of the trainee population. Approximately \$54,000 in matching graduation grants were provided to trainees who successfully completed the training program during the years ended June 30, 2024 and 2023, respectively.

Contributions and Grants and Contracts

Contributions, including unconditional promises to give, are reported as revenues in the period in which contributions are received or unconditional promises to give are made. Unconditional promises to give, due in more than one year, if any, are discounted to reflect the present value of future cash flows at a risk-adjusted rate. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions, including a barrier and right of return or release, are substantially met.

Earned income from government contracts, the majority of which are cost reimbursable, is recognized as allowable costs are incurred as these contracts represent nonreciprocal transactions. As of June 30, 2024 and 2023, the Corporation received cost reimbursement contracts and other conditional grant commitments totaling approximately \$526,808,000 and \$559,303,000, respectively.

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Contributed Nonfinancial Assets

Not-for-profit entities are required to record contributed nonfinancial assets revenue if those services create or enhance nonfinancial assets or are provided by individuals who possess specialized skills that would typically need to be purchased, if not provided by donation. For the years ended June 30, 2024 and 2023, the Corporation recorded contributed nonfinancial assets revenue of approximately \$30,000 and \$28,000, respectively, which was included in the contributions revenue in the consolidated statements of activities with an equivalent amount recorded as an expense. The contributed nonfinancial assets represent donated goods, which were used for programmatic purposes. The Corporation estimated the fair value of the donated goods based on their wholesale values that would be paid for similar products.

Revenue From Contracts With Customers

Other earned revenue primarily represents revenue from various contracts for street cleaning, exterminating and culinary services provided by the Corporation. Such revenues are recognized at the point in time services are rendered at the net realizable value. Performance obligations are satisfied as services are rendered in accordance with the respective contracts.

Developer fees are recognized as revenue as services are rendered based on the percentage of completion method in accordance with the respective developer fee agreements. The unearned portion of developer fees received is recorded as developer fees payable in the accompanying consolidated statements of financial position. Developer fees are paid by the respective Housing Entities to The Doe Fund, Inc. through funds received from equity contributions of the Housing Entities' investors, as well as from the operating cash flow of the respective Housing Entities. Only the portion of developer fees to be paid from the respective Housing Entities' operating cash flow is eliminated in consolidation, while the portion to be paid from third-party equity contributions is not.

Management fees are recognized at the point in time when services are rendered at their net realizable value. Performance obligations are satisfied as services are rendered in accordance with the respective management fee agreements. Intercompany management fees are eliminated in consolidation.

Program service fees are recognized at the point in time when services are rendered at their net realizable value. Performance obligations are satisfied as services are rendered in accordance with the underlying agreements with respective RWA program participants.

Cash received for unsatisfied obligations is considered contract liabilities and presented as deferred revenue in the consolidated statements of financial position. Subsequent adjustments to contract price are recorded as reductions to revenue when made. Receivables and deferred revenue from reciprocal transactions as of beginning and end of the years ended June 30, 2024 and 2023, follow:

	<u>July 1, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Receivables (contract assets)	\$ 2,379,557	\$ 3,154,884	\$ 2,849,080
Deferred revenue (contract liabilities)	-	-	-

Rental Income

Rental income, including rent from the operation of low-income housing projects and tenants, is recognized as earned based on underlying lease agreements with respective tenants. Base rental revenue is recognized on a straight-line basis over the term of the lease, regardless of when payments are due. Advance receipts of rental income are deferred and classified as accounts payable and accrued expenses in the accompanying consolidated statements of financial position. All leases between the properties and tenants are considered to be operating leases.

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Debt Issuance Costs

Debt issuance costs, net of interest expense, are reported as a direct deduction from the face amount of the related mortgages payable. Interest expense is computed using an imputed interest rate on the related loan.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are related to more than one program or supporting function. It is the Corporation's policy to directly charge the program where the service or expense item is used. When a cost center provides benefit to multiple programs and it cannot be directly charged, such costs are allocated based upon an appropriate statistic applicable to those costs. Applicable statistics include a percentage of salary, a distribution of full-time equivalents and square footage allocation. The Corporation uses a percentage of salary or a distribution of full-time equivalents to allocate payroll taxes and employee benefits, and it uses a square footage allocation to allocate insurance and occupancy costs.

Income Taxes

The Corporation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Not-for-Profit Entities are exempt from federal income tax under IRC Sections 501(c)(3) or 501(c)(4), though they are subject to tax on income unrelated to their exempt purposes, unless that income is otherwise excluded by the IRC. Iron Horse Managers, LLC, Pest at Rest, LLC, Pest at Rest Newark, LLC and Sugar Hill Apartments, are single-member limited liability companies whose single member is The Doe Fund, Inc., and as such, they are considered disregarded entities for tax purposes. The Corporation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements.

All other real estate entities have elected to be treated as pass-through entities for income tax purposes and accordingly, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective income tax returns. The affiliated entities' federal tax statuses as pass-through entities are based on the legal statuses as LPs or LLCs. Consequently, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. The affiliated entities are required and do file tax returns with the Internal Revenue Service (IRS) and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these affiliated entities have no other tax positions requiring disclosure.

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Recent Accounting Pronouncement

The FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current U.S. GAAP, which generally require that a loss be incurred before it is recognized. The adoption of ASU No. 2016-13, which was done under the modified retrospective transition approach, did not have a material impact on the consolidated financial statements.

3. Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the consolidated statements of financial position for general expenditures such as operating expenses, debt financing payments and fixed asset purchases not financed with debt financing, are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,503,371	\$ 3,422,352
Receivables, net	35,588,462	34,497,098
Grants and pledges receivable	141,104	10,000
Developer fees receivable, current	48,646	5,384,811
Investments	92,932	87,366
Other receivables	1,541,105	377,572
	<u>41,915,620</u>	<u>43,779,199</u>
Less donor-restricted amounts	<u>1,437,005</u>	<u>1,374,983</u>
Total	<u>\$ 40,478,615</u>	<u>\$ 42,404,216</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Corporation's main source of liquidity is earned income from government contracts.

To help manage unanticipated liquidity needs, the Corporation has a committed line of credit in the amount of \$8,000,000. As of June 30, 2024, \$1,000,000 was available to be drawn principally resulting from delayed payments by various City agencies. In addition, the Corporation has operating reserve funds specifically set aside to cover certain operating deficits of the supportive and affordable housing operations which may be available if certain operating deficit requirements are met. The Corporation has historically not drawn on these reserve funds, as these reserves require approval from the respective lenders in order to be released (Note 6). Instead, any operating deficits have been met from sources without donor restrictions. Additionally, the Corporation has established relationships with several nonprofit lenders to meet any further liquidity needs with short-term lending options, none of which were utilized as of the date the accompanying consolidated financial statements were issued.

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Notes to Consolidated Financial Statements
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4. Receivables, Net

Receivables, net as of June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Earned income from government contracts	\$ 32,739,382	\$ 31,342,214
Other earned income receivables	622,053	349,819
Housing entity receivables	<u>2,227,027</u>	<u>2,805,065</u>
Total receivables, net	<u>\$ 35,588,462</u>	<u>\$ 34,497,098</u>

5. Property and Equipment, Net

Property and equipment, net as of June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 56,271,044	\$ 56,271,044
Building and improvements	349,854,151	357,791,904
Furniture, fixtures and equipment	<u>15,242,197</u>	<u>15,034,526</u>
	421,367,392	429,097,474
Less accumulated depreciation and amortization	<u>(69,374,325)</u>	<u>(59,241,950)</u>
	351,993,067	369,855,524
Construction in progress	<u>59,871,798</u>	<u>37,664,300</u>
Total property and equipment, net	<u>\$ 411,864,865</u>	<u>\$ 407,519,824</u>

Depreciation and amortization of property and equipment totaled approximately \$10,132,000 and \$10,741,000 for the years ended June 30, 2024 and 2023, respectively.

For the years ended June 30, 2024 and 2023, there was approximately \$4,481,000 and \$3,255,000 of interest that was capitalized as a part of construction-in-progress, respectively.

Ongoing construction-in-progress projects relating to 4519 White Plains Road was completed in November 2024 and 510 Gates Avenue is expected to be completed in November 2025. Additional capital expenditures expected to be incurred for these ongoing projects approximated \$27,222,000 as of June 30, 2024.

6. Lender Restricted Cash and Contractual Reserves

Under the terms of the various partnership agreements and mortgage loan agreements, the Corporation is required to segregate and maintain funds in certain restricted accounts that can only be accessed with the permission of the respective limited partner/member or mortgage lender. These reserve accounts are primarily funded from the proceeds of the Corporation's earned developer fees, a portion of which is required to be placed in reserve when paid by the respective LPs or LLCs. These reserves are required by the investor and lender to fund potential operating deficits or building replacement needs. The amounts and terms of such reserves are set forth in the respective LP or LLC operating agreements.

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Lender restricted cash and contractual reserves as of June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 15,541,778	\$ 12,805,847

Interest income for the years ended June 30, 2024 and 2023 totaled approximately \$462,000 and \$741,000, respectively, and is included in other income within the consolidated statements of activities.

7. Long-Term Debt

The following summarizes the Corporation's long-term debt as of June 30, 2024 and 2023:

Borrower	Lender	Maturity Date	Interest Rate	Collateral	Balance as of	
					June 30, 2024	June 30, 2023
Porter Avenue (a)	Citibank, N.A.	10/01/2031	4.94%	Premises	\$ 9,147,899	\$ 10,160,006
A Better Place HDFC	NYC Department of Housing Preservation and Development	12/01/2025	Shelter Care Loan .25% Capital Loan 8%	Building assets	1,044,459	1,165,616
Gates Avenue Housing Development Fund Corporation (b)	Wells Fargo Trust Company	12/15/2039	2.98%	Liens on building	8,229,938	8,717,339
Program Vehicle Loans	Various lenders	Various	2.90% - 8.84%	Vehicles	36,931	125,266
510 Gates HDFC	UMB Bank N.A.	03/15/2045	5.59%	Liens on building	14,008,604	6,828,765
510 Gates HDFC	UMB Bank N.A.	03/15/2045	5.59%	Liens on building	19,312,076	18,030,550
800 Rockaway HDFC	Corporation for Supportive Housing	12/12/2025	6.00%	Liens on building	7,606,055	7,157,060
Webster Green Apartments	New York State Homes and Community Renewal	10/25/2049	1.00%	Liens on building	4,500,000	4,500,000
Webster Green Apartments	New York State Homes and Community Renewal	10/25/2049	5.39%	Liens on building	3,195,833	3,257,788
Webster Green Apartments	New York State Homes and Community Renewal	05/01/2071	1.00%	Liens on building	1,230,000	1,230,000
Crotona Park Apartments	New York City Department of Housing Preservation and Development	03/05/2068	2.17%	Liens on building	2,000,000	2,000,000
Crotona Park Apartments	Citibank, N.A.	03/06/2048	4.75%	Liens on building	4,666,805	4,761,218
The Doe Fund, Inc.	Leviticus 25:23 Alternative Fund, Inc.	10/01/2025	5.50%	Liens on building	5,292,308	5,009,720
TDF Partners L.P.	New York City Department of Housing Preservation and Development	07/28/2031	0.25%	Liens on building	6,176,565	6,176,565
TDF Partners L.P.	Supportive Housing Solution Funds, Inc. (SHF)	9/14/2026	6.75%	Liens on building	500,000	-
Rogers Apartments	JPMorgan Chase Bank, N.A.	09/01/2049	5.00% and 5.7% after release date of the letter of credit	Liens on building	10,498,067	11,159,600
Rogers Apartments	JPMorgan Chase Bank, N.A.	09/01/2049	2.58% - 2.83% after release date of the letter of credit	Liens on building	15,839,999	15,271,218

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Borrower	Lender	Maturity Date	Interest Rate	Collateral	Balance at	
					June 30, 2024	June 30, 2023
Rogers Apartments	New York State Homeless and Housing Assistance Corporation	09/01/2049	1.00%	Liens on building	\$ 5,133,891	\$ 5,133,891
1331 Jerome Owner LLC	New York City Department of Housing Preservation and Development	12/01/2051	4.90%	Liens on building	12,128,317	12,446,582
1331 Jerome Owner LLC	New York City Department of Housing Preservation and Development	03/26/2059	3.41%	Liens on building	50,389,722	50,389,722
4519 WPR Apartments LLC	Merchants Bank	01/01/2025	7.84%	Liens on building	2,900,000	2,900,000
4519 WPR Apartments LLC	Merchants Bank	01/01/2025	7.84%	Liens on building	25,323,187	16,800,613
4519 WPR Apartments LLC	New York State Homeless Housing and Assistance Corporation	12/30/2054	6.50%	Liens on building	4,962,910	4,900,000
4519 WPR Apartments LLC	Merchants Bank	01/01/2025	7.84%	Liens on building	4,175,398	3,213,415
Villa House Apartments LLC	New York City Department of Housing Preservation and Development	01/27/2084	2.98%	Liens on building	9,520,000	9,520,000
Villa House Apartments LLC	New York City Department of Housing Preservation and Development	01/27/2023	6.95%	Liens on building	-	9,000,941
Villa House Apartments LLC	Chase Bank	01/01/2054	6.65%	Liens on building	10,243,883	-
United Services Apartments LLC	New York City Department of Housing Preservation and Development	03/01/2052	Greater of 4.00% or LIBOR plus 2.00%	Liens on building	-	14,933,257
United Services Apartments LLC	New York City Housing Development Corporation	08/29/2078	2.98% fixed	Liens on building	9,441,074	9,441,074
United Services Apartments LLC	Webster Bank Mortgage	08/29/2053	5.84% fixed	Liens on building	6,469,132	-
980 Westchester Owner LLC	New York City Housing Development Corporation	11/30/2058	5.55%	Liens on building	8,089,645	8,089,645
980 Westchester Owner LLC	New York City Housing Development Corporation	11/30/2058	5.55%	Liens on building	1,169,955	1,169,955
980 Westchester Owner LLC	New York City Housing Development Corporation	11/30/2058	2.32%	Liens on building	9,504,400	9,504,400
980 Westchester Owner LLC	New York City Housing Development Corporation	11/30/2058	4.25%	Liens on building	20,112,449	20,112,449
Stadium Court Associates	Centerline Mortgage	12/31/2035	6.32%	Liens on building	1,761,084	1,862,146
Total long-term debt before debt issuance costs					294,610,586	284,968,801
Less debt issuance costs, net of accumulated amortization					(7,652,212)	(7,557,578)
Total long-term debt					<u>\$ 286,958,374</u>	<u>\$ 277,411,223</u>
Current portion					\$ 35,042,501	\$ 24,809,395
Noncurrent portion					<u>251,915,873</u>	<u>252,601,828</u>
Total long-term debt					<u>\$ 286,958,374</u>	<u>\$ 277,411,223</u>

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The aggregate annual maturities of the mortgages and notes subsequent to June 30, 2024, follow:

Years Ending June 30:	Not-for-Profit Entities				Total
	Payable by the Corporation ¹	Reimbursable by Contract ²	Pre-Development Lending ³	Payable by the Housing Entities ⁴	
2025	\$ 19,811	\$ 1,673,179	\$ -	\$ 33,349,511	\$ 35,042,501
2026	13,889	2,383,147	12,898,363	1,004,448	16,299,847
2027	3,230	1,607,391	-	1,560,035	3,170,656
2028	-	1,689,234	-	1,119,786	2,809,020
2029	-	1,744,418	-	-	1,744,418
Thereafter	-	9,324,927	33,320,680	192,898,537	235,544,144
	<u>\$ 36,930</u>	<u>\$ 18,422,296</u>	<u>\$ 46,219,043</u>	<u>\$ 229,932,317</u>	294,610,586
Less debt issuance costs, net of accumulated amortization					<u>(7,652,212)</u>
Total					<u>\$ 286,958,374</u>

¹ Payable from operating cash flow.

² All contracts are in place as of June 30, 2024.

³ During the predevelopment phase, the predevelopment loan is typically interest only, with principal due at the earlier of acquisition financing or maturity date. The acquisition financing is performed at the housing entity level.

⁴ During the construction phase, the construction loan is covered by payment and performance bonds given by the general contractor. After completion, the 30-year amortization of the permanent loan is made by the respective LLC from project operations. Additionally, the permanent debt is typically nonrecourse to the Corporation, since the bank has a lien on the project building.

The Corporation incurred interest expense for the years ended June 30, 2024 and 2023 of approximately \$5,991,000 and \$7,309,000, respectively, including interest expense on amortization of interest on debt issuance costs of approximately \$401,000 and \$302,000, respectively.

- (a) The mortgage for the Porter Avenue facility was executed in the aggregate principal amount of \$22,150,000. The mortgage was collateralized by the premises and was payable in monthly installments of \$187,884, including interest at 8%, commencing September 1, 2004 through December 1, 2023, at which time any unpaid principal and interest was payable. The loan also stipulated the establishment of a maintenance fund to supplement the cost of major repairs to the premises and requires an additional \$2,500 to be deposited monthly. During the year ended June 30, 2012, the loan was refinanced in the amount of \$18,750,000 and the balance of the maintenance fund of \$267,279 was returned to the Corporation. The refinanced mortgage note bears interest of 4.94% and requires quarterly payments of principal and interest, which commenced on April 1, 2012. The Corporation must meet a certain financial covenant under the refinanced mortgage as follows: to maintain a minimum debt service coverage ratio of 1.15 to 1.00. As of June 30, 2024, the Corporation was not in compliance with the financial covenant. The Corporation has obtained a waiver to the financial covenant as of the date the consolidated financial statements were available to be issued. As of June 30, 2023, the Corporation was not in compliance with the financial covenant. The Corporation has obtained a waiver to the financial covenant as of the date the consolidated financial statements were available to be issued. The refinanced mortgage note matures on October 1, 2031. As of June 30, 2024 and 2023, the outstanding balance on the mortgage was approximately \$9,148,000 and \$10,160,000, respectively.

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- (b) On October 16, 2020, the Corporation received a loan from a consortium of lenders totaling approximately \$9,650,000. Wells Fargo served as trustee of the lender group which included Sun Life Capital Management, an affiliate of Sun Life Financial, Inc. Some of the proceeds have been used to fund the soft costs (architecture, professional and interest fees) associated with the future redevelopment of the 520 Gates Center for Opportunity, as well as approximately \$7,600,000 to recapitalize the Corporation by retiring debt and credit obligations. As of June 30, 2024 and 2023, the outstanding balance on the loan was approximately \$8,230,000 and \$8,717,000, respectively. Coinciding with the loan, the Corporation executed a new 20-year contract with the Department of Homeless Services (DHS) whereby DHS will pay the Wells Fargo debt service, on a monthly basis, in addition to ongoing funds for operations.

8. Deferred Revenue

The Corporation received a construction grant/loan in connection with the acquisition and development of the low-income housing site Webster Green Apartments. This grant/loan will be forgiven if the related site is operated in compliance with housing regulations over a period of 30 years. Such compliance period will end in February 2045 and, if the Corporation meets all compliance requirements, this grant/loan will be recorded as grant income and will increase the net assets at that time. As of June 30, 2024 and 2023, the construction grant/loan balance was approximately \$9,908,000 and \$9,547,000, respectively, and is included within deferred revenue in the accompanying consolidated statements of financial position.

980 Westchester Owner LLC and 980 Westchester HDFC entered into a master lease agreement with 980 Westchester Retail, LLC, to lease the condo unit of the project for an initial term beginning December 20, 2019 and ending the earlier of the turnover date or December 21, 2118. Base rent was \$1 per year of the term of the lease. Additional rent equals the costs incurred to develop the condo unit is due on the turnover date as defined in the agreement. For the period July 31, 2018 (date of formation) through December 28, 2023 (turnover date), additional rent of approximately \$8,531,000 related to the development of the condo unit was deferred and was included within deferred revenue in the accompanying consolidated statements of financial position as of June 30, 2023. For the year ended June 30, 2024, the full amount was brought into income and is included in other income in the accompanying consolidated statement of activities.

9. Line of Credit

As of June 30, 2023, the Corporation had a \$5,000,000 line of credit (the Line) with a bank. On January 10, 2024, the Line was extended and increased to \$8,000,000. Interest on the Line's outstanding balance is calculated at an amount equal to the greater of prime rate plus one-half of 1% or 3.5%, whichever is lower (9.00% and 8.75% as of June 30, 2024 and 2023, respectively). The newly established line expires on January 9, 2026 and contains the same terms as described above. The Line requires the Corporation to meet certain financial covenants, as follows: to maintain a minimum debt service coverage ratio of 1.50 to 1.00. As of June 30, 2024 and 2023, the Corporation was not in compliance with the financial covenant. The Corporation has obtained a waiver to the financial covenant as of the date the consolidated financial statements were available to be issued. The Line is secured by the Corporation's unrestricted assets to the extent assignable. As of June 30, 2024 and 2023, the Corporation had a balance of \$7,000,000 and \$5,000,000, respectively, outstanding on the Line.

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Notes to Consolidated Financial Statements
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10. Right-of-Use Assets and Leases

Right-of-use assets represent the Corporation's right to use an underlying asset for the lease term, while lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Corporation's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Corporation's sole discretion. The Corporation regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Corporation includes such options in the lease term. Additionally, upon adoption of the new lease standard, the Corporation made judgments regarding lease terms for certain of its real property leases that were in month-to-month status or that contained auto-renewal clauses. The Corporation estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Corporation uses the rate implicit in the lease, or if not readily available, the risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Corporation's long-lived asset policy. The Corporation reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification does not meet the criterion of a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Corporation made significant assumptions and judgments in applying the requirements of Topic 842. Specifically:

- Whether a contract contains a lease by considering factors such as whether the Corporation obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Whether contracts contain embedded leases;
- Whether to apply the portfolio approach to leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases;
- Whether leases that contain a residual value guarantee, a payment at the end of the lease term was probable and, accordingly, consider the amount of a residual value guarantee in future lease payments;
- Whether allocated consideration in the contract between lease and nonlease components, as applicable, were present.

The Corporation does not have any material leasing transactions with related parties.

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The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ 5,802,136	\$ 12,977,254
Operating lease liabilities:		
Current	\$ 1,820,615	\$ 3,455,374
Long-term	4,467,265	10,104,678
Total operating lease liabilities	<u>\$ 6,287,880</u>	<u>\$ 13,560,052</u>

Below is a summary of expenses incurred pertaining to leases for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 1,612,728	\$ 3,700,417
Total lease expense	<u>\$ 1,612,728</u>	<u>\$ 3,700,417</u>

As of June 30, 2024 and 2023, the right-of-use assets and lease liabilities were calculated using a weighted-average discount rate of 3.54% and 2.96%, respectively. As of June 30, 2024 and 2023, the weighted-average remaining lease term was 3.5 years and 3.9 year, respectively.

The table below summarizes the Corporation's scheduled future minimum lease payments for years ending after June 30, 2024:

Years ending June 30:		
2025	\$ 2,163,605	
2026	2,156,121	
2027	1,765,432	
2028	839,398	
2029	102,794	
Total lease payments	7,027,350	
Less present value discount	<u>(739,470)</u>	
Total lease liabilities	6,287,880	
Less current portion	<u>1,820,615</u>	
Long-term lease liabilities	<u>\$ 4,467,265</u>	

The following table includes supplemental cash flow and noncash information related to leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,060,853	\$ 3,802,110

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11. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Charitable bail fund	\$ 80,000	\$ 80,000
Community improvement program	-	363,143
Urban agriculture program	-	3,250
RWA program training	404,071	175,639
RWA other	21,113	21,572
RWA program training enhancements	95,589	90,580
Food service	297,210	234,423
Liberty Fund program	539,022	406,376
	<u>\$ 1,437,005</u>	<u>\$ 1,374,983</u>
Total net assets with donor restrictions	<u>\$ 1,437,005</u>	<u>\$ 1,374,983</u>

Net assets released from restrictions by incurring expenses satisfying the restricted purpose as stipulated by donors or by the passage of time for the years ended June 30, follow:

	<u>2024</u>	<u>2023</u>
Community improvement program	\$ 463,143	\$ -
Urban agriculture program	3,250	-
RWA program training	88,389	244,952
RWA other	15,459	13,139
RWA program training enhancements	4,989	191,919
Food service	104,184	44,736
Liberty Fund program	112,148	163,575
General support (time restriction)	-	50,000
	<u>\$ 791,562</u>	<u>\$ 708,321</u>
Total net assets released from restrictions	<u>\$ 791,562</u>	<u>\$ 708,321</u>

12. Earned Income From Government Contracts

Earned income from government contracts reported in the accompanying consolidated statements of activities were received by the Corporation from various federal, New York City and New York State government agencies, and for the years ended June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
NYC Department of Homeless Services	\$ 30,847,314	\$ 33,206,732
NYC Economic Development Corporation	3,034,845	2,763,429
NYC HIV/AIDS Service Administration	4,613,608	5,117,137
NYC Department of Health and Mental Hygiene	1,963,129	1,469,848
NYC Mayor's Office of Criminal Justice	339,948	339,948
NYS Empire State Supportive Housing Initiative	3,738,549	3,437,849
	<u>\$ 44,537,393</u>	<u>\$ 46,334,943</u>
Total earned income from government contracts	<u>\$ 44,537,393</u>	<u>\$ 46,334,943</u>

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13. Other Earned Revenue

Other earned revenue for the years ended June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Street cleaning revenue	\$ 6,323,186	\$ 6,183,057
Pest at Rest	434,483	79,841
Culinary services and other	<u>280,657</u>	<u>54,508</u>
Total other earned revenue	<u>\$ 7,038,326</u>	<u>\$ 6,317,406</u>

14. Retirement Plan

The Corporation maintains a 401(k) retirement plan (the Plan) for the benefit of its eligible employees who can voluntarily participate. Eligible employees are those who have completed at least one month of service and have attained the age of 18.

Employees make contributions to the Plan in amounts based upon the annual limits established by the IRS. The Corporation may contribute to the Plan by means of a matching contribution or a qualified nonelective contribution.

The Corporation's matching contribution is a discretionary percentage of the participant's salary deferrals up to a certain percentage of the participant's compensation, as determined by the employer each year.

The Corporation's nonelective contribution is a discretionary amount that is allocated among the participants in the ratio that each participant's compensation bears to the total compensation of all eligible participants. In order to share in any nonelective contributions, the participant must be actively employed on the last day of the plan year and have completed at least 1,000 hours of service during the plan year. The Corporation may designate all or any portion of a contribution as a qualified nonelective contribution. Employer contributions to the Plan for the years ended June 30, 2024 and 2023 were approximately \$973,000 and \$575,000, respectively.

15. Risks and Uncertainties

Financial instruments that subject the Corporation to concentrations of credit risk consist of cash and cash equivalents and receivables. While the Corporation attempts to limit its financial exposure, deposit balances may, at times, exceed federally insured limits. The Corporation has not experienced any losses on such balances. As of June 30, 2024 and 2023, the Corporation had funds in excess of FDIC limits of approximately \$2,233,000 and \$1,386,000, respectively.

Funding from federal, state and local governmental entities in the form of grants for the reimbursement of expenses and overhead applicable to various programs is subject to audit by such entities. Such audits could result in claims against the Corporation for disallowed costs or noncompliance with grantor terms and conditions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at the date of the consolidated financial statements. Management is of the opinion that such audits, if any, would not result in a material effect on the accompanying consolidated financial statements.

The Corporation has entered into service contracts and grant agreements with various governmental agencies that are subject to business risks associated with the economy and administrative directives, rules and regulations that are subject to change. A significant reduction in revenue from these various governmental agency contracts could have an adverse effect on the Corporation's programs.

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Contracts receivable, reported as a component of receivables, net of allowance for doubtful accounts in the accompanying consolidated statements of financial position, primarily represent receivables from the New York City Department of Homeless Services. Any concentrations of credit risk related to contracts receivable is subject to the City's financial condition.

16. Commitments and Contingencies

Litigation

The Corporation is a defendant in several lawsuits arising in the normal course of operations. Such pending litigation involves insured risks, subject to deductibles and co-insurance requirements. While outside counsel cannot predict the outcome of such litigation, management does not expect the net financial outcome to result in a material effect on the consolidated financial position, change in net assets and cash flows of the Corporation.

17. Subsequent Events

Subsequent events have been evaluated through December 20, 2024, which is the date the consolidated financial statements were available to be issued. The Corporation determined that the following event was pertinent:

On September 2, 2024 the Corporation closed on the acquisition of 2736 Creston Avenue; a 63-unit affordable housing project (an additional unit will be added in the first modification on or about July 1, 2025) linked to a NYC Department of Social Services/Human Resources Administration contract. Funding was provided by independent financial institutions.