

**Bowery Residents' Committee, Inc.
and Affiliated Organizations**

Independent Auditor's Report and Combined Financial Statements

June 30, 2022

Bowery Residents' Committee, Inc. and Affiliated Organizations
June 30, 2022

Contents

Independent Auditor's Report	1
Combined Financial Statements	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Changes in Net Assets.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Combining Schedule of Financial Position	28
Combining Schedule of Activities.....	29

Independent Auditor's Report

Board of Directors
Bowery Residents' Committee, Inc. and Affiliated Organizations
New York, New York

Opinion

We have audited the combined financial statements of Bowery Residents' Committee, Inc. and Affiliated Organizations (collectively, the Organization), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2022, and the changes in its 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 Combined 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.

Emphasis of Matter

As discussed in *Note 14* to the financial statements, the 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS, LLP

New York, New York
December 1, 2022

Bowery Residents' Committee, Inc. and Affiliated Organizations
Combined Statement of Financial Position
June 30, 2022

Assets

Current Assets

Cash	\$ 9,431,553
Accounts receivable, net	38,153,924
Contributions receivable	1,800,776
Prepaid expenses and other assets	<u>2,690,426</u>
Total current assets	52,076,679
Restricted cash - assets limited as to use	4,202,026
Property and equipment, net	<u>107,101,989</u>
Total assets	<u><u>\$ 163,380,694</u></u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 17,645,233
Accrued compensation and related taxes	6,409,587
Accrued interest payable	5,857,551
Deferred revenue	2,761,160
Line of credit	7,500,000
Due to government agencies	1,951,476
Current portion of loans payable	<u>16,933,697</u>
Total current liabilities	59,058,704

Other Liabilities

Deferred rent	6,815,250
Deferred revenue, net of current portion	3,028,803
Loans payable, net of current portion	<u>72,991,603</u>
Total liabilities	<u>141,894,360</u>

Net Assets

Without donor restrictions	7,153,536
With donor restrictions	1,566,260
Noncontrolling interest	<u>12,766,538</u>
Total net assets	<u>21,486,334</u>
Total liabilities and net assets	<u><u>\$ 163,380,694</u></u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Combined Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Government and other grants	\$ 123,285,881	\$ -	\$ 123,285,881
Medicaid	5,190,750	-	5,190,750
Program service fees	1,830,560	-	1,830,560
Rental income	4,919,744	-	4,919,744
Contributions	2,495,554	1,546,636	4,042,190
Contributed services	25,000	-	25,000
Other income	949,307	-	949,307
Net assets released from restrictions	1,179,673	(1,179,673)	-
	<u>139,876,469</u>	<u>366,963</u>	<u>140,243,432</u>
Total revenues before special events			
Special events revenue	1,422,456	-	1,422,456
Less direct cost of special events	(240,734)	-	(240,734)
	<u>1,181,722</u>	<u>-</u>	<u>1,181,722</u>
Net revenue from special events			
Total revenues	<u>141,058,191</u>	<u>366,963</u>	<u>141,425,154</u>
Expenses			
Program services without affiliated organizations' expenses			
Gateway Services	56,573,957	-	56,573,957
Homeless Services	35,894,384	-	35,894,384
Housing Services	17,139,072	-	17,139,072
Treatment Service	12,336,470	-	12,336,470
	<u>121,943,883</u>	<u>-</u>	<u>121,943,883</u>
Total program services without affiliated organizations' expenses			
Supporting services			
Management and general	12,848,328	-	12,848,328
Fundraising	791,914	-	791,914
	<u>13,640,242</u>	<u>-</u>	<u>13,640,242</u>
Total supporting services			
Affiliated organizations' expenses	<u>6,488,747</u>	<u>-</u>	<u>6,488,747</u>
Total expenses	<u>142,072,872</u>	<u>-</u>	<u>142,072,872</u>
Change in Net Assets	<u>(1,014,681)</u>	<u>366,963</u>	<u>(647,718)</u>
Net Assets, Beginning of Year, as Previously Reported	22,715,372	1,199,297	23,914,669
Restatement (Note 14)	<u>(1,780,617)</u>	<u>-</u>	<u>(1,780,617)</u>
Net Assets, Beginning of Year	<u>20,934,755</u>	<u>1,199,297</u>	<u>22,134,052</u>
Net Assets, End of Year	<u>\$ 19,920,074</u>	<u>\$ 1,566,260</u>	<u>\$ 21,486,334</u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Combined Statement of Changes in Net Assets
Year Ended June 30, 2022

	Controlling Interests					Noncontrolling Interests	Total
	Bowery Residents' Committee, Inc. Without Donor Restrictions	Affiliated Organizations Without Donor Restrictions	Subtotal Without Donor Restrictions	Bowery Residents' Committee, Inc. With Donor Restrictions	Subtotal Controlling Interests		
Net Assets, June 30, 2021, As Previously Reported	\$ 11,370,458	\$ (3,770,412)	\$ 7,600,046	\$ 1,199,297	\$ 8,799,343	\$ 15,115,326	\$ 23,914,669
Restatement (<i>Note 14</i>)	<u>(1,780,617)</u>	<u>-</u>	<u>(1,780,617)</u>	<u>-</u>	<u>(1,780,617)</u>	<u>-</u>	<u>(1,780,617)</u>
Net Assets, June 30, 2021, As Restated	9,589,841	(3,770,412)	5,819,429	1,199,297	7,018,726	15,115,326	22,134,052
Increase (decrease) in net assets without donor restrictions	(399,235)	553,669	154,434	-	154,434	(2,348,788)	(2,194,354)
Restricted contributions	-	-	-	1,546,636	1,546,636	-	1,546,636
Net assets released from restrictions	<u>1,179,673</u>	<u>-</u>	<u>1,179,673</u>	<u>(1,179,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, June 30, 2022	<u>\$ 10,370,279</u>	<u>\$ (3,216,743)</u>	<u>\$ 7,153,536</u>	<u>\$ 1,566,260</u>	<u>\$ 8,719,796</u>	<u>\$ 12,766,538</u>	<u>\$ 21,486,334</u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Combined Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services					Total
	Gateway Services	Homeless Services	Housing Services	Treatment Services	Affiliated Organizations - Housing	Total Program Services	Management and General	Fundraising	Direct Costs of Special Events	Total Supporting Services	
Salaries	\$ 20,463,290	\$ 16,117,226	\$ 4,313,148	\$ 5,653,989	\$ 759,182	\$ 47,306,835	\$ 6,620,217	\$ 429,148	\$ -	\$ 7,049,365	\$ 54,356,200
Employee taxes and fringe benefits	4,969,947	3,844,810	987,940	1,347,720	180,001	11,330,418	1,639,601	104,138	-	1,743,739	13,074,157
Total salaries and related expenses	25,433,237	19,962,036	5,301,088	7,001,709	939,183	58,637,253	8,259,818	533,286	-	8,793,104	67,430,357
Temporary services	1,282,089	1,752,279	169,772	311,906	85,103	3,601,149	178,040	2,314	-	180,354	3,781,503
Real estates, water, and sewer taxes	187,825	386,463	399,634	48,082	128,772	1,150,776	7,549	419	-	7,968	1,158,744
Rent	20,120,132	5,804,220	6,219,363	1,861,852	89,885	34,095,452	324,460	42,903	-	367,363	34,462,815
Utilities	463,982	624,510	728,024	277,604	190,295	2,284,415	51,014	1,485	-	52,499	2,336,914
Communications	217,516	186,862	195,819	253,204	5,470	858,871	28,812	1,377	-	30,189	889,060
Printing and postage	596	2,176	2,563	302	382	6,019	3,171	15,362	-	18,533	24,552
Insurance	682,260	711,692	462,825	247,063	370,245	2,474,085	511,763	47,248	-	559,011	3,033,096
Professional fees	2,020,531	1,976,195	1,102,685	351,246	89,177	5,539,834	799,489	30,536	-	830,025	6,369,859
Staff training and recruitment	127,334	101,049	13,441	15,583	2,169	259,576	51,495	53	-	51,548	311,124
Office expenses	291,724	232,488	65,690	48,197	16,117	654,216	127,663	88,567	-	216,230	870,446
Supplies	414,150	878,975	237,365	226,189	36,673	1,793,352	60,005	22,248	-	82,253	1,875,605
Equipment	54,586	447,852	138,346	54,240	4,085	699,109	140	-	-	140	699,249
Maintenance and repairs	1,342,151	1,781,302	1,462,784	391,455	275,346	5,253,038	175,816	1,680	-	177,496	5,430,534
Travel	1,485	806	6,774	26,340	284	35,689	13,379	253	-	13,632	49,321
Client related expenses	3,786,172	665,169	454,285	649,093	1,164	5,555,883	5,554	506	-	6,060	5,561,943
Interest	25,662	7,369	-	100,889	2,006,274	2,140,194	139,874	-	-	139,874	2,280,068
Catering and other expenses	-	-	-	-	-	-	-	-	240,734	240,734	240,734
Bad debt expenses	-	-	-	-	84,600	84,600	1,292,795	-	-	1,292,795	1,377,395
Property management cost	-	-	116,849	-	3,313	120,162	-	-	-	-	120,162
Other	12,355	273,142	28,600	7,301	-	321,398	19,280	3,677	-	22,957	344,355
Total expenses before depreciation	56,463,787	35,794,585	17,105,907	11,872,255	4,328,537	125,565,071	12,050,117	791,914	240,734	13,082,765	138,647,836
Depreciation	110,170	99,799	33,165	464,215	2,160,210	2,867,559	798,211	-	-	798,211	3,665,770
Less expenses deducted directly from revenues on the combined statement of activities	-	-	-	-	-	-	-	-	(240,734)	(240,734)	(240,734)
Direct cost of special events	-	-	-	-	-	-	-	-	(240,734)	(240,734)	(240,734)
Total expenses	<u>\$ 56,573,957</u>	<u>\$ 35,894,384</u>	<u>\$ 17,139,072</u>	<u>\$ 12,336,470</u>	<u>\$ 6,488,747</u>	<u>\$ 128,432,630</u>	<u>\$ 12,848,328</u>	<u>\$ 791,914</u>	<u>\$ -</u>	<u>\$ 13,640,242</u>	<u>\$ 142,072,872</u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Combined Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Change in net assets	\$ (647,718)
Items not requiring (providing) operating cash flows	
Depreciation	3,665,770
Amortization of debt issuance costs included in interest expense	5,887
Provision for bad debts	1,377,395
Grants received for construction	(411,706)
Changes in	
Accounts receivable	(6,222,683)
Contributions receivable	(684,730)
Prepaid expenses and other assets	(761,161)
Accounts payable and accrued expenses	(528,577)
Due to government agencies	1,451,476
Accrued compensation and related taxes	(290,960)
Accrued interest payable	665,817
Deferred revenue	101,662
Deferred rent	(141,135)
	<u>(2,420,663)</u>
Net cash used in operating activities	<u>(2,420,663)</u>
Investing Activities	
Purchase of property and equipment	<u>(13,509,475)</u>
Net cash used in investing activities	<u>(13,509,475)</u>
Financing Activities	
Proceeds from line of credit	8,500,000
Principal payments on line of credit	(2,500,000)
Proceeds from loan	11,532,001
Principal payments on loan	(614,649)
Proceeds from grants received for construction	411,706
	<u>17,329,058</u>
Net cash provided by financing activities	<u>17,329,058</u>
Net Change in Cash and Restricted Cash	1,398,920
Cash and Restricted Cash, Beginning of Year	<u>12,234,659</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 13,633,579</u></u>
Cash and Restricted Cash Consist of:	
Cash	\$ 9,431,553
Restricted cash - assets limited as to use	<u>4,202,026</u>
	<u><u>\$ 13,633,579</u></u>
Supplemental Cash Flows Information	
Interest paid	\$ 1,608,364
Property and equipment in accounts payable	648,482
Advance from government agency converted to loan	959,055

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combined Financial Statements

June 30, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Bowery Residents' Committee, Inc. (BRC) and Affiliated Organizations (collectively, the Organization) were formed for the purpose of addressing the needs of persons with limited resources in the metropolitan New York City area. This included the homeless, hungry, chemically dependent, psychiatrically disabled, aged, and persons with HIV and AIDS. BRC provides a comprehensive array of services including health care, vocational rehabilitation, temporary and permanent housing, community education, and advocacy. By providing these services, BRC offers its clients the means to function successfully in society and seeks to improve the quality of life in its community.

This mission is also serviced by the following Affiliated Organizations:

Pitt Street Housing Development Fund Corporation (Pitt) operates programs that provide housing to former homeless people with mental illness.

330 East 4th Street Housing Development Fund Corporation (330 E. 4th) was organized to own, construct, and operate a permanent housing project for formerly homeless elderly persons who participate in case management, crisis intervention, nutritional, and recreational services.

Fulton Street Housing Development Fund Corporation (Fulton) was organized to own and operate a community residence for individuals diagnosed with severe and persistent mental illness.

Palace Renaissance, Inc. (Palace) was organized to provide space to further BRC's mission.

139-141 Avenue D HDFC is a charitable not-for-profit corporation organized exclusively for the purpose of developing and operating a housing project for persons of low income.

139-141 Avenue D G.P., Inc. (Avenue D G.P.) was organized as the general partner for 139-141 Avenue D L.P. with a .01% interest ownership. *139-141 Avenue D L.P.* was liquidated in FY 2020 and the net assets were transferred to *139-141 Avenue D HDFC*.

902 Liberty Avenue Housing Development Fund Corporation (Liberty Avenue) was organized as the general partner for 902 Liberty Avenue, L.P. with a .01% interest ownership.

902 Liberty Avenue GP provides housing to individuals and families of low income. Liberty Avenue GP was .01% interest in 902 Liberty Avenue, L.P. 902 Liberty Avenue, L.P. operates a low and moderate-income housing project, which is managed by BRC.

West 25th Street Housing Development Fund Corporation (25th Street HDFC) was organized to provide transitional housing for individuals of low income.

BRC Landing Road I Housing Development Fund Corporation (BRC Landing Road I) was organized to own, construct, and operate transitional and permanent housing for individuals of low income.

BRC AIDS Services Corporation (BRC AIDS) operates programs that provide healthcare services to individuals living with HIV/AIDS.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combined Financial Statements

June 30, 2022

BRC Inwood I Housing Development Fund Corporation is a charitable not-for-profit corporation organized exclusively for the purpose of developing and operating a housing project for persons of low income.

902 Liberty Avenue, L.P. is a limited partnership organized on November 1, 2008 under the laws of the State of New York for the purpose of investing in real property and providing low-income housing through the renovation, rehabilitation, and operation of the property, containing 46 apartments and one superintendent unit in Brooklyn, New York.

BRC Landing Road II, L.P. (BRC Landing L.P.) was organized to own, construct, and operate a housing project providing supportive housing to low-income individuals, some of whom meet other eligibility criteria.

BCD Housing Development Fund Corporation (Beach Channel Drive) was organized for the purpose of developing and operating a housing project for persons of low income.

Basis of Combination

All material intercompany transactions and balances have been eliminated in combination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Deposits restricted internally and externally are considered to be cash.

At June 30, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$11,056,000.

Assets Limited as to Use

Assets limited as to use include assets set aside by BRC for future long-term purposes and debt finances for future payout.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable from government fees and grants and other sources of income are recorded when services are rendered or when qualifying expenses are incurred.

Accounts receivables are ordinarily due 30 days after the issuance of the invoice. Medicaid amounts past due more than 90 days are considered delinquent. Grants receivable are analyzed on a case by case basis, by funder, to determine collectability. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

The Organization determines whether an allowance for uncollectibles should be provided for contributions receivable and accounts receivable. Such estimates are based on management's assessment of the aged basis of the account, current economic conditions, and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The allowance for doubtful accounts as of June 30, 2022 was approximately \$2,042,000.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	10 – 40 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Vehicles	4 years

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2022.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Deferred Revenue

Revenue from assignment of leasehold interest is amortized over the life of the lease.

Deferred revenue also includes revenue from contracts and is recognized as earned when contract expenses are incurred to the maximum amount allowed for each contract award. Any payments received that have not been earned are classified as deferred revenue on the combined statement of financial position.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combined Financial Statements

June 30, 2022

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Program Fees

BRC receives third-party payments for some program participants. A portion of the payment represents the participants' program fees and is recognized as revenues when received. Any portion of the payment that is for the participant's personal use is recognized as a liability due to the client.

Noncontrolling Interests

In accordance with Accounting Standards Codification (ASC) 810, *Consolidation*, the Organization reports noncontrolling interests, sometimes referred to as minority interests, as part of total net assets in the combined statement of financial position. Furthermore, the Organization reports the changes in net assets of both the controlling and noncontrolling interests, for all periods presented, in the combined statement of changes in net assets. For the year ended June 30, 2022, the change in the noncontrolling interest balance was (\$2,348,788).

Income Taxes

BRC, Pitt, 330 E. 4th, Fulton, BRC AIDS, 25th Street HDFC, 139-141 Avenue D HDFC, BRC Inwood I, BRC Landing Road I, Liberty Avenue, and BCD Housing Development Fund Corporation are exempt from federal income tax under Section 501(c)(3) of the IRC and have been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combined Financial Statements

June 30, 2022

Landing GP, 93 Pitt Street G.P., Avenue D G.P., and 902 Liberty Avenue G.P. are New York corporations subject to federal income tax and applicable state and local taxes.

Palace is an exempt organization from federal income tax under Section 501(c)(2) of the IRC.

The income tax regulations associated to Glass Factory, L.P., 902 Liberty Avenue, L.P., and BRC Landing, L.P. provide that all taxes on income of the limited partnership are payable by the partners. Therefore, the combined financial statements reflect no provision or liability for such taxes.

The Organization adheres to provisions from ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. BRC does not believe it has taken any material uncertain tax positions and accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2022, there were no interest or penalties recorded or included in the combined statement of activities. The Organization believes it is no longer subject to income tax examinations for the years prior to 2019, which is the standard statute of limitation look-back period.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined statement of activities. The combined statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the direct cost method and other methods.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Grant Reimbursements Receivable and Future Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the grant agreements. These grants are conditional upon incurring allowable expenditures as specified in the contracts. Since the combined financial statements of the Organization are prepared on the accrual basis, all portions of the grants not yet received as of June 30, 2022 where the Organization has an unconditional right to payment have been recorded as receivables. The following are the grant commitments that extend beyond June 30, 2022:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available
DHS	Various from 05/01/2015 - 08/31/2064	\$ 1,138,382,494	\$ 168,719,278	\$ 969,663,216
HUD	Various from 11/01/2021 - 04/30/2023	741,578	389,460	352,118
HRA	Various from 07/01/2018 - 06/30/2051	129,593,829	5,939,762	123,654,067
OMH	Various from 05/31/2013 - 06/30/2024	43,897,076	27,999,172	15,897,904
OASAS	Various from 07/01/2019 - 06/30/2024	2,556,189	1,303,007	1,253,182
DFTA	Various from 12/16/2021 - 12/15/2024	2,188,760	342,661	1,846,099
OTDA	Various from 01/01/2022 - 12/31/2026	1,420,720	-	1,420,720
Other	Various from 07/01/2019 - 06/30/2024	2,218,714	1,065,269	1,153,445
DOHMH	Various from 12/01/2019 - 11/30/2024	17,100,313	6,129,506	10,970,807
Total		<u>\$ 1,338,099,673</u>	<u>\$ 211,888,115</u>	<u>\$ 1,126,211,558</u>

The grant agreements include certain clauses that allow them to be terminated in whole or in part by the granting agency as well as the Organization.

Note 2: Contributions Receivable

Contributions receivable at June 30, 2022 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 257,016	\$ 1,149,500	\$ 1,406,516
Due in one to five years	-	394,260	394,260
	<u>\$ 257,016</u>	<u>\$ 1,543,760</u>	<u>\$ 1,800,776</u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 3: Property and Equipment

Property and equipment at June 30, 2022 consist of:

	2022		
	BRC	Affiliated Organizations	Total
Land	\$ -	\$ 15,893,840	\$ 15,893,840
Buildings and improvements	34,984,716	84,381,113	119,365,829
Leasehold improvements	5,393,268	3,722,645	9,115,913
Furniture and equipment	4,839,899	800,227	5,640,126
Vehicles	643,304	-	643,304
Construction in progress	1,023,834	-	1,023,834
	46,885,021	104,797,825	151,682,846
Less accumulated depreciation	(19,287,812)	(25,293,045)	(44,580,857)
Property and equipment, net	<u>\$ 27,597,209</u>	<u>\$ 79,504,780</u>	<u>\$ 107,101,989</u>

Note 4: Accounts Receivable, Net

At June 30, 2022, accounts receivable, net consist of the following:

	BRC	Affiliated Organizations	Total
Government and other grants	\$ 38,510,922	\$ -	\$ 38,510,922
Medicaid	915,354	-	915,354
Other	184,342	585,575	769,917
Allowance for doubtful accounts	(1,706,602)	(335,667)	(2,042,269)
	<u>\$ 37,904,016</u>	<u>\$ 249,908</u>	<u>\$ 38,153,924</u>

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 5: Assets Limited as to Use

As of June 30, 2022, assets limited as to use consist of the following:

	BRC	Affiliated Organizations	Total
Operating reserve	\$ 296,585	\$ 1,807,594	\$ 2,104,179
Replacement reserve	210,978	385,494	596,472
Capital reserve	-	953,369	953,369
Social service reserve	216,331	202,534	418,865
Escrow deposit	-	129,141	129,141
	\$ 723,894	\$ 3,478,132	\$ 4,202,026

Note 6: Line of Credit

The Organization has a \$7,500,000 unsecured revolving line of credit expiring in September 2022. At June 30, 2022, there was \$7,500,000, borrowed against this line. Interest varies with the Prime rate plus Revolving loan applicable margin which was 3.8% at June 30, 2022 and is payable monthly. Interest expense during the year ending June 30, 2022, was \$42,076. In September 2022, BRC entered into a new agreement and has a \$13,000,000 revolving line of credit secured by all present and future personal property.

Note 7: Operating Leases

Noncancelable operating leases for office space expire in various years through 2043. The Organization also rents space to provide housing under its programs. Rental expense to non-related parties was \$34,462,815 for the year ended June 30, 2022.

In February 2010, BRC entered into a long-term lease for 100,000 square feet of program and office space. As part of that lease, the landlord made substantial contributions toward base building renovations. This amount as well as the straight lining of rent escalations is recognized as deferred rent and is being amortized over the life of the lease.

Future minimum lease payments at June 30, 2022 were:

2023	\$ 13,592,677
2024	13,524,513
2025	13,544,394
2026	13,841,525
2027	13,926,475
Thereafter	113,199,853
	\$ 181,629,437

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 8: Loans Payable

BRC

Mortgage due to the Low-Income Investment Fund, payable in monthly installments of \$12,116 including interest at 6.5% per annum. The mortgage matures on February 1, 2024 and is secured by leasehold mortgage on 317 Bowery, New York, NY and an assignment of certain receivables. \$ 344,327

In May 2020, BRC entered into a loan agreement with Nonprofit Finance Fund for \$3,000,000 as a working capital loan to support its operation due to COVID-19. This loan is payable in four (4) equal quarterly payments commencing August 1, 2022 until May 1, 2023 with zero percent (0%) per annum. 3,000,000

In May 2021, BRC entered into a loan agreement with Nonprofit Finance Fund for \$1,000,000 as a working capital loan to support its operation due to COVID-19. This loan is payable in four (4) equal quarterly payments commencing August 27, 2023 until May 27, 2024 with zero percent (0%) per annum. 1,000,000

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. During April 2021, the Organization received a loan in the amount of \$9,779,820 pursuant to the Paycheck Protection Program (PPP). The Organization has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. The loan is due five years from the date of the first disbursement under the loan and has a fixed interest rate of 1% per year. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized. On September 15, 2022, BRC has received forgiveness of \$4,921,504 in principal and \$68,764 in interest of the loan. 9,779,820

In December 2019, BRC was awarded a multi-year recoverable grant from the Deutsche Bank Americas Foundation in the amount of \$120,000. There is no interest on the loan. This loan is due in three annual installments of \$40,000 starting on November 2022. 120,000

In July 2020, having a multi-year contract with NYS Office of Mental Health (OMH), BRC in assistance with OMH enter into loan agreement with Dormitory Authority of the State of New York for \$1,929,976 for the purpose of refinancing a portion of the costs of the developing mental health program facility, owned by Pitt Street HDFC. There is a 4.99% annual interest rate on the loan. The principal amount of the loan is paid annually, interest paid semi-annually. The payments are made by the Organization to OMH by June 1, once a year. The loan is secured by interest in pledge revenues and equipment and furnishings in connection to the Project. The maturity date of the loan is March 31, 2043. 1,792,178

Total BRC 16,036,325

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Affiliated Organizations

330 East 4th Street HDFC

330 East 4th Street HDFC is the holder of the mortgage dated March 30, 1990 to The City of New York for the principal sum of \$1,525,000 and another mortgage dated March 20, 1992 for the principal sum of \$193,921, which were consolidated into a single lien securing the principal sum of \$1,718,921. These consolidated mortgages had interest of \$394,435 accrued and payable as of August 2014.

In August 2014, the terms of the mortgages and accrued interest were modified. The debt and accrued interest for the mortgage in the amount of \$1,525,000 is due and payable on August 7, 2074 at the rate of 1% per annum. The debt for the mortgage in the amount of \$193,921 is due and payable on December 30, 2023. However, this loan shall be reduced and deemed paid in five equal annual decrements of \$38,784, starting on December 30, 2019 and annually thereafter until December 30, 2023, as long as 330 East 4th HDFC is still owned by a not-for-profit corporation and no default occurs under the mortgage. If any amount is not paid when due, interest on such unpaid amount shall be payable at the rate of 12% per annum from the date such payment was due until paid. The balance on the mortgage as of June 30, 2022 is \$77,568.

330 East 4th Street HDFC obtained a loan in the amount \$1,474,000 from the City of New York to rehabilitate the premises as the housing for low-income persons, of which only \$760,678 has been drawn down as of June 30, 2022. In December 2019, 330 East 4th Street HDFC obtained a loan in the amount of \$1,161,493, from the City of New York to rehabilitate the premises as housing for low-income persons, of which \$1,129,779 has been drawn down as of June 30, 2022. The loan bears no interest until the conversion date and 1% thereafter. The mortgage requires no principal payments until maturity in December 2079.

\$ 3,493,026

Palace Renaissance

Loan payable due to the City of New York. The loan will not accrue interest (0% loan) and will not require any debt service payments during years 1 through 25, provided there has been no default thereunder through that date. The loan shall be decreased each year during years 26 through 30 to the extent of 20% of the principal. The loan matures on April 29, 2036.

2,854,573

Mortgage payable due to Rebel Realty LLC, accrued interest and principal are due on or before January 2, 2028. The interest rate is 8%. The mortgage is secured by real property.

10,000

Mortgage payable due to 315 Bowery Lender LLC. The mortgage is payable in annual installments plus interest at 3.75%. Mortgage matures on August 30, 2038 and is secured by a leasehold mortgage on 315 Bowery, New York, NY.

17,000

Mortgage payable due to 317 Bowery Lender LLC. The mortgage is payable in annual installments plus interest at 3.75%. Mortgage matures on August 30, 2038 and is secured by a leasehold mortgage on 317 Bowery, New York, NY.

17,000

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

BRC Landing Road I HDFC

In March 2018, BRC Landing Road I HDFC obtained a note payable from the Community Preservation Corporation in the amount of \$18,575,688. There is a 5.57% annual interest rate on the loan. The loan principal and interest are due in monthly installments beginning on May 1, 2018. The maturity date on the loan is April 1, 2048.

\$ 17,436,397

Pitt Street HDFC

Mortgage due to The City of New York Department of Housing Preservation and Development of \$2,276,588, which consists of three portions; (1) Shelter plus care loan, \$552,000, 5.25% interest rate until 10th anniversary and .97% thereafter, 30-year term maturing in July 2025, (2) Capital budget loan, \$1,330,194, 1.25% interest rate, 30-year term maturing in July 2025, and (3) Loan of \$394,394, 1.25% interest rate, maturing July 2040. Above mortgages were modified in June 2013. The terms of payment of the indebtedness are modified as follows: No interest shall accrue on the principal amount and the principal amount remaining is due in July 2024.

2,276,588

902 Liberty Ave., L.P.

Mortgage payable to The City of New York Department of Housing Preservation and Development. The interest rate is 3.10% per annum. The mortgage requires no interest or principal payments until maturity in March 2052. The loan is secured by an interest in real estate.

6,446,813

Mortgage payable to NYS Housing Finance Agency. The loan is non-interest-bearing with principal due March 2052. The loan is secured by an interest in real estate.

1,260,000

BRC Landing Road II, L.P.

Mortgage payable to New York City Housing Development Corporation (HDC). The interest rate is 5.7% per annum. The mortgage requires interest and principal payments until maturity in November 2048. The loan is secured by an interest in real estate.

1,165,140

Mortgage payable (2nd Tranche A) to HDC. The interest rate is 2.72% per annum. The mortgage requires interest and no principal payments until maturity in November 2048. The loan is secured by an interest in real estate.

8,840,000

Mortgage payable (2nd Tranche B – BLA) to HDC. The interest rate is 2.72% per annum. The mortgage requires interest and no principal payments until maturity in November 2048. The loan is secured by an interest in real estate.

7,480,000

Mortgage payable to New York State Homeless Housing and Assistance Corporation. The interest rate is 1% per annum. The mortgage requires no interest or principal payments until maturity in November 2047. The loan is secured by an interest in real estate.

2,015,000

Mortgage payable to The City of New York Department of Housing Preservation and Development (Tranche A (BLA) and Tranche B (BLA)). The interest rate is 2.47% per annum up through maturity. This loan does not require interest or principal payments until maturity in November 2078. The loan is secured by an interest in real estate.

5,683,545

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

139-141 Avenue D HDFC

139-141 Avenue D HDFC is the holder of a mortgage dated June 2017 to the City of New York for the principal sum of \$647,792. As of June 30, 2022, the remaining principal balance was \$635,065. The interest rate is 2.65% per annum up through maturity in December 2048, at which time the outstanding principal and interest are due. The mortgage is secured by an interest in the real estate. \$ 635,065

Green Reserve Loan payable to New York City Housing Development Corporation (HDC). The interest rate is 2.65% per annum. As of June 30, 2022, 139-141 Avenue D HDFC was advanced \$25,226 of the mortgage principal. The loan requires no interest or principal payments until maturity in December 2048. The loan is secured by an interest in real estate. 24,025

Reserve Loan payable to New York City Housing Development Corporation (HDC). The interest rate is 0.25% per annum. The mortgage requires interest and principal payments until maturity in December 2023. As of June 30, 2022, the remaining principal balance was \$19,430. The loan is secured by an interest in real estate. 19,430

Mortgage payable to The City of New York Department of Housing Preservation and Development. The loan is non-interest-bearing and matures in December 2048, at which time outstanding principal and service fees are due. The loan is secured by an interest in real estate. 4,202,370

BRC Inwood I Housing Development Fund Corporation

In November 2021, BRC Inwood I Housing entered into a loan agreement with Nonprofit Finance Fund. The interest rate is 6.25% per annum. As of June 30, 2022, BRC Inwood was advanced \$4,621,015 of the mortgage principal. The interest is due on a monthly basis, commencing on the first day of the first month following the first full month after the closing date. The maturity date on the loan is November 3, 2022. The loan is secured by an interest in real estate. Subsequent to year-end, the loan was amended to mature on May 3, 2023. BRC has entered into a placement agreement with a financial institution to refinance this loan into a long-term debt and believes that the refinancing will be successful. 4,621,015

In November 2021, BRC Inwood I Housing obtained a note payable from Citibank in the amount of \$6,695,000. There is a 3.58% annual interest rate on the loan. The loan interest is due in monthly installments beginning on December 1, 2021. The maturity date on the loan is November 3, 2022. The loan is secured by an interest in real estate. Subsequent to year-end, the loan was extended to mature in May 3, 2023. BRC has entered into a placement agreement with a financial institution to refinance this loan into a long-term debt and believes that the refinancing will be successful. 6,695,000

Total Affiliated Organizations 75,191,987

Total 91,228,312

Less unamortized debt issuance costs (1,303,012)

Total loans payable \$ 89,925,300

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

At June 30, 2022, aggregate annual maturities of loans payable are as follows:

2023	\$ 16,933,697
2024	4,319,941
2025	708,524
2026	454,553
2027	480,992
Thereafter	<u>63,409,101</u>
Total loan payable	86,306,808
Add portion of PPP loan forgiven after year-end	4,921,504
Less unamortized debt issuance costs	<u>(1,303,012)</u>
	89,925,300
Less current portion	<u>(16,933,697)</u>
Loans payable, net of current portion	<u><u>\$ 72,991,603</u></u>

Note 9: Pension Benefit Plans

Defined Contribution Plan

The Organization has two defined contribution pension plans covering substantially all employees. Based on the Board approved policy, the Organization matches up to 4% effective July 1st and January 1st after one year of employment. Pension expense was \$959,068 for the year ended June 30, 2022.

In June 2021, BRC established an eligible deferred compensation plan under code Section 457 for tax-exempt employers. The plan benefits a limited number of executives and key employees. Annual contributions are discretionary and may be terminated at any time, although there is currently no intention of management to terminate this plan. The contribution was set at 2% of the annual base salary for each eligible employee and amounted to \$134,462 for the year ended June 30, 2022.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 10: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Other	\$ 22,500
Contributions receivable, the proceeds of which have been restricted by donors for The Way Home Fund - real estate development	1,543,760
	\$ 1,566,260

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Satisfaction of purpose restrictions	
The Way Home Fund - real estate development	\$ 1,179,673

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022, comprise the following:

Total current financial assets	\$ 49,386,253
Donor-imposed restrictions	
With donor restrictions	1,566,260
Financial assets available to meet cash needs for general expenditures within one year	\$ 47,819,993

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 12: Deferred Revenue

During fiscal year 2022, BRC received advances, which primarily consist of cost reimbursement contracts that have not been expended at year-end. BRC's deferred revenue balance related to these advances totaled \$2,565,979 at June 30, 2022.

In December 2013, Palace assigned its leasehold interest in 313-315 Bowery to a third party in the amount of \$5,516,000. The amount was recorded as deferred revenue and is being amortized over the remaining life of the lease. The unamortized balance at June 30, 2022 was \$3,223,984.

As of June 30, 2022, total deferred revenue was \$5,789,963.

Note 13: Revenue from Contracts with Customers

Medicaid Revenue

Medicaid revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing addiction therapy and other services. These amounts are due from third-party payors and include variable consideration for price concessions.

Revenue is recognized as performance obligations are satisfied, which is ratably over the period services are provided. Generally, the Organization bills monthly.

Program Service Fees

Program service fees revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing and other services. These amounts are due from third-party payors and includes variable consideration for price concessions.

Revenue is recognized as performance obligations are satisfied, which is ratably over the period services are provided. Generally, the Organization bills monthly.

Other Revenue

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period the services are provided. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation.

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combined Financial Statements

June 30, 2022

Transaction Price and Recognition

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by implicit price concessions provided to customers. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of customers. Payments are due within 30 days of issuance of the invoice.

From time to time, the Organization will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2022, the Organization has a liability for refunds to third-party payors recorded of \$1,951,476. This amount is included in due to government agencies on the combined statement of financial position.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the year ended June 30, 2022, revenue of \$6,021 was recognized due to changes in its estimates of implicit price concessions and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, customer, governmental programs, and others) that have different reimbursement and payment methodologies
- Organization's line of business that provided the service

Revenue for special events is generally recognized when goods are provided to donors over a period of time and the Organization does not believe it is required to provide additional goods or services related to that sale. The Organization determines the transaction price based on standard charges for goods and services provided.

For the year ended June 30, 2022, the Organization recognized revenue of \$8,160,062 from goods and services that transfer to the customer over time. For the year ended June 30, 2022, the Organization recognized revenue of \$240,734 from goods and services that transfer to the special event attendee over a period of time.

Contract Balances

The following table provides information about the Organization's receivables from contracts with customers:

Accounts receivable, beginning of year	\$ 542,964
Accounts receivable, end of year	915,354

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Financing Component

The Organization has elected a practical expedient which allows the recognition of the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less.

Contract Costs

The Organization has elected a practical expedient which allows recognition of incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year.

Note 14: Restatement

Beginning net assets have been restated to recognize the balance of a loan agreement that was effective in fiscal year ended June 30, 2021. This restatement decreased beginning net assets without donor restrictions by \$1,780,617 and decreased the 2021 change in net assets by \$1,780,617.

Note 15: Contributed Nonfinancial Assets

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from board members. For the year ended June 30, 2022, donated legal services of \$25,000 was received as in-kind contributions.

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions Receivable

Approximately 61% of all contributions receivable are from two donors in 2022.

Contributions

Approximately 30% of all contributions were received from two donors in 2022.

Governmental Grants Receivable

Approximately 83% of all governmental grants receivable are from one agency in 2022.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Governmental Grants

Approximately 82% of all governmental grants were received from one agency in 2022.

Labor Agreement

Approximately 63% of the Organization's employees are covered by collective bargaining agreements. The collective bargaining agreements expire on June 30, 2024.

Litigation

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. Some of these claims are in areas not covered by the Organization's commercial insurance, for example, claims regarding employment practices or performance of contracts. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

The Organization is a defendant in a lawsuit that asserts certain fees disputes and breach of contract. The plaintiff has claimed actual damages of \$250,000. Based on the advice of counsel, the Organization has accrued an amount that, in the opinion of counsel and management, is the best estimate of loss that will result from the litigation, including defense costs. The amount of ultimate loss could differ materially.

Grants Convertible to Loans

The Organization received governmental grants that included clauses that allow the granting agency to convert the grant to a loan in a future period, if requested.

As of June 30, 2022, the Organization has recognized revenues for two other grants which included the conversion clause which has not been exercised by the granting agency. The income that was previously recognized for these grants was approximately \$8,280,000.

Note 17: Subsequent Events

Subsequent events have been evaluated through December 1, 2022, which is the date the combined financial statements were available to be issued.

Bowery Residents' Committee, Inc. and Affiliated Organizations
Notes to Combined Financial Statements
June 30, 2022

Note 18: Future Changes in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board (FASB) amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Organization is evaluating the effect the standard will have on the combined financial statements; however, the standard is expected to have a material effect on the combined financial statements due to the recognition of additional assets and liabilities for operating leases.

Accounting for Financial Instruments – Credit Losses

FASB amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The organization is in the process of evaluating the effect the amendment will have on the financial statements.

Supplementary Information

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Schedule of Financial Position

June 30, 2022

	BRC	Pitt St. HDFC (91 & 93 Pitt)	330 East HDFC	Fulton St. HDFC	Palace Renaissance	139-141 Avenue D HDFC	139-141 Avenue D GP	902 Liberty Avenue D HDFC	902 Liberty Avenue GP	West 25th St. HDFC	BRC Landing Road I HDFC	BRC AIDS Services	Pitt St. GP	902 Liberty Avenue LP	BRC Landing Road II LP	BRC Inwood I HDFC	Eliminations	Total
Assets																		
Current																		
Cash and cash equivalents	\$ 6,788,093	\$ 935,041	\$ -	\$ -	\$ 354,021	\$ 481,390	\$ -	\$ -	\$ -	\$ 1,272	\$ 390,085	\$ -	\$ -	\$ 260,834	\$ 220,817	\$ -	\$ -	\$ 9,431,553
Accounts receivable, net	37,984,016	4,950	-	-	-	101,076	-	-	-	-	-	-	-	3,436	140,446	-	-	38,153,924
Contributions receivable	1,800,776	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,800,776
Prepaid expenses and other assets	2,285,168	-	-	-	116,028	3,209	-	-	-	-	-	-	-	233,046	52,975	-	-	2,690,426
Total current assets	48,778,053	939,991	-	-	470,049	585,675	-	-	1,272	390,085	-	-	-	497,316	414,238	-	-	52,076,679
Assets limited as to use	723,894	1,147,546	-	-	-	290,821	-	-	-	-	52,100	-	-	83,796	1,903,869	-	-	4,202,026
Related-party loans	2,205,968	-	-	-	200,395	-	-	-	-	-	-	-	-	-	-	-	(2,406,363)	-
Investment in related entities at cost	1,101,500	-	-	-	-	-	500,100	-	-	-	-	-	100	-	-	-	-	(1,601,700)
Property and equipment, net	27,597,209	928,279	1,941,383	390,448	60,495	2,244,760	-	-	-	-	17,321,834	461,286	-	11,132,879	39,258,367	12,422,549	(6,657,500)	107,101,989
Total assets	\$ 80,406,684	\$ 3,015,816	\$ 1,941,383	\$ 390,448	\$ 730,939	\$ 3,121,256	\$ 500,100	\$ -	\$ -	\$ 1,272	\$ 17,764,019	\$ 461,286	\$ 100	\$ 11,713,991	\$ 41,576,474	\$ 12,422,549	\$ (10,665,623)	\$ 163,380,694
Liabilities and Net Assets																		
Current Liabilities																		
Accounts payable and accrued expenses	\$ 17,330,118	\$ 5,888	\$ 3,013	\$ 3,013	\$ 6,931	\$ 7,687	\$ -	\$ 3,013	\$ 2,900	\$ 900	\$ 1,449	\$ -	\$ -	\$ 38,529	\$ 136,451	\$ 97,456	\$ (1,085)	\$ 17,645,233
Due to/from affiliates	4,400,975	(128,542)	(296,447)	584,464	(491,458)	6,628	1,085	(10,633)	(1,436)	9,290	(1,656,640)	1,886,254	2,191	92,421	102,892	(77,844)	-	-
Accrued salaries and fringes	6,409,587	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,409,587
Accrued interest payable	184,169	476,707	491,813	8,829	744	151,628	-	-	-	-	17,815	-	-	2,505,751	2,359,243	-	(339,148)	5,857,551
Deferred revenue	2,516,312	22,072	-	-	195,181	-	-	-	-	-	-	-	-	735,309	707,895	-	(1,415,609)	2,761,160
Lines of credit	7,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500,000
Due to government agencies	1,951,476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,951,476
Current portion of loans payable	5,676,098	-	38,784	-	-	-	-	-	-	-	-	-	-	-	-	11,316,015	(97,200)	16,933,697
Total current liabilities	45,977,735	376,095	237,163	596,306	(4,711,802)	165,943	1,085	(7,620)	1,464	10,190	(1,637,376)	1,886,254	2,191	3,372,010	3,306,481	11,335,627	(1,853,042)	59,058,704
Deferred rent	6,834,781	-	-	-	(19,531)	-	-	-	-	-	-	-	-	-	-	-	-	6,815,250
Deferred revenue, net of current portion	-	-	-	-	3,028,803	-	-	-	-	-	-	-	-	-	-	-	-	3,028,803
Loans payable, net of current portion	10,508,640	2,276,588	3,454,242	-	2,898,573	4,880,890	-	-	-	-	17,436,397	-	-	7,959,732	25,885,704	-	(2,309,163)	72,991,603
Total liabilities	63,321,156	2,652,683	3,691,405	596,306	1,196,043	5,046,833	1,085	(7,620)	1,464	10,190	15,799,021	1,886,254	2,191	11,331,742	29,192,185	11,335,627	(4,162,205)	141,894,360
Net Assets																		
Without donor restrictions	15,519,268	363,133	(1,750,022)	(205,858)	(465,104)	(1,925,577)	499,015	7,620	(1,464)	(8,918)	1,964,998	(1,424,968)	(2,091)	-	-	1,086,922	(6,503,418)	7,153,536
With donor restrictions	1,566,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566,260
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	382,249	12,384,289	-	-	12,766,538
Total net assets	17,085,528	363,133	(1,750,022)	(205,858)	(465,104)	(1,925,577)	499,015	7,620	(1,464)	(8,918)	1,964,998	(1,424,968)	(2,091)	382,249	12,384,289	1,086,922	(6,503,418)	21,486,334
Total liabilities and net assets	\$ 80,406,684	\$ 3,015,816	\$ 1,941,383	\$ 390,448	\$ 730,939	\$ 3,121,256	\$ 500,100	\$ -	\$ -	\$ 1,272	\$ 17,764,019	\$ 461,286	\$ 100	\$ 11,713,991	\$ 41,576,474	\$ 12,422,549	\$ (10,665,623)	\$ 163,380,694

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Schedule of Activities

Year Ended June 30, 2022

	BRC Without Donor Restrictions	BRC With Donor Restrictions	Total BRC	Pitt St. HDFC (91 & 93 Pitt)	330 East HDFC	Fulton St. HDFC	Palace Renaissance	139-141 Avenue D HDFC	139-141 Avenue D GP	902 Liberty Avenue HDFC	902 Liberty Avenue GP	West 25th St. HDFC	BRC Landing Road I HDFC	BRC AIDS Services	Pitt St. GP	902 Liberty Avenue LP	BRC Landing Road II LP	BRC Inwood I HDFC	Eliminations	Total
Public Support and Revenue																				
Government and other grants	\$ 122,853,330	\$ -	\$ 122,853,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,523	\$ 432,551	\$ -	\$ (100,523)	\$ 123,285,881
Medicaid	5,190,750	-	5,190,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,190,750
Program service fees	1,830,560	-	1,830,560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,830,560
Rental income	2,301,804	-	2,301,804	391,764	-	45,000	195,181	405,128	-	-	-	-	2,000,549	-	-	614,004	908,136	-	(1,941,822)	491,974
Contributions	2,495,554	1,546,636	4,042,190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,042,190
Contributed services	25,000	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Management fees	130,391	-	130,391	-	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	(140,391)
Other income	931,169	-	931,169	-	38,784	-	15,026	281	-	-	-	-	-	-	-	51	42,480	-	(78,484)	949,307
Net assets released from restrictions	1,179,673	(1,179,673)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues before special events	136,938,231	366,963	137,305,194	391,764	38,784	45,000	210,207	405,409	-	10,000	-	-	2,000,549	-	-	714,578	1,383,167	-	(2,261,220)	140,243,432
Special events revenue	1,422,456	-	1,422,456	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,422,456
Less direct cost of special events	(240,734)	-	(240,734)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(240,734)
Net revenue from special events	1,181,722	-	1,181,722	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,181,722
Total public support and revenue	138,119,953	366,963	138,486,916	391,764	38,784	45,000	210,207	405,409	-	10,000	-	-	2,000,549	-	-	714,578	1,383,167	-	(2,261,220)	141,425,154
Expenses																				
Program services																				
Gateway Services	56,588,983	-	56,588,983	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,026)	56,573,957
Homeless Services	37,894,933	-	37,894,933	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,000,549)	35,894,384
Housing Services	17,139,072	-	17,139,072	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,139,072
Treatment Services	12,398,870	-	12,398,870	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(62,400)
Total program services	124,021,858	-	124,021,858	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,077,975)
Supporting services																				
Management and general	12,885,464	-	12,885,464	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,136)
Fundraising	791,914	-	791,914	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	791,914
Total supporting services	13,677,378	-	13,677,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,136)
Affiliated organizations' expenses	-	-	-	357,559	155,529	45,681	172,837	314,827	-	8,951	12,958	899	1,434,793	29,472	-	1,280,350	3,166,183	14,538	(505,830)	6,488,747
Total expenses	137,699,236	-	137,699,236	357,559	155,529	45,681	172,837	314,827	-	8,951	12,958	899	1,434,793	29,472	-	1,280,350	3,166,183	14,538	(2,620,941)	142,072,872
Change in Net Assets Before Other Items	420,717	366,963	787,680	34,205	(116,745)	(681)	37,370	90,582	-	(8,951)	(2,958)	(899)	565,756	(29,472)	-	(565,772)	(1,783,016)	(14,538)	359,721	(647,718)
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,101,460	(1,101,460)
Change in Net Assets	420,717	366,963	787,680	34,205	(116,745)	(681)	37,370	90,582	-	(8,951)	(2,958)	(899)	565,756	(29,472)	-	(565,772)	(1,783,016)	1,086,922	(741,739)	(647,718)
Net Assets, Beginning of Year, as Previously Reported	16,879,168	1,199,297	18,078,465	328,928	(1,633,277)	(205,177)	(502,474)	(2,016,159)	499,015	16,571	1,494	(8,019)	1,399,242	(1,395,496)	(2,091)	948,021	14,167,305	-	(5,761,679)	23,914,669
Restatement (Note 14)	(1,780,617)	-	(1,780,617)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,780,617)
Net Assets, Beginning of Year, as Restated	15,098,551	1,199,297	16,297,848	328,928	(1,633,277)	(205,177)	(502,474)	(2,016,159)	499,015	16,571	1,494	(8,019)	1,399,242	(1,395,496)	(2,091)	948,021	14,167,305	-	(5,761,679)	22,134,052
Net Assets, End of Year	\$ 15,519,268	\$ 1,566,260	\$ 17,085,528	\$ 363,133	\$ (1,750,022)	\$ (205,858)	\$ (465,104)	\$ (1,925,577)	\$ 499,015	\$ 7,620	\$ (1,464)	\$ (8,918)	\$ 1,964,998	\$ (1,424,968)	\$ (2,091)	\$ 382,249	\$ 12,384,289	\$ 1,086,922	\$ (6,503,418)	\$ 21,486,334