



Audited Consolidated Financial Statements

June 30, 2025

Queens Community House, Inc. and Affiliate

Audited Consolidated Financial Statements

June 30, 2025

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Independent Auditor's Report

To the Board of Directors
Queens Community House, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Queens Community House, Inc. and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, 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 financial position of the Organization as of June 30, 2025, and the changes in net assets and its 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 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 22-23 are presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.



New York, NY
December 17, 2025

Queens Community House, Inc. and Affiliate

Consolidated Statement of Financial Position

At June 30, 2025
(With comparative totals at June 30, 2024)

	June 30,	
	2025	2024*
ASSETS		
Cash and cash equivalents	\$ 890,968	\$ 1,267,679
Investments	130,765	124,081
Government grants receivable, net	19,195,286	15,875,844
Fees receivable	81,362	113,838
Pledges receivable	523,212	165,000
Prepaid expenses and deposits	225,126	197,380
Note receivable	5,109,800	5,109,800
Property and equipment, net	15,614,266	15,381,641
Operating right-of-use ("ROU") asset	1,703,917	1,835,409
TOTAL ASSETS	\$ 43,474,702	\$ 40,070,672
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,971,060	\$ 2,163,477
Loans payable	1,750,000	336,359
Government grant advances	6,226,727	5,655,649
New Markets Tax Credit Program notes payable	6,679,519	6,669,318
Operating lease liability	1,776,343	1,844,963
Total liabilities	19,403,649	16,669,766
NET ASSETS		
Without donor restrictions	22,046,155	21,856,203
With donor restrictions	2,024,898	1,544,703
Total net assets	24,071,053	23,400,906
TOTAL LIABILITIES AND NET ASSETS	\$ 43,474,702	\$ 40,070,672

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these consolidated financial statements.

Queens Community House, Inc. and Affiliate

Consolidated Statement of Activities

For The Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions			Total 6/30/25	Total 6/30/24*
		Programs and time	Endowment	Total		
PUBLIC SUPPORT AND REVENUE						
Government grants	\$ 38,936,744	\$ -	\$ -	\$ -	\$ 38,936,744	\$ 41,607,421
Contributions	852,747	1,613,110	-	1,613,110	2,465,857	1,660,887
Contributed space and legal services	1,563,095	-	-	-	1,563,095	1,216,684
Fundraising events	697,415	-	-	-	697,415	618,022
Other income	184,668	-	-	-	184,668	210,956
Interest income	120,398	-	-	-	120,398	144,699
Investment return	(14,052)	-	20,736	20,736	6,684	(2,003)
Net assets released from restrictions	1,153,651	(1,153,651)	-	(1,153,651)	-	-
Total public support and revenue	43,494,666	459,459	20,736	480,195	43,974,861	45,456,666
EXPENSES						
Program services	36,604,822	-	-	-	36,604,822	34,650,273
Supporting services:						
Management and General	5,613,480	-	-	-	5,613,480	6,398,623
Fundraising	1,086,412	-	-	-	1,086,412	655,371
Total supporting services	6,699,892	-	-	-	6,699,892	7,053,994
Total expenses	43,304,714	-	-	-	43,304,714	41,704,267
Change in net assets	189,952	459,459	20,736	480,195	670,147	3,752,399
NET ASSETS, beginning of year	21,856,203	1,445,602	99,101	1,544,703	23,400,906	19,648,507
NET ASSETS, end of year	\$ 22,046,155	\$ 1,905,061	\$ 119,837	\$ 2,024,898	\$ 24,071,053	\$ 23,400,906

The attached notes and auditor's report are an integral part of these consolidated financial statements.

Queens Community House, Inc. and Affiliate

Consolidated Statement of Functional Expenses

For The Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	Program Services	Supporting Services		Total Supporting Services	Total Expenses 6/30/25	Total Expenses 6/30/24*
		Management and General	Fundraising			
Salaries	\$ 18,460,423	\$ 1,858,482	\$ 634,999	\$ 2,493,481	\$ 20,953,904	\$ 20,225,235
Payroll taxes and benefits	4,019,641	423,937	152,767	576,704	4,596,345	4,771,715
Occupancy	838,585	110,448	-	110,448	949,033	804,301
Contributed space	1,332,976	-	-	-	1,332,976	1,045,576
Consultation expenses	907,636	180,596	87,000	267,596	1,175,232	1,383,865
Insurance	175,374	187,778	16,308	204,086	379,460	322,151
Food	2,163,937	30,171	2,434	32,605	2,196,542	1,922,642
Activities and admissions	1,260,840	24,030	92,933	116,963	1,377,803	1,386,953
Communications	204,447	32,237	2,365	34,602	239,049	323,748
Materials and supplies	781,076	17,805	675	18,480	799,556	1,208,328
Maintenance and repairs	182,829	38,297	36	38,333	221,162	275,012
Printing and postage	27,332	6,002	31,757	37,759	65,091	74,810
Office expenses	387,844	302,180	19,715	321,895	709,739	678,942
Professional fees	468,254	1,221,764	37,523	1,259,287	1,727,541	1,753,453
Contributed legal services	-	230,119	-	230,119	230,119	171,108
Equipment and rentals	218,444	9,667	2,275	11,942	230,386	258,199
Interest and bank charges	2,678	109,317	-	109,317	111,995	117,295
Transportation for older adults	260,065	205	75	280	260,345	216,351
Travel and conferences	223,740	54,375	4,019	58,394	282,134	497,785
Child care providers	3,955,621	-	-	-	3,955,621	3,056,320
Other expenses	79,173	446,877	1,531	448,408	527,581	376,563
Total expenses before depreciation	35,950,915	5,284,287	1,086,412	6,370,699	42,321,614	40,870,352
Depreciation	653,907	329,193	-	329,193	983,100	833,915
Total expenses	\$ 36,604,822	\$ 5,613,480	\$ 1,086,412	\$ 6,699,892	\$ 43,304,714	\$ 41,704,267

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these consolidated financial statements.

Queens Community House, Inc. and Affiliate

Consolidated Statement of Cash Flows

For The Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 670,147	\$ 3,752,399
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities		
Depreciation	983,100	833,915
Interest on debt issuance costs	10,201	10,201
Bad debt expense	420,066	225,000
Change in operating lease right-of-use asset and liability	62,872	(756)
Net realized/unrealized loss on investments	9,675	3,887
Change in assets and liabilities:		
Government grants receivable	(3,739,508)	(403,996)
Fees receivable	32,476	(44,529)
Pledges receivable	(358,212)	455,000
Prepaid expenses and deposits	(27,746)	129,583
Accounts payable and accrued expenses	807,583	(1,879,016)
Government grant advances	571,078	3,362,209
Total adjustments	(1,228,415)	2,691,498
Net cash (used for)/provided by operating activities	(558,268)	6,443,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,215,725)	(3,053,756)
Reinvested dividends	(16,359)	(1,883)
Proceeds from sale of investments	-	11,892
Net cash used for investing activities	(1,232,084)	(3,043,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans	(336,359)	(3,381,548)
Proceeds from loans	1,750,000	667,907
Net cash provided by/(used for) financing activities	1,413,641	(2,713,641)
Net (decrease)/increase in cash and cash equivalents	(376,711)	686,509
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,267,679	581,170
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 890,968	\$ 1,267,679
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 95,596	\$ 107,031
Income taxes paid	\$ -	\$ -

The attached notes and auditor's report are an integral part of these consolidated financial statements.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 1 - Nature of Activities

Queens Community House, Inc. ("QCH") is a New York not-for-profit organization, which maintains and operates several community centers and numerous additional community-based program locations for persons residing in the City of New York. QCH provides a wide variety of programs and services for families, older adults, children, and youth. Programs and services include individual counseling, assistance with entitlement, and group activities that are social, recreational, and educational for all age groups, all without profit to QCH. QCH's primary source of revenue is government grants.

QCH Foundation Inc. (the "Foundation"), incorporated in 2022, is a New York not-for-profit organization whose mission is, for the benefit of QCH to facilitate financing, construction and support of a facility located at 108-25 62nd Drive, Queens, New York for the provision of a community facility in support of QCH's charitable purposes. QCH has the right to appoint a majority of the board of the Foundation.

The accompanying consolidated financial statements include the financial position, change in net assets and cash flows of QCH and the Foundation, which collectively are referred to as the "Organization." All intercompany transactions have been eliminated.

QCH and the Foundation have been notified by the Internal Revenue Service that they are not-for-profit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and have not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. *Basis of Accounting and Financial Statement Presentation*

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The consolidated financial statements are presented in accordance with the provision of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Non-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - accounts for activity without donor-imposed restrictions. The Board of Directors of QCH has elected to restrict a specific stock donation received in a prior year. Because the donor did not restrict this contribution, a separate category of net assets without donor restrictions has been created to reflect the Board's decision. Therefore, the net assets without donor restrictions have the following sub-categories:
 - *Board Designated* - represents net assets that the Board has designated as a reserve fund for future use. The Board of Directors is required to approve any requests for the use of the funds and authorize any transfers from the fund. Board Designated net assets totaled \$13,369 at June 30, 2025 and 2024. This amount was held with cash at June 30, 2025, and with investments at June 30, 2024.
 - *Operations* - all other activity without donor restrictions

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

a. *Basis of Accounting and Financial Statement Presentation - Continued*

- *Net Assets with Donor Restrictions* - relates to contributions of cash and other assets with donor stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature; whereby, the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

b. *Revenue Recognition*

The Organization follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Organization's government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as a government grant advance. At June 30, 2025, all government grants receivable are expected to be collected within one year.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

The Organization reviews all outstanding government grants and pledges receivable at year end and makes an assessment as to collectability based on historical experience and the age of the receivable. Management established an allowance for potential uncollectable government grants receivable of \$113,000 and \$304,000 as of June 30, 2025 and 2024, respectively.

c. *Cash and Cash Equivalents*

All unrestricted cash with a maturity of three months or less is considered to be cash and cash equivalents. As a stipulation to several government contracts, certain bank accounts are limited to use for those particular contracts.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

d. Investments

Investments are stated at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in income on the consolidated statement of activities.

e. Property and Equipment

The Organization capitalizes equipment, furniture, vehicles, and leasehold improvements purchased in excess of \$5,000 with a useful life greater than one year. Purchases of capital items made with funds obtained as part of government grant agreements are also capitalized when it is probable that the asset will not revert back to the grantor.

Fixed assets are carried at cost, except for donated items, which are carried at the estimated fair value at the date of donation. Such amounts do not purport to represent replacement values. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets or terms of the lease.

f. In-Kind Services

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members volunteer their time and perform a variety of services that assist the Organization with fundraising and various committee assignments. These services do not meet the criteria for recognition and have not been recognized in the consolidated financial statements.

g. Contributed Space and Legal Services

The Organization received in-kind program space valued at \$1,332,976 and \$1,045,576 for the years ended June 30, 2025 and 2024, respectively. This valuation is based on fair market value per square foot on the basis of recent comparable rental prices in the New York City Metropolitan area. The expenses have been charged to program expenses. There are no associated donor restrictions.

The Organization received contributed legal services valued at \$230,119 and \$171,108 for the years ended June 30, 2025 and 2024, respectively. Contributed legal services from lawyers are valued at the estimated fair value based on current rates for similar services in the New York City Metropolitan area. The expenses have been charged to management and general expenses. There are no associated donor restrictions.

h. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to a concentration of credit risk, consist of cash and money market accounts, which have been placed with financial institutions that management feels are creditworthy. The Organization maintains several bank accounts at multiple banking institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, which is the maximum allowed by law. At times and at year-end, balances may exceed federally insured limits; however, the Organization has not experienced any losses from these accounts.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

i. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The change in operating lease ROU asset and liability on the consolidated statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability.

j. Management Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated financial statements. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Salaries are allocated using time and effort as the basis. Payroll taxes and employee benefits are allocated based on the salary allocation.

The following expenses are allocated using square footage as the basis:

- Occupancy
- Contributed space
- Depreciation

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

l. Functional Allocation of Expenses - Continued

The following expenses include both direct charges and shared expenses allocated based on full time equivalency per program and supporting service.

- Insurance
- Communications
- Materials and supplies
- Maintenance and repairs
- Printing and postage
- Office expenses
- Equipment and rentals
- Travel and conferences

All other expenses have been charged directly to the applicable program or supporting services.

m. Advertising Costs

The cost of advertising is expensed as incurred.

n. Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

o. Accounting for Uncertainty of Income Taxes

The Organization does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2022 and later are subject to examination by applicable taxing authorities.

Note 3 - New Markets Tax Credit Program

On December 10, 2021, the Organization closed on a \$7,000,000 New Market Tax Credit ("NMTC") program financing arrangement. The NMTC program provides federal tax incentives to the investing third parties with the Organization receiving favorable borrowing terms and potentially, without any assurance, also receiving the value of part of that financing at the end of the seven-year term. In connection with the arrangement, QCH entered into two separate NMTC loans. Loan A is for \$5,109,800 and Loan B is for \$1,890,200, both with interest-only payments due annually at a rate of 1% per annum through 2028, and then annual installments of \$210,138 (Loan A) and \$77,733 (Loan B), including interest and principal through 2056. Any unpaid principal and all accrued interest will be due and payable at the maturity date, subject to an early termination in December 2028.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 3 - New Markets Tax Credit Program - Continued

In connection with the NMTC program financing, the Foundation, acting as a leveraged lender, entered into a note receivable arrangement with an unrelated organization totaling \$5,109,800. The note receivable bears interest at 1% per annum and has a maturity date of December 10, 2049. The repayment terms on the note receivable approximate the terms of the NMTC loans payable. The unrelated organization holds the separate NMTC loans referred to above.

On the consolidated statement of financial position, the New Markets Tax Credit Program notes payable of \$7,000,000 are reflected net of debt issuance costs, which is amortized over the life of the loans. At June 30, 2025, the balance of the note payable was \$7,000,000 and the balance of debt issuance costs was \$320,481.

Future principal payments on the New Markets Tax Credit Program notes payable are as follows:

For the years ending June 30,		
2026	\$	-
2027		-
2028		-
2029		217,871
2030		220,049
Thereafter		<u>6,562,080</u>
Total future principal payments		7,000,000
Less: unamortized debt issuance costs		<u>(320,481)</u>
Total		<u>\$ 6,679,519</u>

Note 4 - Pledges Receivable

Pledges receivable are expected in the following periods:

	June 30,	
	2025	2024
Receivables in less than one year	\$ 523,212	\$ 82,000
Receivables in one to five years	-	83,000
Total pledges receivable	<u>\$ 523,212</u>	<u>\$ 165,000</u>

Note 5 - Investments and Fair Value Measurements

Investments are recorded at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 5 - Investments and Fair Value Measurements - Continued

The fair value hierarchy is categorized into the three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of the following:

	June 30, 2025		
	Market Value	Level 1	Other (a)
Cash and money funds	\$ 70,454	\$ 70,454	\$ -
Equities	49,383	49,383	-
FJC pooled CD portfolio	10,928	-	10,928
Total	\$ 130,765	\$ 119,837	\$ 10,928
	June 30, 2024		
	Market Value	Level 1	Other (a)
Cash and money funds	\$ 54,575	\$ 54,575	\$ -
Equities	59,058	59,058	-
FJC pooled CD portfolio	10,448	-	10,448
Total	\$ 124,081	\$ 113,633	\$ 10,448

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

- (a) At June 30, 2025 and 2024, all funds were invested in investment pools which are reported at fair value utilizing the net asset values provided by fund managers. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 5 - Investments and Fair Value Measurements - Continued

Investments are designated as follows:

	June 30,	
	2025	2024
Investments held for endowment	\$ 119,837	\$ 99,101
Unrestricted	10,928	11,611
Board designated investments	-	13,369
Total	\$ 130,765	\$ 124,081

Investment return consists of:

	June 30,	
	2025	2024
Net realized/unrealized loss	\$ (9,675)	\$ (3,887)
Interest and dividends	16,359	1,884
Total	\$ 6,684	\$ (2,003)

Note 6 - Property and Equipment

Property and equipment consist of the following:

	June 30, 2025		
	Cost	Accumulated Depreciation	Net Book Value
Equipment - 3 and 5 yr. life	\$ 2,910,611	\$ 2,611,465	\$ 299,146
Buildings improvements - 30 yr. life	657,755	401,192	256,563
Building - 27.5 yr. life	15,065,889	1,292,158	13,773,731
Construction in progress (see below)	1,284,826	-	1,284,826
Total	\$ 19,919,081	\$ 4,304,815	\$ 15,614,266
	June 30, 2024		
	Cost	Accumulated Depreciation	Net Book Value
Equipment - 3 and 5 yr. life	\$ 2,856,369	\$ 2,409,679	\$ 446,690
Building improvements - 30 yr. life	657,755	372,466	285,289
Building - 27.5 yr. life	11,942,727	539,570	11,403,157
Construction in progress (see below)	3,246,505	-	3,246,505
Total	\$ 18,703,356	\$ 3,321,715	\$ 15,381,641

During the year ended June 30, 2021, QCH entered into a purchase and sale agreement; whereby, it purchased the property and building that has long been its headquarters in Forest Hills, New York. Under the terms of this agreement, the seller has the right of first offer if QCH sells or transfers the property within 60 years from the purchase date. Additionally, the agreement restricts the use of the property to run a community facility.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 6 - Property and Equipment - Continued

In connection with the purchase, QCH has initiated a capital campaign to fund construction and renovation costs. QCH receives grants conditional upon incurring qualifying capital expenses, which are recognized as income once conditions are substantially met. QCH recognized \$393,335 during the year ended June 30, 2025, and \$3,688,172 during the year ended June 30, 2024. Conditional capital grants outstanding were \$3,765,000 and \$393,335 at June 30, 2025 and 2024, respectively.

Note 7 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability

QCH leases several spaces in the New York City Metropolitan area under long-term, non-cancelable leases that expire at various dates through May 2033, which were all determined to be operating leases.

The ROU assets represent QCH's right to use the underlying asset for the lease term, and the lease liabilities represent QCH's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. As of June 30, 2025 and 2024, the weighted-average remaining lease term for QCH's operating leases was 6.88 years and 7.65 years, respectively. QCH has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2025 and 2024 was 3.16% and 3.17%, respectively.

For the year ended June 30, 2025, total operating lease cost was \$379,264 and cash paid for operating leases was \$315,563. For the year ended June 30, 2024, total operating lease cost was \$477,931 and cash paid for operating leases was \$478,688. There were no noncash investing and financing transactions related to leasing. QCH elected the practical expedient not to separate lease and non-lease components.

QCH has various short-term leases expiring at various times or on a month-to-month basis. The total short-term lease cost for the years ended June 30, 2025 and 2024 is \$406,644 and \$106,569, respectively.

Future maturity of the lease liability is presented in the following table:

For the years ending June 30,		
2026	\$	317,299
2027		265,530
2028		272,634
2029		279,943
2030		260,442
Thereafter		585,864
Total lease payments		1,981,712
Less: present value discount		(205,369)
Total lease obligations	\$	<u>1,776,343</u>

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 7 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability - Continued

During the year, QCH entered into a lease agreement that commenced July 2025 for additional space in the New York City Metropolitan area. The agreement has a term of 15 years. Future minimum payments under this lease are as follows:

For the years ending June 30,		
2026	\$	135,220
2027		138,601
2028		142,066
2029		145,617
2030		149,258
Thereafter		<u>1,713,993</u>
Total	\$	<u>2,424,755</u>

Note 8 - Loans Payable

QCH has a line of credit agreement with M&T Bank, originally dated April 21, 2017, and amended on December 12, 2023, providing for borrowings up to \$3,000,000. The line carries a variable interest rate equal to the prime rate plus 1.25%, with a minimum of 4.00% per annum. At June 30, 2025, the interest rate was 8.75%. The line is secured by QCH's grants and pledges receivable.

In June 2025, QCH drew \$1,750,000 on the line, which remained outstanding at June 30, 2025. This balance was repaid in full subsequent to year end. There was no outstanding balance at June 30, 2024.

During the year ended June 30, 2024, QCH entered into a short-term, interest-free Returnable Grant Fund loan with the NYC Mayor's Office of Contract Services. The Returnable Grant Fund issues loans to nonprofit providers awaiting contract registration. At June 30, 2024, the outstanding balance was \$336,359, which was repaid in full during the year ended June 30, 2025.

Subsequent to year end, QCH entered into an agreement dated September 19, 2025 with FJC for a loan up to \$4,000,000. The loan is available for QCH to request advances for 6 months. Any advances made in that period are to be repaid no later than three years from the date of the advance. Interest is payable quarterly on any outstanding advances at a rate of the prime rate plus 3% per annum. As of the date of these statements, QCH has not requested any advances.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 9 - Net Assets with Donor Restrictions

The following summarizes net assets released from restrictions:

	June 30,	
	2025	2024
Programs and time:		
Youth and young adult services	\$ 321,947	\$ 769,490
Community services	433,340	537,606
Older adult services	53,364	63,811
Capital projects	120,000	913,750
Administration	-	32,500
Time	225,000	-
Total net assets released from restrictions	<u>\$ 1,153,651</u>	<u>\$ 2,317,157</u>

The following summarizes the nature of net assets with donor restrictions:

	June 30,	
	2025	2024
Programs and time:		
Youth and young adult services	\$ 766,097	\$ 633,045
Community services	472,118	275,069
Older adult services	19,265	37,629
Capital projects	422,581	499,859
Time	225,000	-
Total restricted for programs and time	1,905,061	1,445,602
Restricted for endowment	119,837	99,101
Total net assets with donor restrictions	<u>\$ 2,024,898</u>	<u>\$ 1,544,703</u>

Note 10 - Net Assets with Donor Restrictions - Endowment Funds

Over the years, QCH received donations totaling \$75,750 that were restricted by the donors to be held in perpetuity. QCH set up an endowment account for these donations. The terms of the endowment provide for the corpus to remain intact and income to be used for operating purposes.

Interpretation of Relevant Law

QCH follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of QCH has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, QCH will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, QCH has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 10 - Net Assets with Donor Restrictions - Endowment Funds - Continued

As a result of this interpretation, QCH classified as endowment: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. When endowment earnings have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the Board appropriates for expenditure. Therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

QCH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of QCH and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of QCH;
- 7) The investment policies of QCH; and
- 8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on QCH.

Changes in endowment net assets are as follows:

	June 30, 2025		
	Endowment Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	\$ 23,351	\$ 75,750	\$ 99,101
Net investment return	20,736	-	20,736
Endowment net assets, end of year	<u>\$ 44,087</u>	<u>\$ 75,750</u>	<u>\$ 119,837</u>
	June 30, 2024		
	Endowment Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	\$ 16,543	\$ 75,750	\$ 92,293
Net investment return	6,808	-	6,808
Endowment net assets, end of year	<u>\$ 23,351</u>	<u>\$ 75,750</u>	<u>\$ 99,101</u>

Endowment Investment Policies

QCH has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). QCH targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 10 - Net Assets with Donor Restrictions - Endowment Funds - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or NYPMIFA requires QCH to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025 or June 30, 2024.

Note 11 - Program Services

The following outlines the major programs that were performed for the year:

	June 30,	
	2025	2024
Youth services	\$ 10,188,210	\$ 10,949,227
Young adult services	6,503,526	6,346,057
Older adult services	9,854,069	8,151,923
Community services	9,402,810	8,731,970
Capital projects	656,207	471,096
Total	<u>\$ 36,604,822</u>	<u>\$ 34,650,273</u>

QCH's Youth Services department provides comprehensive youth development programming for young people ages 5 to 18. Youth participants can explore interests and passions, develop positive social connections, contribute to their community, become life-long learners, gain meaningful experiences, and achieve formal credentials.

QCH's Young Adult Services department helps youth who have struggled in high school to obtain their diploma, develop career plans, and move on to fulfilling post-secondary education and workforce opportunities. The department also provides workforce training, internships, and job placement to more than 1800 young adults a year.

QCH's Services for Older Adults offers comprehensive, multi-faceted older adult programs and services, including senior centers, home delivered meals, case management, and social adult day programming, designed to encourage senior independence and continued engagement.

QCH's Community Services seek to foster strong, stable, and self-sufficient families and communities throughout Queens. These programs link neighbor to neighbor, enhance family supports, provide ESOL and immigration legal services for new immigrants, improve housing conditions and prevent evictions, and provide comprehensive family case management.

QCH's Capital Projects focus on upgrades and expansions to facilities to allow for increased programming, including the Forest Hills Community Center renovation project. In addition to capital expenditures, certain annual expenses are incurred related to these projects.

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 12 - Retirement Plan

QCH has a 403(b) retirement plan. Employees who work at least 1,000 hours and have been employed for at least one year are eligible. The employer has the discretion to designate a percentage of employees' salary to contribute to the plan. The employer match was approximately \$238,339 and \$447,565 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 13 - Contingencies

QCH conducts numerous programs, which are publicly supported by governmental agencies. Some programs are subject to governmental agency audits and retroactive adjustments for disallowed expenses. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves.

In the normal course of business, QCH is involved in proceedings, lawsuits, and other claims. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of June 30, 2025 cannot be ascertained. Management believes that the final outcomes of these matters will not have a material impact on the financial statements of QCH.

Note 14 - Liquidity and Availability of Financial Resources

The Organization regularly monitors liquidity and strives to maintain cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. QCH attempts to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. QCH also maintains a line of credit to meet short-term needs further described in Note 8. As part of its liquidity management, QCH relies on grants and contributions to fund its operations.

The following reflects the Organization's financial assets at June 30, 2025 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$ 890,968
Investments	130,765
Government grants receivable, net of advances and allowance	12,968,559
Fees receivable	81,362
Pledges receivable	523,212
Total financial assets, end of year	<u>14,594,866</u>

Less amounts not available to be used within one year:

Contributions with purpose restrictions	(1,905,061)
Donor restricted endowment	(119,837)
Board designated reserve	(13,369)
Total amounts not available for general expenditures	<u>(2,038,267)</u>

Financial assets available to meet cash needs for
general expenditures within one year

\$ 12,556,599

Queens Community House, Inc. and Affiliate

Notes to Consolidated Financial Statements

June 30, 2025

Note 15 - Subsequent Events

Subsequent events have been evaluated through December 17, 2025, the date the consolidated financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

Queens Community House, Inc. and Affiliate

Consolidating Statement of Financial Position

At June 30, 2025

	QCH	QCH Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 680,989	\$ 209,979	\$ -	\$ 890,968
Investments	130,765	-	-	130,765
Government grants receivable, net	19,195,286	-	-	19,195,286
Fees receivable	46,365	34,997	-	81,362
Pledges receivable	523,212	-	-	523,212
Prepaid expenses and deposits	225,126	-	-	225,126
Due from related entity	5,160,756	-	(5,160,756)	-
Note receivable	-	5,109,800	-	5,109,800
Fixed assets, net	15,614,266	-	-	15,614,266
Operating right-of-use ("ROU") asset	1,703,917	-	-	1,703,917
TOTAL ASSETS	\$ 43,280,682	\$ 5,354,776	\$ (5,160,756)	\$ 43,474,702
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,956,060	\$ 15,000	\$ -	\$ 2,971,060
Loans payable	1,750,000	-	-	1,750,000
Government grant advances	6,226,727	-	-	6,226,727
Due to related entity	-	5,160,756	(5,160,756)	-
New Markets Tax Credit Program notes payable	6,679,519	-	-	6,679,519
Operating lease liability	1,776,343	-	-	1,776,343
Total liabilities	19,388,649	5,175,756	(5,160,756)	19,403,649
NET ASSETS				
Without donor restrictions	21,867,135	179,020	-	22,046,155
With donor restrictions	2,024,898	-	-	2,024,898
Total net assets	23,892,033	179,020	-	24,071,053
TOTAL LIABILITIES AND NET ASSETS	\$ 43,280,682	\$ 5,354,776	\$ (5,160,756)	\$ 43,474,702

Queens Community House, Inc. and Affiliate

Consolidating Statement of Activities

For The Year Ended June 30, 2025

	QCH							
	With Donor Restrictions				Total	QCH		Total
	Without Donor Restrictions	Programs and time	Endowment	Total With Donor Restrictions		Foundation	Eliminations	
PUBLIC SUPPORT AND REVENUE								
Government grants	\$ 38,936,744	\$ -	\$ -	\$ -	\$ 38,936,744	\$ -	\$ -	\$ 38,936,744
Contributions	852,747	1,613,110	-	1,613,110	2,465,857	-	-	2,465,857
Contributed space	1,563,095	-	-	-	1,563,095	-	-	1,563,095
Fundraising events	697,415	-	-	-	697,415	-	-	697,415
Other income	114,675	-	-	-	114,675	69,993	-	184,668
Interest income	120,398	-	-	-	120,398	-	-	120,398
Investment return	(14,052)	-	20,736	20,736	6,684	-	-	6,684
Satisfaction of program restrictions	1,153,651	(1,153,651)	-	(1,153,651)	-	-	-	-
Total public support and revenue	43,424,673	459,459	20,736	480,195	43,904,868	69,993	-	43,974,861
FUNCTIONAL EXPENSES								
Program services	36,604,822	-	-	-	36,604,822	-	-	36,604,822
Supporting services:								
Management and General	5,603,480	-	-	-	5,603,480	10,000	-	5,613,480
Fundraising	1,086,412	-	-	-	1,086,412	-	-	1,086,412
Total supporting services	6,689,892	-	-	-	6,689,892	10,000	-	6,699,892
Total functional expenses	43,294,714	-	-	-	43,294,714	10,000	-	43,304,714
Change in net assets	129,959	459,459	20,736	480,195	610,154	59,993	-	670,147
NET ASSETS, beginning of year	21,737,176	1,445,602	99,101	1,544,703	23,281,879	119,027	-	23,400,906
NET ASSETS, end of year	\$ 21,867,135	\$ 1,905,061	\$ 119,837	\$ 2,024,898	\$ 23,892,033	\$ 179,020	\$ -	\$ 24,071,053