

**Queens Community House, Inc. and Affiliate**

Consolidated Audited Financial Statements

June 30, 2023

## **Independent Auditor's Report**

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, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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, 2023, 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**

The consolidated financial statements of the Organization for the year ended June 30, 2022, were audited by other auditors whose report dated December 15, 2022 expressed an unmodified opinion on those consolidated statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the consolidated audited financial statements from which it was 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 19 - 20 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 22, 2023

# Queens Community House, Inc. and Affiliate

## Consolidated Statement of Financial Position

At June 30, 2023  
(With comparative totals at June 30, 2022)

|  | June 30,                    |                             |
|--|-----------------------------|-----------------------------|
|  | <u>2023</u>                 | <u>2022</u>                 |
| <b>ASSETS</b>  |                             |                             |
| <b>CURRENT ASSETS</b>  |                             |                             |
| Cash and cash equivalents                                      | \$ 581,170                  | \$ 454,505                  |
| Government grants receivable, net                              | 15,696,848                  | 12,058,204                  |
| Fees receivable  | 34,312                      | 14,110                      |
| Pledges receivable   | 620,000                     | 1,242,000                   |
| Prepaid expenses and deposits                                  | 361,960                     | 279,021                     |
| Total current assets   | <u>17,294,290</u>           | <u>14,047,840</u>           |
| <b>NON-CURRENT ASSETS</b>                                      |                             |                             |
| Restricted cash - New Markets Tax Credit<br>loan disbursements | -                           | 4,363,959                   |
| Note receivable  | 5,109,800                   | 5,109,800                   |
| Investments  | 137,977                     | 129,810                     |
| Fixed assets, net  | 13,161,800                  | 5,988,524                   |
| Operating right-of-use asset                                   | 1,069,184                   | -                           |
| Total long-term assets   | <u>19,478,761</u>           | <u>15,592,093</u>           |
| <b>TOTAL ASSETS</b>  | <u><b>\$ 36,773,051</b></u> | <u><b>\$ 29,639,933</b></u> |
| <b>LIABILITIES AND NET ASSETS</b>                              |                             |                             |
| <b>CURRENT LIABILITIES</b>                                     |                             |                             |
| Accounts payable and accrued expenses                          | \$ 4,042,493                | \$ 2,053,669                |
| Accrued interest   | -                           | 13,085                      |
| Bridge loan payable, net                                       | -                           | 4,944,727                   |
| Loans payable  | 3,050,000                   | 1,500,000                   |
| Government grant advances                                      | 2,293,440                   | 2,325,587                   |
| Operating lease liability, current                             | 439,419                     | -                           |
| Total current liabilities                                      | <u>9,825,352</u>            | <u>10,837,068</u>           |
| <b>NON-CURRENT LIABILITIES</b>                                 |                             |                             |
| New Markets Tax Credit Program<br>notes payable                | 6,659,117                   | 6,650,502                   |
| Operating lease liability, non-current                         | 640,075                     | -                           |
| Total long-term liabilities                                    | <u>7,299,192</u>            | <u>6,650,502</u>            |
| Total liabilities  | <u>17,124,544</u>           | <u>17,487,570</u>           |
| <b>NET ASSETS</b>  |                             |                             |
| Without donor restrictions                                     | 16,731,797                  | 7,491,665                   |
| With donor restrictions  | 2,916,710                   | 4,660,698                   |
| Total net assets   | <u>19,648,507</u>           | <u>12,152,363</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                        | <u><b>\$ 36,773,051</b></u> | <u><b>\$ 29,639,933</b></u> |

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, 2023  
(With comparative total for the year ended June 30, 2022)

|                                       | Without Donor Restrictions |                     |                      | With Donor Restrictions |                  |                     | Total<br>6/30/23     | Total<br>6/30/22     |
|---------------------------------------|----------------------------|---------------------|----------------------|-------------------------|------------------|---------------------|----------------------|----------------------|
|                                       | Operations                 | Board<br>Designated | Total                | Programs                | Endowment        | Total               |                      |                      |
| <b>PUBLIC SUPPORT AND REVENUE</b>     |                            |                     |                      |                         |                  |                     |                      |                      |
| Government grants                     | \$ 40,335,097              | \$ -                | \$ 40,335,097        | \$ -                    | \$ -             | \$ -                | \$ 40,335,097        | \$ 26,171,650        |
| Contributions                         | 553,889                    | -                   | 553,889              | 1,781,800               | -                | 1,781,800           | 2,335,689            | 5,127,525            |
| Contributed space                     | 1,295,876                  | -                   | 1,295,876            | -                       | -                | -                   | 1,295,876            | 1,245,526            |
| Fundraising events                    | 484,907                    | -                   | 484,907              | -                       | -                | -                   | 484,907              | 476,244              |
| Other income                          | 257,181                    | -                   | 257,181              | -                       | -                | -                   | 257,181              | 226,395              |
| Investment return                     | 37,717                     | (7,608)             | 30,109               | -                       | 3,808            | 3,808               | 33,917               | (10,025)             |
| Net assets released from restrictions | 3,529,596                  | -                   | 3,529,596            | (3,529,596)             | -                | (3,529,596)         | -                    | -                    |
| Total public support and revenue      | <b>46,494,263</b>          | <b>(7,608)</b>      | <b>46,486,655</b>    | <b>(1,747,796)</b>      | <b>3,808</b>     | <b>(1,743,988)</b>  | <b>44,742,667</b>    | <b>33,237,315</b>    |
| <b>FUNCTIONAL EXPENSES</b>            |                            |                     |                      |                         |                  |                     |                      |                      |
| Program services                      | 30,799,686                 | -                   | 30,799,686           | -                       | -                | -                   | 30,799,686           | 24,841,657           |
| Supporting services:                  |                            |                     |                      |                         |                  |                     |                      |                      |
| Management and General                | 5,588,753                  | -                   | 5,588,753            | -                       | -                | -                   | 5,588,753            | 3,925,381            |
| Fundraising                           | 858,084                    | -                   | 858,084              | -                       | -                | -                   | 858,084              | 571,461              |
| Total supporting services             | 6,446,837                  | -                   | 6,446,837            | -                       | -                | -                   | 6,446,837            | 4,496,842            |
| Total functional expenses             | 37,246,523                 | -                   | 37,246,523           | -                       | -                | -                   | 37,246,523           | 29,338,499           |
| <b>Change in net assets</b>           | <b>9,247,740</b>           | <b>(7,608)</b>      | <b>9,240,132</b>     | <b>(1,747,796)</b>      | <b>3,808</b>     | <b>(1,743,988)</b>  | <b>7,496,144</b>     | <b>3,898,816</b>     |
| <b>NET ASSETS, beginning of year</b>  | <b>7,470,688</b>           | <b>20,977</b>       | <b>7,491,665</b>     | <b>4,572,213</b>        | <b>88,485</b>    | <b>4,660,698</b>    | <b>12,152,363</b>    | <b>8,253,547</b>     |
| <b>NET ASSETS, end of year</b>        | <b>\$ 16,718,428</b>       | <b>\$ 13,369</b>    | <b>\$ 16,731,797</b> | <b>\$ 2,824,417</b>     | <b>\$ 92,293</b> | <b>\$ 2,916,710</b> | <b>\$ 19,648,507</b> | <b>\$ 12,152,363</b> |

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, 2023  
(With comparative totals for the year ended June 30, 2022)

|                                       | Program<br>Services  | Supporting Services          |                   | Total<br>Supporting<br>Services | Total<br>Expenses<br>6/30/23 | Total<br>Expenses<br>6/30/22 |
|---------------------------------------|----------------------|------------------------------|-------------------|---------------------------------|------------------------------|------------------------------|
|                                       |                      | Management<br>and<br>General | Fundraising       |                                 |                              |                              |
| Salaries                              | \$ 15,262,082        | \$ 2,000,307                 | \$ 457,435        | \$ 2,457,742                    | \$ 17,719,824                | \$ 14,450,473                |
| Payroll taxes<br>and benefits         | 3,273,320            | 429,586                      | 97,947            | 527,533                         | 3,800,853                    | 3,140,972                    |
| Occupancy                             | 589,314              | 236,169                      | -                 | 236,169                         | 825,483                      | 566,456                      |
| Contributed space                     | 1,295,876            | -                            | -                 | -                               | 1,295,876                    | 1,245,526                    |
| Consultation expenses                 | 977,183              | 213,041                      | 88,634            | 301,675                         | 1,278,858                    | 1,104,970                    |
| Insurance                             | 173,006              | 89,878                       | 7,301             | 97,179                          | 270,185                      | 257,370                      |
| Food                                  | 1,668,451            | 24,349                       | 10,995            | 35,344                          | 1,703,795                    | 1,250,571                    |
| Activities and admissions             | 1,331,251            | 44,870                       | 69,687            | 114,557                         | 1,445,808                    | 852,132                      |
| Communications                        | 244,095              | 20,111                       | 3,740             | 23,851                          | 267,946                      | 234,800                      |
| Materials and supplies                | 1,295,467            | 38,446                       | 2,640             | 41,086                          | 1,336,553                    | 958,619                      |
| Maintenance and<br>repairs            | 263,070              | 25,017                       | -                 | 25,017                          | 288,087                      | 231,533                      |
| Printing and postage                  | 13,534               | 7,349                        | 38,122            | 45,471                          | 59,005                       | 53,582                       |
| Office expenses and other             | 348,231              | 763,258                      | 28,192            | 791,450                         | 1,139,681                    | 1,138,845                    |
| Professional fees                     | 626,718              | 843,993                      | 46,878            | 890,871                         | 1,517,589                    | 1,251,626                    |
| Equipment and rentals                 | 203,891              | 83,340                       | 4,142             | 87,482                          | 291,373                      | 353,899                      |
| Interest and<br>bank charges          | 6,434                | 388,280                      | -                 | 388,280                         | 394,714                      | 110,251                      |
| Transportation for<br>elderly         | 306,254              | -                            | -                 | -                               | 306,254                      | 91,056                       |
| Travel and conferences                | 270,267              | 16,756                       | 1,956             | 18,712                          | 288,979                      | 230,091                      |
| Child care providers                  | 2,390,364            | 180                          | -                 | 180                             | 2,390,544                    | 1,311,913                    |
| Other expenses                        | 93,723               | 10,800                       | 415               | 11,215                          | 104,938                      | 259,308                      |
| Total expenses before<br>depreciation | 30,632,531           | 5,235,730                    | 858,084           | 6,093,814                       | 36,726,345                   | 29,093,993                   |
| Depreciation                          | 167,155              | 353,023                      | -                 | 353,023                         | 520,178                      | 244,506                      |
| <b>Total functional expenses</b>      | <b>\$ 30,799,686</b> | <b>\$ 5,588,753</b>          | <b>\$ 858,084</b> | <b>\$ 6,446,837</b>             | <b>\$ 37,246,523</b>         | <b>\$ 29,338,499</b>         |

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, 2023  
(With comparative totals for the year ended June 30, 2022)

|  | June 30,           |                     |
|--|--------------------|---------------------|
|  | 2023               | 2022                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |                     |
| Change in net assets   | \$ 7,496,144       | \$ 3,898,816        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                    |                     |
| Depreciation   | 520,178            | 244,506             |
| Interest on debt issuance costs  | 43,890             | 20,449              |
| Bad debt expense   | 497,575            | 779,667             |
| Change in operating lease right-of-use asset and liability                                 | 10,310             | -                   |
| Net realized/unrealized (gain)/loss on investments   | (6,609)            | 11,357              |
| Change in assets and liabilities:  |                    |                     |
| Government grants receivable   | (4,136,219)        | (2,858,604)         |
| Fees receivable  | (20,202)           | -                   |
| Pledges receivable   | 622,000            | (1,051,375)         |
| Prepaid expenses and deposits  | (82,939)           | (87,336)            |
| Accounts payable and accrued expenses  | 1,988,824          | (904,861)           |
| Accrued interest   | (13,085)           | 13,085              |
| Government grant advances  | (32,147)           | 704,592             |
| Total adjustments  | (608,424)          | (3,128,520)         |
| Net cash provided by operating activities  | <b>6,887,720</b>   | <b>770,296</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                     |
| Purchase of fixed assets   | (7,693,454)        | (4,586,726)         |
| Reinvested dividends   | (1,558)            | (1,330)             |
| Net cash used for investing activities   | <b>(7,695,012)</b> | <b>(4,588,056)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                    |                     |
| Repayments of loans  | (7,380,002)        | (400,000)           |
| Outlays for debt issuance costs  | -                  | (405,222)           |
| Outlays for note receivable  | -                  | (5,109,800)         |
| Proceeds from New Markets Tax Credit loan  | -                  | 7,000,000           |
| Proceeds from loans  | 3,950,000          | 6,480,002           |
| Net cash (used for)/provided by financing activities                                       | <b>(3,430,002)</b> | <b>7,564,980</b>    |
| <b>Net (decrease)/increase in cash, cash equivalents and restricted cash</b>               | <b>(4,237,294)</b> | <b>3,747,220</b>    |
| <b>Cash, cash equivalents and restricted cash, <i>beginning of year</i></b>                | <b>4,818,464</b>   | <b>1,071,244</b>    |
| <b>Cash, cash equivalents and restricted cash, <i>end of year</i></b>                      | <b>\$ 581,170</b>  | <b>\$ 4,818,464</b> |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>  |                    |                     |
| Cash and cash equivalents  | \$ 581,170         | \$ 454,505          |
| Restricted cash - New Markets Tax Credit loan disbursements                                | -                  | 4,363,959           |
| <b>Total cash, cash equivalents and restricted cash</b>                                    | <b>\$ 581,170</b>  | <b>\$ 4,818,464</b> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>  |                    |                     |
| Interest paid  | <b>\$ 332,166</b>  | <b>\$ 110,251</b>   |
| Income taxes paid  | <b>\$ -</b>        | <b>\$ -</b>         |

*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, 2023

### 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 62<sup>nd</sup> 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 Organization reports information regarding its financial position and activities according to specific classes of net assets as follows:

- *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.
  - *Operations* - all other activity without donor restrictions



# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### 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. Recently Adopted Accounting Standards*

Effective July 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

As a result of implementing FASB ASU No. 2016-02, the Organization recognized right-of-use ("ROU") assets of \$943,093 and lease liabilities totaling \$943,093 in its consolidated statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the consolidated statement of activities for the year ended June 30, 2023.

#### *c. 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.

QCH'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, 2023, 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

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *c. Revenue Recognition - Continued*

The Organization reviews all outstanding receivables 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 \$388,000 and \$372,000 as of June 30, 2023 and 2022, respectively.

#### *d. 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.

#### *e. 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.

#### *f. Fixed Assets*

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.

#### *g. Contributed Space*

QCH received in-kind program space valued at \$1,295,876 and \$1,245,526 for the years ended June 30, 2023 and 2022, 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. This has been charged to program expenses. There are no associated donor restrictions.

#### *h. 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.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *i. 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. At times and at year-end, balances may exceed federally insured limits; however, the Organization has not experienced any losses from these accounts.

#### *j. Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in 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 right-of-use 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.

#### *k. 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.

#### *l. 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.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits
- Consultation expenses
- Insurance
- Communications
- Materials and supplies
- Printing and postage
- Office expenses and other
- Equipment and rentals
- Travel and conferences

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

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *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, 2022, 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, 2020 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 QCH 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 quarterly at an annual rate of 1% through 2028, and then quarterly 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.

Pursuant to the issuance of the loans, QCH was required to maintain a loan disbursement account at Goldman Sachs bank. Funds were to be disbursed to satisfy certain capital expenditures incurred during the construction phase of the project. At June 30, 2022, \$4,363,959 was held at Goldman Sachs bank for this purpose. QCH spent down all the funds during the fiscal year, and the balance at June 30, 2023 was \$0.

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% 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.

Furthermore, in order to fund the note receivable, during the year ended June 30, 2022, the Foundation obtained a bridge loan from Goldman Sachs bank totaling \$4,980,002. The loan bears interest at 6.09% over two years. The loans were secured with \$1,200,000 of pledges receivable of QCH. This loan was fully repaid during the year ended June 30, 2023.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 3 - New Markets Tax Credit Program - Continued

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 of \$349,498, which is amortized over the life of the loan. At June 30, 2023, the balance of the note payable was \$7,000,000 and the balance of debt issuance costs was \$340,883.

Additionally, the bridge loan payable of \$4,980,002 at June 30, 2022 is reflected net of debt issuance costs of \$35,275.

### Note 4 - Pledges Receivable

Pledges receivable are expected in the following periods:

|                                   | <u>6/30/23</u>    | <u>6/30/22</u>      |
|-----------------------------------|-------------------|---------------------|
| Receivables in less than one year | \$ 455,000        | \$ 1,142,000        |
| Receivables in one to five years  | 165,000           | 100,000             |
| Total pledges receivable          | <u>\$ 620,000</u> | <u>\$ 1,242,000</u> |

Due to the immaterial nature, the discount to present value has not been recorded.

### 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.

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.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 5 - Investments and Fair Value Measurements - Continued

Investments consist of the following:

|                         | June 30, 2023     |                   |                 |
|-------------------------|-------------------|-------------------|-----------------|
|                         | Market<br>Value   | Level 1           | Other (a)       |
| Cash and money funds    | \$ 53,197         | \$ 53,197         | \$ -            |
| Equities                | 74,838            | 74,838            | -               |
| FJC pooled CD portfolio | 9,942             | -                 | 9,942           |
| Total                   | <u>\$ 137,977</u> | <u>\$ 128,035</u> | <u>\$ 9,942</u> |

|                         | June 30, 2022     |                   |                 |
|-------------------------|-------------------|-------------------|-----------------|
|                         | Market<br>Value   | Level 1           | Other (a)       |
| Cash and money funds    | \$ 51,808         | \$ 51,808         | \$ -            |
| Equities                | 68,230            | 68,230            | -               |
| FJC pooled CD portfolio | 9,772             | -                 | 9,772           |
| Total                   | <u>\$ 129,810</u> | <u>\$ 120,038</u> | <u>\$ 9,772</u> |

Investments consist of:

|                                | 6/30/23           | 6/30/22           |
|--------------------------------|-------------------|-------------------|
| Investments held for endowment | \$ 92,293         | \$ 88,485         |
| Unrestricted                   | 32,315            | 20,348            |
| Board designated investments   | 13,369            | 20,977            |
| Total                          | <u>\$ 137,977</u> | <u>\$ 129,810</u> |

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

- (a) At June 30, 2023 and 2022, 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, 2023

### Note 5 - Investments and Fair Value Measurements – Continued

Investment return consists of:

|                                     | 6/30/23          | 6/30/22            |
|-------------------------------------|------------------|--------------------|
| Net realized/unrealized gain/(loss) | \$ 6,609         | \$ (11,357)        |
| Interest and dividends              | 27,308           | 1,332              |
| Total                               | <u>\$ 33,917</u> | <u>\$ (10,025)</u> |

### Note 6 - Fixed Assets

Fixed assets consist of the following:

|                                      | June 30, 2023        |                          |                      |
|--------------------------------------|----------------------|--------------------------|----------------------|
|                                      | Cost                 | Accumulated Depreciation | Net Book Value       |
| Equipment - 3 and 5 yr. life         | \$ 2,856,191         | \$ 1,972,299             | \$ 883,892           |
| Buildings improvements - 30 yr. life | 638,007              | 348,346                  | 289,661              |
| Building - 27.5 yr. life             | 9,193,495            | 167,155                  | 9,026,340            |
| Construction in progress (see below) | 2,961,907            | -                        | 2,961,907            |
| Total                                | <u>\$ 15,649,600</u> | <u>\$ 2,487,800</u>      | <u>\$ 13,161,800</u> |

  

|                                      | June 30, 2022       |                          |                     |
|--------------------------------------|---------------------|--------------------------|---------------------|
|                                      | Cost                | Accumulated Depreciation | Net Book Value      |
| Equipment - 3 and 5 yr. life         | \$ 2,182,950        | \$ 1,639,466             | \$ 543,484          |
| Building improvements - 30 yr. life  | 599,697             | 328,156                  | 271,541             |
| Construction in progress (see below) | 5,173,499           | -                        | 5,173,499           |
| Total                                | <u>\$ 7,956,146</u> | <u>\$ 1,967,622</u>      | <u>\$ 5,988,524</u> |

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.

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 \$6,876,481 during the year ended June 30, 2023, and \$125,000 during the year ended June 30, 2022. Conditional capital grants outstanding were \$4,531,507 and \$7,207,988 at June 30, 2023 and June 30, 2022, respectively.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 7 - Operating Lease Right-of-Use Asset and Operating Lease Liability

QCH leases four spaces in the New York City Metropolitan area under long-term, non-cancelable leases that expire at various dates through June 2031, 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, 2023, the weighted-average remaining lease term for QCH's operating leases was 4.64 years. 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, 2023 was 3.26%.

For the year ended June 30, 2023, total operating lease cost was \$368,823 and cash paid for operating leases was \$358,513. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b. 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 is \$381,153.

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

For the years ending June 30,

|                              |                     |
|------------------------------|---------------------|
| 2024                         | \$ 466,688          |
| 2025                         | 199,633             |
| 2026                         | 135,138             |
| 2027                         | 71,190              |
| 2028                         | 72,257              |
| Thereafter                   | 216,957             |
| Total lease payments         | 1,161,863           |
| Less: present value discount | (82,369)            |
| Total lease obligations      | <u>\$ 1,079,494</u> |

### Note 8 - Loans Payable

QCH has an agreement dated April 21, 2017, and further amended on July 10, 2019 with the M&T Bank providing for a \$1,500,000 line of credit with interest payable equal to the prime rate plus 1.8%, but no less than 4.00% per annum. The line is secured by QCH's accounts receivable. Subsequent to year end, QCH renewed the line of credit for \$3,000,000 with interest payable equal to the prime rate plus 1.25%, but no less than 4% per annum. The outstanding balance was \$750,000 and \$1,500,000 at June 30, 2023 and June 30, 2022, respectively. The outstanding balance was repaid in full subsequent to year end.

Additionally, QCH entered into an agreement dated January 25, 2023 with FJC for a loan up to \$3,890,000 with interest payable equal to the prime rate plus 3% per annum. The loan is secured by certain government receivables of QCH. During the year, QCH drew \$2,300,000 on this loan, which was outstanding at June 30, 2023. The outstanding balance was paid in full subsequent to year end.



# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 9 - Net Assets with Donor Restrictions

The following summarizes net assets released from restrictions:

|   | June 30,            |                     |
|---|---------------------|---------------------|
|   | 2023                | 2022                |
| Programs:                                   |                     |                     |
| Youth                                       | \$ 738,706          | \$ 795,839          |
| Community program                           | 500,771             | 593,995             |
| Senior program                              | 72,112              | 64,639              |
| Capital grants                              | 2,000,507           | 327,037             |
| Administration                              | 217,500             | 19,778              |
| Total net assets released from restrictions | <u>\$ 3,529,596</u> | <u>\$ 1,801,288</u> |

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

|   | June 30,            |                     |
|---|---------------------|---------------------|
|   | 2023                | 2022                |
| Programs:                                   |                     |                     |
| Youth                                       | \$ 1,067,534        | \$ 921,238          |
| Community program                           | 409,650             | 499,548             |
| Senior program                              | 51,440              | 73,551              |
| Capital grants                              | 1,283,293           | 2,862,876           |
| Administration                              | 12,500              | 215,000             |
| Total net assets released from restrictions | <u>2,824,417</u>    | <u>4,572,213</u>    |
| Restricted for endowment                    | <u>92,293</u>       | <u>88,485</u>       |
| Total net assets with donor restrictions    | <u>\$ 2,916,710</u> | <u>\$ 4,660,698</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.

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.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 10 - Net Assets With Donor Restrictions - Endowment Funds - Continued

#### *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;
- 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, 2023         |                     |                  |
|---|-----------------------|---------------------|------------------|
|   | Endowment<br>Earnings | Endowment<br>Corpus | Total            |
| Endowment net assets, beginning of year | \$ 12,735             | \$ 75,750           | \$ 88,485        |
| Net investment return                   | 3,808                 | -                   | 3,808            |
| Endowment net assets, end of year       | <u>\$ 16,543</u>      | <u>\$ 75,750</u>    | <u>\$ 92,293</u> |

  

|   | June 30, 2022         |                     |                  |
|---|-----------------------|---------------------|------------------|
|   | Endowment<br>Earnings | Endowment<br>Corpus | Total            |
| Endowment net assets, beginning of year | \$ 17,385             | \$ 75,750           | \$ 93,135        |
| Net investment return                   | (4,650)               | -                   | (4,650)          |
| Endowment net assets, end of year       | <u>\$ 12,735</u>      | <u>\$ 75,750</u>    | <u>\$ 88,485</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.

#### *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, 2023 or June 30, 2022.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### Note 11 - Program Services

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

|                      | 6/30/23              | 6/30/22              |
|----------------------|----------------------|----------------------|
| Youth services       | \$ 9,961,565         | \$ 7,447,389         |
| Young adult services | 6,073,647            | 5,252,768            |
| Older adult services | 7,536,408            | 6,190,782            |
| Capital expenses     | 167,155              | 17,450               |
| Community services   | 7,060,911            | 5,933,268            |
| Total                | <u>\$ 30,799,686</u> | <u>\$ 24,841,657</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.

Capital expenses covered new vans for our home delivered meals services.

### 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 \$382,150 and \$136,176 for the years ended June 30, 2023 and June 30, 2022, respectively.

### Note 13 - Commitments and Contingencies – Government Grant Program Audits

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.

# Queens Community House, Inc. and Affiliate

## Notes to Consolidated Financial Statements

June 30, 2023

### 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, 2023 that are available to meet cash needs for general expenditures within one year:

|   |                 |                             |
|---|-----------------|-----------------------------|
| Cash and cash equivalents   | \$ 581,170      |                             |
| Government grants receivable, net   | 15,696,848      |                             |
| Fees receivable   | 34,312          |                             |
| Pledges receivable  | 620,000         |                             |
| Investments   | <u>137,977</u>  |                             |
| Total financial assets, end of year   |                 | \$ 17,070,307               |
| Less amounts not available to be used within one year:                                    |                 |                             |
| Contributions with purpose restrictions   | (2,824,417)     |                             |
| Donor restricted endowment  | (92,293)        |                             |
| Board designated reserve  | <u>(13,369)</u> |                             |
| Total amounts not available for general expenditures                                      |                 | <u>(2,930,079)</u>          |
| Financial assets available to meet cash needs for<br>general expenditures within one year |                 | <u><u>\$ 14,140,228</u></u> |

### Note 15 - Subsequent Events

Subsequent events have been evaluated through December 22, 2023, 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, 2023

|   | <u>QCH</u>                  | <u>QCH<br/>Foundation</u>  | <u>Eliminations</u>          | <u>Total</u>                |
|---|-----------------------------|----------------------------|------------------------------|-----------------------------|
| <b>ASSETS</b>                                   |                             |                            |                              |                             |
| <b>CURRENT ASSETS</b>                           |                             |                            |                              |                             |
| Cash and cash equivalents                       | \$ 511,177                  | \$ 69,993                  | \$ -                         | \$ 581,170                  |
| Government grants receivable, net               | 15,696,848                  | -                          | -                            | 15,696,848                  |
| Fees receivable                                 | 34,312                      | -                          | -                            | 34,312                      |
| Pledges receivable                              | 620,000                     | -                          | -                            | 620,000                     |
| Prepaid expenses and deposits                   | 326,963                     | 34,997                     | -                            | 361,960                     |
| Total current assets                            | <u>17,189,300</u>           | <u>104,990</u>             | <u>-</u>                     | <u>17,294,290</u>           |
| <b>NON-CURRENT ASSETS:</b>                      |                             |                            |                              |                             |
| Note receivable                                 | -                           | 5,109,800                  | -                            | 5,109,800                   |
| Investments                                     | 137,977                     | -                          | -                            | 137,977                     |
| Fixed assets, net                               | 13,161,800                  | -                          | -                            | 13,161,800                  |
| Operating right-of-use asset                    | 1,069,184                   | -                          | -                            | 1,069,184                   |
| Due to/from related entity                      | 5,135,756                   | -                          | (5,135,756)                  | -                           |
| Total long-term assets                          | <u>19,504,717</u>           | <u>5,109,800</u>           | <u>(5,135,756)</u>           | <u>19,478,761</u>           |
| <b>TOTAL ASSETS</b>                             | <u><b>\$ 36,694,017</b></u> | <u><b>\$ 5,214,790</b></u> | <u><b>\$ (5,135,756)</b></u> | <u><b>\$ 36,773,051</b></u> |
| <b>LIABILITIES AND NET ASSETS</b>               |                             |                            |                              |                             |
| <b>CURRENT LIABILITIES</b>                      |                             |                            |                              |                             |
| Accounts payable and accrued expenses           | \$ 4,027,343                | \$ 15,150                  | \$ -                         | \$ 4,042,493                |
| Loans payable                                   | 3,050,000                   | -                          | -                            | 3,050,000                   |
| Government grant advances                       | 2,293,440                   | -                          | -                            | 2,293,440                   |
| Operating lease liability, current              | 439,419                     | -                          | -                            | 439,419                     |
| Due to/from QCH Foundation                      | -                           | 5,135,756                  | (5,135,756)                  | -                           |
| Total current liabilities                       | <u>9,810,202</u>            | <u>5,150,906</u>           | <u>(5,135,756)</u>           | <u>9,825,352</u>            |
| <b>NON-CURRENT LIABILITIES:</b>                 |                             |                            |                              |                             |
| New Markets Tax Credit Program<br>notes payable | 6,659,117                   | -                          | -                            | 6,659,117                   |
| Operating lease liability, non-current          | 640,075                     | -                          | -                            | 640,075                     |
| Total long-term liabilities                     | <u>7,299,192</u>            | <u>-</u>                   | <u>-</u>                     | <u>7,299,192</u>            |
| Total liabilities                               | <u>17,109,394</u>           | <u>5,150,906</u>           | <u>(5,135,756)</u>           | <u>17,124,544</u>           |
| <b>NET ASSETS</b>                               |                             |                            |                              |                             |
| Without donor restrictions                      | 16,667,913                  | 63,884                     | -                            | 16,731,797                  |
| With donor restrictions                         | 2,916,710                   | -                          | -                            | 2,916,710                   |
| Total net assets                                | <u>19,584,623</u>           | <u>63,884</u>              | <u>-</u>                     | <u>19,648,507</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>         | <u><b>\$ 36,694,017</b></u> | <u><b>\$ 5,214,790</b></u> | <u><b>\$ (5,135,756)</b></u> | <u><b>\$ 36,773,051</b></u> |

# Queens Community House, Inc. and Affiliate

## Consolidating Statement of Activities

For The Year Ended June 30, 2023

|                                      | QCH                              |                         |                  |                     |                   |              |                      |
|--------------------------------------|----------------------------------|-------------------------|------------------|---------------------|-------------------|--------------|----------------------|
|                                      | Without<br>Donor<br>Restrictions | With Donor Restrictions |                  |                     | QCH<br>Foundation | Eliminations | Total                |
|                                      | Programs                         | Endowment               | Total            | Total               |                   |              |                      |
| <b>PUBLIC SUPPORT AND REVENUE</b>    |                                  |                         |                  |                     |                   |              |                      |
| Government grants                    | \$ 40,335,097                    | \$ -                    | \$ -             | \$ 40,335,097       | \$ -              | \$ -         | \$ 40,335,097        |
| Contributions                        | 553,889                          | 1,781,800               | -                | 1,781,800           | -                 | -            | 2,335,689            |
| Contributed space                    | 1,295,876                        | -                       | -                | 1,295,876           | -                 | -            | 1,295,876            |
| Fundraising events                   | 484,907                          | -                       | -                | 484,907             | -                 | -            | 484,907              |
| Other income                         | 187,188                          | -                       | -                | 187,188             | 69,993            | -            | 257,181              |
| Investment return                    | 30,109                           | -                       | 3,808            | 3,808               | -                 | -            | 33,917               |
| Satisfaction of program restrictions | 3,529,596                        | (3,529,596)             | -                | (3,529,596)         | -                 | -            | -                    |
| Total public support and revenue     | <b>46,416,662</b>                | <b>(1,747,796)</b>      | <b>3,808</b>     | <b>(1,743,988)</b>  | <b>69,993</b>     | <b>-</b>     | <b>44,742,667</b>    |
| <b>FUNCTIONAL EXPENSES</b>           |                                  |                         |                  |                     |                   |              |                      |
| Program services                     | 30,799,686                       | -                       | -                | 30,799,686          | -                 | -            | 30,799,686           |
| Supporting services:                 |                                  |                         |                  |                     |                   |              |                      |
| Management and General               | 5,289,147                        | -                       | -                | 5,289,147           | 299,606           | -            | 5,588,753            |
| Fundraising                          | 858,084                          | -                       | -                | 858,084             | -                 | -            | 858,084              |
| Total supporting services            | 6,147,231                        | -                       | -                | 6,147,231           | 299,606           | -            | 6,446,837            |
| Total functional expenses            | <b>36,946,917</b>                | <b>-</b>                | <b>-</b>         | <b>36,946,917</b>   | <b>299,606</b>    | <b>-</b>     | <b>37,246,523</b>    |
| <b>Change in net assets</b>          | <b>9,469,745</b>                 | <b>(1,747,796)</b>      | <b>3,808</b>     | <b>(1,743,988)</b>  | <b>(229,613)</b>  | <b>-</b>     | <b>7,496,144</b>     |
| <b>NET ASSETS, beginning of year</b> | 7,198,168                        | 4,572,213               | 88,485           | 4,660,698           | 293,497           | -            | 12,152,363           |
| <b>NET ASSETS, end of year</b>       | <b>\$ 16,667,913</b>             | <b>\$ 2,824,417</b>     | <b>\$ 92,293</b> | <b>\$ 2,916,710</b> | <b>\$ 63,884</b>  | <b>\$ -</b>  | <b>\$ 19,648,507</b> |