

Urban Pathways, Inc. and Affiliates



**Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)**

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Urban Pathways, Inc. and Affiliates
New York, NY

Opinion

We have audited the consolidated financial statements of Urban Pathways, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information (shown on pages 21-24), as of and for the years ended June 30, 2024 and 2023, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the change in net assets of the individual entities 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 information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
March 31, 2025

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS:		
Cash and cash equivalents (Notes 2D and 11)	\$ 5,283,691	\$ 6,619,243
Investments (Notes 2G, 2H and 4)	2,597,353	2,312,321
Grants receivable (Notes 2I and 2L)	13,327,697	14,786,428
Contributions receivable (Notes 2J and 2L)	758,250	1,320,112
Program service fees receivable (Notes 2K, 2L and 12)	693,081	744,533
Prepaid expenses and other assets	2,122,137	1,658,159
Cash - participants' accounts (Note 2E)	684,792	587,189
Deferred compensation assets (Notes 2F, 4 and 10)	420,499	343,420
Restricted cash and cash equivalents - funded reserves (Notes 2D and 11)	5,457,940	6,224,007
Right-of-use lease asset (Note 7)	21,615,186	22,927,116
Property and equipment, net (Notes 2M and 5)	74,612,836	74,071,288
TOTAL ASSETS	\$ 127,573,462	\$ 131,593,816
 LIABILITIES:		
Accounts payable and accrued expenses (Note 10)	\$ 6,678,286	\$ 6,342,561
Accrued salary and vacation expenses	1,496,969	1,255,479
Accrued interest payable	2,663,875	2,354,035
Accounts payable - construction	63,068	520,300
Advances from government agencies (Note 2I)	1,255,911	5,267,262
Due to participants (Note 2E)	684,792	587,189
Lease liability (Note 7)	21,900,287	23,067,902
Long-term debt, net (Note 6)	46,167,526	43,876,434
TOTAL LIABILITIES	80,910,714	83,271,162
 COMMITMENTS AND CONTINGENCIES (Note 8)		
 NET ASSETS: (Note 2C)		
Without donor restrictions:		
Operations	932,212	(2,305,237)
Net investment in property and equipment	33,903,250	36,418,861
Total controlling interest	34,835,462	34,113,624
Noncontrolling interest (Note 2A)	10,006,682	11,668,690
Total net assets without donor restrictions	44,842,144	45,782,314
With donor restrictions (Note 9)	1,820,604	2,540,340
TOTAL NET ASSETS	46,662,748	48,322,654
TOTAL LIABILITIES AND NET ASSETS	\$ 127,573,462	\$ 131,593,816

The accompanying notes are an integral part of these consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
OPERATING REVENUE AND SUPPORT:						
Government grants and contracts (Note 2I)	\$ 35,747,849	\$ -	\$ 35,747,849	\$ 34,033,817	\$ -	\$ 34,033,817
Program service fees (Notes 2K and 12)	2,854,112	-	2,854,112	2,970,932	-	2,970,932
Cash contributions (Note 2J)	1,764,790	325,000	2,089,790	722,174	1,955,000	2,677,174
Noncash contributions (Notes 2O and 13)	-	-	-	288,837	-	288,837
Special events (net of direct costs of \$172,908 and \$188,277, respectively)	576,592	-	576,592	462,891	-	462,891
Rental income (Note 2N)	5,365,551	-	5,365,551	5,414,994	-	5,414,994
Other income (Notes 2F and 4)	334,810	-	334,810	403,854	-	403,854
Net assets released from restrictions (Notes 2C and 9)	1,044,736	(1,044,736)	-	1,066,043	(1,066,043)	-
TOTAL OPERATING REVENUE AND SUPPORT	47,688,440	(719,736)	46,968,704	45,363,542	888,957	46,252,499
OPERATING EXPENSES (Notes 2P and 2R):						
Program Services:						
Housing programs	28,323,488	-	28,323,488	27,072,367	-	27,072,367
Non-housing programs	13,448,653	-	13,448,653	13,061,746	-	13,061,746
Total Program Services	41,772,141	-	41,772,141	40,134,113	-	40,134,113
Supporting Services:						
Management and general	8,205,905	-	8,205,905	6,318,229	-	6,318,229
Fundraising	942,227	-	942,227	711,562	-	711,562
Total Supporting Services	9,148,132	-	9,148,132	7,029,791	-	7,029,791
TOTAL OPERATING EXPENSES	50,920,273	-	50,920,273	47,163,904	-	47,163,904
CHANGE IN NET ASSETS	(3,231,833)	(719,736)	(3,951,569)	(1,800,362)	888,957	(911,405)
Change in net assets attributable to controlling interest	721,838	(719,736)	2,102	2,434,438	888,957	3,323,395
Change in net assets attributable to noncontrolling interest	(3,953,671)	-	(3,953,671)	(4,234,800)	-	(4,234,800)
Net assets - beginning of year - controlling interest	34,113,624	2,540,340	36,653,964	31,679,186	1,651,383	33,330,569
Net assets - beginning of year - noncontrolling interest	11,668,690	-	11,668,690	15,921,490	-	15,921,490
Partners' contributions (distributions) (Note 8D)	2,291,663	-	2,291,663	(18,000)	-	(18,000)
Net assets - end of year - controlling interest	34,835,462	1,820,604	36,656,066	34,113,624	2,540,340	36,653,964
Net assets - end of year - noncontrolling interest	10,006,682	-	10,006,682	11,668,690	-	11,668,690
TOTAL NET ASSETS - END OF YEAR	\$ 44,842,144	\$ 1,820,604	\$ 46,662,748	\$ 45,782,314	\$ 2,540,340	\$ 48,322,654

The accompanying notes are an integral part of these consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services			Supporting Services			Total 2024	Total 2023
	Housing Programs	Non-Housing Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Personnel Costs:								
Salaries	\$ 9,902,552	\$ 6,323,184	\$ 16,225,736	\$ 3,462,633	\$ 465,359	\$ 3,927,992	\$ 20,153,728	\$ 18,547,657
Payroll taxes and benefits (Note 10)	2,413,885	1,475,649	3,889,534	871,539	104,553	976,092	4,865,626	4,298,704
Total Personnel Costs	12,316,437	7,798,833	20,115,270	4,334,172	569,912	4,904,084	25,019,354	22,846,361
Rent (Note 7)	5,310,097	2,918,632	8,228,729	727,008	-	727,008	8,955,737	8,407,592
Utilities	1,427,580	279,144	1,706,724	57,807	-	57,807	1,764,531	2,009,549
Supplies	286,717	219,660	506,377	108,879	2,628	111,507	617,884	540,105
Printing and stationery	10	-	10	928	13,930	14,858	14,868	8,178
Postage and delivery	1,852	308	2,160	7,557	2,997	10,554	12,714	14,448
Payroll processing	52,121	19,939	72,060	95,816	2,015	97,831	169,891	152,460
Food	343,693	193,294	536,987	22,707	6,213	28,920	565,907	712,263
Health services	191,044	100,765	291,809	-	-	-	291,809	350,546
Leased equipment	445,319	300,837	746,156	136,629	48,016	184,645	930,801	758,232
Insurance and real estate taxes	884,760	499,025	1,383,785	106,279	-	106,279	1,490,064	957,102
Professional fees	436,293	25,084	461,377	1,359,073	100,294	1,459,367	1,920,744	1,256,326
Professional fees - in-kind (Notes 2O and 13)	-	-	-	-	-	-	-	288,837
Contract services and stipends	5,234	3,405	8,639	45	-	45	8,684	6,820
Telephone	183,199	67,844	251,043	107,244	-	107,244	358,287	317,832
Building maintenance and repair	1,404,911	865,870	2,270,781	58,074	-	58,074	2,328,855	2,185,371
Client and staff transportation	32,117	46,844	78,961	5,400	156	5,556	84,517	22,971
Training, meetings and conferences	41,775	26,534	68,309	214,939	581	215,520	283,829	161,715
Dues, publications and advertising	100,891	64,904	165,795	181,966	12,522	194,488	360,283	470,146
Recreation and activities	4,446	-	4,446	196	-	196	4,642	24,363
Interest (Note 6)	1,397,057	-	1,397,057	-	-	-	1,397,057	1,489,032
Bad debt expense	-	-	-	540,177	-	540,177	540,177	598,149
Catering and entertainment	5,677	-	5,677	38,551	320,266	358,817	364,494	219,691
Other	24,957	1,872	26,829	96,425	35,605	132,030	158,859	120,686
	24,896,187	13,432,794	38,328,981	8,199,872	1,115,135	9,315,007	47,643,988	43,918,775
Depreciation and amortization (Notes 2M and 5)	3,427,301	15,859	3,443,160	6,033	-	6,033	3,449,193	3,433,406
Less: direct costs of special events	-	-	-	-	(172,908)	(172,908)	(172,908)	(188,277)
TOTAL EXPENSES	\$ 28,323,488	\$ 13,448,653	\$ 41,772,141	\$ 8,205,905	\$ 942,227	\$ 9,148,132	\$ 50,920,273	\$ 47,163,904

The accompanying notes are an integral part of these consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total 2023</u>
	<u>Housing Programs</u>	<u>Non-Housing Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Personnel Costs:							
Salaries	\$ 9,641,302	\$ 5,916,824	\$ 15,558,126	\$ 2,559,606	\$ 429,925	\$ 2,989,531	\$ 18,547,657
Payroll taxes and benefits (Note 10)	2,205,502	1,311,233	3,516,735	673,387	108,582	781,969	4,298,704
Total Personnel Costs	11,846,804	7,228,057	19,074,861	3,232,993	538,507	3,771,500	22,846,361
Rent (Note 7)	4,636,287	3,223,919	7,860,206	547,386	-	547,386	8,407,592
Utilities	1,536,066	408,986	1,945,052	64,497	-	64,497	2,009,549
Supplies	251,376	175,918	427,294	82,383	30,428	112,811	540,105
Printing and stationery	7	-	7	-	8,171	8,171	8,178
Postage and delivery	1,892	374	2,266	9,410	2,772	12,182	14,448
Payroll processing	50,565	21,561	72,126	78,171	2,163	80,334	152,460
Food	343,209	322,517	665,726	38,190	8,347	46,537	712,263
Health services	175,484	175,062	350,546	-	-	-	350,546
Leased equipment	330,072	272,014	602,086	106,669	49,477	156,146	758,232
Insurance and real estate taxes	595,822	305,298	901,120	55,982	-	55,982	957,102
Professional fees	493,732	28,756	522,488	726,050	7,788	733,838	1,256,326
Professional fees - in-kind (Notes 2O and 13)	-	-	-	288,837	-	288,837	288,837
Contract services and stipends	4,860	1,600	6,460	360	-	360	6,820
Telephone	165,447	73,163	238,610	79,222	-	79,222	317,832
Building maintenance and repair	1,450,028	689,152	2,139,180	46,191	-	46,191	2,185,371
Client and staff transportation	5,352	3,774	9,126	13,425	420	13,845	22,971
Training, meetings and conferences	36,542	21,824	58,366	102,474	875	103,349	161,715
Dues, publications and advertising	203,866	91,407	295,273	171,973	2,900	174,873	470,146
Recreation and activities	3,901	1,106	5,007	400	18,956	19,356	24,363
Interest (Note 6)	1,489,032	-	1,489,032	-	-	-	1,489,032
Bad debt expense	-	-	-	598,149	-	598,149	598,149
Catering and entertainment	100	-	100	11,093	208,498	219,591	219,691
Other	40,408	1,399	41,807	58,342	20,537	78,879	120,686
	<u>23,660,852</u>	<u>13,045,887</u>	<u>36,706,739</u>	<u>6,312,197</u>	<u>899,839</u>	<u>7,212,036</u>	<u>43,918,775</u>
Depreciation and amortization (Notes 2M and 5)	3,411,515	15,859	3,427,374	6,032	-	6,032	3,433,406
Less: direct costs of special events	-	-	-	-	(188,277)	(188,277)	(188,277)
TOTAL EXPENSES	<u>\$ 27,072,367</u>	<u>\$ 13,061,746</u>	<u>\$ 40,134,113</u>	<u>\$ 6,318,229</u>	<u>\$ 711,562</u>	<u>\$ 7,029,791</u>	<u>\$ 47,163,904</u>

The accompanying notes are an integral part of these consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,951,569)	\$ (911,405)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,449,193	3,433,406
Amortization of debt issuance costs included in interest expense	(298,328)	55,291
Unrealized (gain)loss on deferred compensation assets	(9,079)	6,824
Unrealized gain on investments	(285,032)	(143,667)
Bad debt expense	540,177	598,149
Non-cash adjustment on operating leases	1,311,930	(18,792,606)
Subtotal	757,292	(15,754,008)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	918,554	(4,212,818)
Contributions receivable	561,862	(406,484)
Program service fees receivable	51,452	(12,756)
Prepaid expenses and other assets	(463,978)	356,895
Increase (decrease) in:		
Accounts payable and accrued expenses	335,725	1,516,563
Accrued salary and vacation expenses	241,490	(6,966)
Accrued interest payable	309,840	324,358
Accounts payable - construction	(457,232)	(6,768)
Advances from government agencies	(4,011,351)	(1,866,178)
Lease liability	(1,167,615)	18,868,364
Net Cash Used in Operating Activities	(2,923,961)	(1,199,798)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,990,741)	(1,084,789)
Purchase of deferred compensation assets (mutual funds)	(68,000)	(27,688)
Net Cash Used in Investing Activities	(4,058,741)	(1,112,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions to limited partners	-	(18,000)
Capital distributions from limited partners	2,291,663	-
Proceeds of long-term debt	4,512,662	251,583
Principal payment on long-term debt	(1,923,242)	(1,310,544)
Net Cash Provided by (Used in) Financing Activities	4,881,083	(1,076,961)
NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	(2,101,619)	(3,389,236)
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS - BEGINNING OF YEAR	12,843,250	16,232,486
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS - END OF YEAR	\$ 10,741,631	\$ 12,843,250
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 1,385,545	\$ 1,109,383

The accompanying notes are an integral part of these consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Urban Pathways, Inc. (“UPI”) was formed in 1977. UPI serves as the sole corporate member of the following affiliates:

- a. Westside Cluster 902-904 Amsterdam Avenue Housing Development Fund Co., Inc. (“Westside Cluster HDFC”)
- b. 1965 Belmont Avenue Housing Development Fund Corporation (“Belmont Avenue HDFC”)
- c. Halletts Cove Urban Housing Development Fund Corporation (“HCU HDFC”)
- d. 1344 Clinton Ave. Housing Development Fund Corporation (“Clinton HDFC”)
- e. Boston Road Housing Development Corporation (“Boston Road”)
- f. East 162 Housing Development Fund Corporation (“East 162 HDFC”)
- g. East 100 Housing Development Fund Corporation (“East 100 HDFC”)
- h. West 53rd Street Housing Development Fund Corporation (“W53 HDFC”)
- i. Crotona 1405 Boston Road Housing Development Fund Corporation (“Crotona 1405 HDFC”)

UPI and Westside Cluster HDFC are not-for-profit corporations organized in New York and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The balance of the aforementioned organizations are exempt from state and local taxes under Section 402 of the New York State not-for-profit corporation law, but they are required to file corporate returns with the Internal Revenue Service (“IRS”).

UPI is a community-based agency which serves homeless women and men including many who are mentally ill and/or chemically addicted. A drop-in center (the Antonio G. Olivieri Center for Homeless Women), three safe haven residences (the Travelers Hotel, Hegeman and 105th Street), 10 permanent residences (Clinton Houses, Cluster House, Ivan Shapiro House, Hughes House, W. 53rd Street, Halletts Cove, Boston Road, Fairmont Place, 162nd Street and East 100th Street) and outreach programs offer food and shelter, medical treatment and psychological counseling, case management services, substance abuse counseling, and other support services which help clients to function successfully as members of a community.

UPI is also the sole owner or controlling member of general partners, each of which owns .01% of an associated limited partnership (“Limited Partnerships”). The Limited Partnerships were formed to own individual properties which are developed and managed to provide low-income housing, and UPI has guaranteed certain obligations to the limited partners. Specifically, UPI has provided a guarantee for tax credit compliance to fund operating deficits over a five-year period capped at \$1,992,000 for all projects.

The consolidated financial statements include the balances and activities of UPI and affiliated organizations under its control (collectively referred to as the “Organization”). The following summarizes each of the related entities:

- a. Westside Cluster HDFC was formed in 1986 to provide a permanent residence for homeless persons for one of the Organization’s programs. The facility was renovated and placed in service on January 16, 2015 and operates as a single room occupancy (“SRO”) residential facility. Amsterdam G.P., Inc. is a wholly owned subsidiary of Westside Cluster HDFC. Amsterdam G.P., Inc. is the general partner of Amsterdam Cluster House L.P. (“Amsterdam Cluster LP”).

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- b. Belmont Avenue HDFC was formed in 2008 to own a property located in the Bronx, NY. The building was placed in service on November 25, 2011 and operates as a community SRO residential facility. Belmont Avenue HDFC owns a 75% interest in Hughes House, Inc. Hughes House, Inc. is the general partner of 1974 Hughes Ave., L.P. (“Hughes Ave. LP”).
- c. HCU HDFC was formed in 2011 to own a property located in Queens, NY, and operates as a community residence SRO residential facility. Halletts Cove Urban GP, Inc. is a 75%-owned subsidiary of HCU HDFC. Halletts Cove Urban GP, Inc. is the general partner of Halletts Cove L.P.
- d. Clinton HDFC was formed in 2011 to own a property located in the Bronx, NY, and operated as a supportive housing for homeless individuals. The building was placed in service on August 29, 2014. Clinton HDFC owns a 75% interest in 1344 Clinton G.P., Inc. 1344 Clinton G.P., Inc. is the general partner of 1344 Clinton Houses L.P. (“Clinton LP”).
- e. Boston Road was formed in 2013 to own a building containing 43 apartments located in the Bronx, NY, and qualifies for federal low-income housing tax credits. The building was placed in service on December 9, 2015. 1351 Boston Road G.P., Inc. is a wholly owned subsidiary of Boston Road. 1351 Boston Road G.P., Inc. is the general partner of 1351 Boston Road L.P. (“Boston Road LP”).
- f. East 162 HDFC was formed in 2013 to own a building containing 55 units of supportive housing and 31 other units in the Bronx, NY also qualifying for federal low-income housing tax credits. The building was placed in service on January 12, 2017. 316 East 162 G.P., Inc. is a wholly owned subsidiary of East 162 HDFC. 316 East 162 G.P., Inc. is the general partner of 316 East 162 Houses L.P. (“East 162 LP”).
- g. East 100 HDFC was formed in 2016. It holds title to a property at 166 E. 100th St., New York, NY. The property was developed with 11 units of low-income housing and was transferred to UPI on June 27, 2018.
- h. Crotona 1405 Boston HDFC was formed in 2020. It holds title to property at 1405 Boston Road and 695 East 170th St., Bronx, NY. The property has been proposed to be developed into supportive housing with a total of 80 units, of which 48 will be supportive. The property was assumed in a transaction with the NYS Office of Mental Health (“OMH”) in 2020. The sole shareholder of Crotona 1405 Boston Road GP, Inc. is Crotona 1405 Boston Road HDFC. Crotona 1405 Boston Road LP is .01% owned by Crotona 1405 Boston Road GP, Inc. and 99.99% owned by a limited partner which is currently, Urban Pathways Inc. The creation of these entities is to facilitate the flow-through of low-income housing tax credits awarded to the Crotona 1405 project.

The following is a description of the Organization’s programs:

Housing Programs

The Organization provides transitional and permanent housing to adults living in New York City, as well as supportive services to individuals who face challenges in addition to their homelessness, like substance abuse and mental illnesses. All of the housing programs include services and assistance necessary for these individuals to become stable and develop their ability to live independently. Services include therapeutic, counseling, vocational training and placement, rehabilitative and self-help programs.

Non-Housing Programs

The Organization also provides assistance and referrals through its street outreach and drop-in centers where services such as meals, showers and short-term counseling are available.

The Organization’s primary sources of revenue include government grants and contracts, client service fees, rental income and contributions.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Non-Housing Programs (Continued)

The Organization consists of not-for-profit and for-profit corporations and Limited Partnerships. The for-profit entities do not have and are not expected to have any substantial taxable income. All tax benefits or obligations of the Limited Partnerships are passed through to the individual partners. None of the corporations are liable for unrelated business income taxes and, accordingly, no provision for income taxes has been provided in these consolidated financial statements.

W53 HDFC

During 2008, UPI acquired a property located at 439 W 53rd Street, New York, NY, for a real estate developer who agreed to develop a low-income residential rental project at this location. W53 HDFC was formed to hold title to the property and manage the project, which houses 13 adults eligible for supportive housing under a grant received by the OMH. During 2008, UPI transferred the title of the land and building to W53 HDFC.

Per the terms of a declaration of interest and nominee agreement, UPI acknowledges that its holding of the legal and record title is solely on behalf of, and as nominee for, the developer, who possesses all of the beneficial and equitable ownership of the premises, including any increases in value and other appreciation. The developer will be responsible for all costs and expenses incurred in the acquisition of the premises, demolition, improvements, preconstruction and financing. The developer is solely responsible for any loans, mortgages, and other liens, and any note or mortgage executed by the developer as attorney in fact for UPI or W53 HDFC, shall be nonrecourse in nature. It is expected that UPI will acquire full beneficial interest in the project at the end of 15 years.

As W53 HDFC has no equitable ownership of the property and had no other discernable activity, these consolidated financial statements do not include any amounts related to W53 HDFC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Consolidation* – The consolidated financial statements of the Organization have been prepared by consolidating the financial statements of UPI, Westside Cluster HDFC, Belmont Avenue HDFC, HCU HDFC, Clinton HDFC, Boston Road, East 162 HDFC, East 100 HDFC, Crotona 1405 HDFC and the Limited Partnerships, through which UPI, through affiliated entities, acts as general partner. All material intercompany transactions have been eliminated in consolidation.

UPI or its affiliates exercise significant influence over the Limited Partnerships, and as such, they are consolidated within the accompanying consolidated financial statements. The Organization has a .01% interest in the Limited Partnerships, with the rest of the equity held by unrelated members. The portion of the Limited Partnerships that is not controlled by the Organization is presented in the accompanying consolidated financial statements as noncontrolling interest.

B. *Basis of Accounting* – The consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

C. *Net Assets* – The Organization maintains its net assets under the following classes:

Without donor restrictions – represents resources available for support of the Organization’s operations which are not subject to donor-imposed stipulations.

With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. 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 and reported in the consolidated statements of activities as net assets released from restrictions.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Cash and Cash Equivalents* – The Organization considers highly liquid instruments with maturities of three months or less when acquired to be cash equivalents. Funded reserves are those reserves that are used for construction, acquisition and maintenance. A portion of the restricted cash is held in operating and social services reserves by the Limited Partnerships subject to the uses defined in the Limited Partnership agreements. Operating reserves are typically established to support the Limited Partnerships in case of rent shortfalls and/or unusual expenses, and social service reserves are typically limited to providing services to clients in case of government contract reductions.

The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flows as of June 30:

	2024	2023
Cash and cash equivalents	\$ 5,283,691	\$ 6,619,243
Restricted cash and cash equivalents - funded reserves	5,457,940	6,224,007
	\$ 10,741,631	\$ 12,843,250

E. *Participants' Accounts* – Program participants' personal funds are maintained in bank accounts separate from operating accounts. These funds are not available for operational use by the Organization.

F. *Deferred Compensation Assets* – Investments held in the Organization's deferred compensation plan primarily consist of mutual funds that are stated at fair value. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and interest and dividends are recorded as revenue in the period earned. Investment return is included with other income in the accompanying consolidated statements of activities.

G. *Fair Value Measurements* – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

H. *Investments* – Investment are carried at fair value. Unrealized gains and losses are included in other income in the accompanying consolidated statements of activities. Dividend and interest income are recorded as earned.

I. *Government Grants and Contracts and Grants Receivable* – Revenues from government agencies are recognized when earned. Expense-based grants are recognized as revenue as allowable expenses are incurred. Performance-based grants are recognized as revenue as milestones are achieved. Grants receivable are recorded based on contracts for services provided. A receivable is recorded when expenses incurred under the terms of the contract exceed cash received. Advances from government agencies represent unspent government grant funds that are available to be used in the future period. The Organization was awarded multi-year cost-reimbursable grants of \$173,864,619 and \$206,262,644 that have not been recognized at June 30, 2024 and 2023, respectively, because they are considered conditional contributions and will not be recognized as revenue until the qualifying expenditures have been incurred. Advance payments of \$1,255,911 and \$5,267,262 as of June 30, 2024 and 2023, respectively, are recognized in the consolidated statements of financial position and include both advances from government agencies and amounts that may be due to government agencies.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. *Contribution Revenue and Contributions Receivable*** – The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as contributions without donor restrictions and increases in net assets without donor restrictions. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material to the consolidated financial statements, the discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. As of June 30, 2024, contributions receivable of \$73,250 are expected to be collected within one year and the remaining \$685,000 are expected to be collected during the year ended June 30, 2025. As of June 30, 2023, contributions receivable of \$350,112 are expected to be collected within one year and the remaining \$970,000 are expected to be collected during the year ended June 30, 2025. Management believes that recording a discount related to receivables due beyond one year would be immaterial to the consolidated financial statements.
- K. *Program Service Fees Revenues and Receivable*** – The Organization recognizes revenue from program service fees at an amount based on the reimbursement rates approved from Medicaid and for self-paying clients at an amount they expect to collect. These rates are subject to change and retroactive adjustment based upon review by the government agencies responsible for such funding. Any differences between estimated reimbursement and any subsequent revisions thereto are included in operations in the year of such review or settlement. It is management's opinion that unrecorded retroactive adjustments, if any, will not have a material effect on the financial condition of the Organization. Laws and regulations governing health care programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from the Medicaid program. Receivables are recorded for services rendered, but unpaid. See Note 12 for more information.
- L. *Allowance for Credit Losses*** – Allowance for credit losses for grants, contributions and program service fees receivable are charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. As of June 30, 2024 and 2023, the Organization determined no allowance was necessary for grants, contributions or program service fees receivable.
- M. *Property and Equipment*** – Property and equipment are recorded at cost less accumulated depreciation and amortization. The Organization capitalizes all property and equipment having a cost of \$5,000 or more with an estimated useful life of greater than one year. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line basis over the lesser of the term of the lease or the estimated useful life of the improvements.
- N. *Rental Income*** – Rental income is recorded on a monthly basis equal to amounts charged to tenants based upon signed leases. There are no leases that extend beyond one year.
- O. *Noncash Contributions*** – Noncash contributions consist of donated professional and consulting fees reported at fair value at the date the services are rendered.
- P. *Functional Expenses*** – The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as indicated in the consolidated statements of functional expenses. The expenses that are allocated include salaries and payroll taxes and benefits, which are allocated on the basis of estimates of time and effort. Other allocated expenses include occupancy, insurance and depreciation and amortization, which are allocated using square footage estimates.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Q. *Use of Estimates*** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- R. *Operating Measure*** – The Organization includes in operations all revenue and expenses, except for equity contributions by limited partners.
- S. *Reclassifications*** – Certain lines in the June 30, 2023 financial statements have been reclassified to conform to the June 30, 2024 presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs and support services to be general expenditures.

As further described in Note 8A, the Organization also has a line of credit in the amount of \$2.5 million as of both June 30, 2024 and 2023. No amounts have been used from the line of credit during the years ended June 30, 2024 and 2023.

The Organization’s financial assets available to meet general expenditures over the next year are as follows as of June 30:

	2024	2023
Cash and cash equivalents	\$ 5,283,691	\$ 6,619,243
Investments	2,597,353	2,312,321
Grants receivable	13,327,697	14,786,428
Contributions receivable	758,250	1,320,112
Program service fees receivable	693,081	744,533
	22,660,072	25,782,637
Less: net assets with donor restrictions	(1,820,604)	(2,540,340)
	\$ 20,839,468	\$ 23,242,297

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The Organization's investments consist of mutual funds totaling \$2,597,353 and \$2,312,321 as of June 30, 2024 and 2023, respectively, and are considered Level 1 in the fair value hierarchy. Investment activity consisted of unrealized gains of \$285,032 and \$143,667 for the years ended June 30, 2024 and 2023, respectively, which are included in other income in the accompanying consolidated statements of activities.

The Organization also holds assets related to a deferred compensation plan (see Note 10) totaling \$420,499 and \$343,420 as of June 30, 2024 and 2023, respectively. The assets are held in mutual funds and are considered Level 1 in the fair value hierarchy.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	<u>2024</u>	<u>2023</u>	<u>Useful Lives</u>
Land	\$ 16,526,318	\$ 16,526,318	
Construction-in-progress	6,033,910	1,999,751	
Buildings	84,601,927	84,839,556	30 years
Building improvements	1,085,788	1,085,788	12-30 years
Furniture and equipment	3,368,911	3,348,072	5-10 years
Leasehold improvements	<u>392,780</u>	<u>219,408</u>	4-10 years
	112,009,634	108,018,893	
Less: accumulated depreciation and amortization	<u>(37,396,798)</u>	<u>(33,947,605)</u>	
	<u>\$ 74,612,836</u>	<u>\$ 74,071,288</u>	

Depreciation and amortization expense amounted to \$3,449,193 and \$3,433,406 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 – LONG-TERM DEBT, NET

The Organization obtained financing to develop, construct and operate several housing projects. Long-term debt, net consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Mortgage payable - Hughes Avenue (a)	\$ 8,327,897	\$ 8,614,151
Mortgage payable - Halletts Cove (b)	7,337,903	7,804,632
Mortgage payable - Ivan Shapiro House Rehab (c)	211,583	211,583
Mortgage payable - 902-904 Amsterdam Avenue (d)	4,925,254	5,241,101
Loan payable - Hughes Avenue (e)	710,587	710,587
Loan payable - Clinton (f)	8,800,000	8,800,000
Loan payable - Boston Road (g)	5,375,000	5,375,000
Loan payable - 162nd Street (h)	7,052,000	7,052,000
Loan payable - Crotona 1405 Boston Road (i)	-	854,412
Loan payable - Recoverable grants (j)	80,000	40,000
Loan payable - 1405 Boston LP (k)	3,681,083	-
Loan payable - 1405 Boston Rd (HHAP) (k)	<u>791,579</u>	<u>-</u>
Total	47,292,886	44,703,466
Less: unamortized debt issuance costs	<u>(1,125,360)</u>	<u>(827,032)</u>
Net total	<u>\$ 46,167,526</u>	<u>\$ 43,876,434</u>

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 – LONG-TERM DEBT, NET (Continued)

The Organization received four separate, but similarly structured, grants from New York State (NYS) to construct buildings that will be used to operate programs in accordance with the Organization's mission. The four sites are from programs at (a) Hughes Avenue in the Bronx, NY, (b) Halletts Cove in Astoria, Queens, NY, (c) Ivan Shapiro House in New York City, and (d) 902-904 Amsterdam Avenue premises. According to the terms of the grants, NYS made, or has agreed to make, advance payments to the Organization to pay for land, acquisition fees and building construction. The government funding source that currently funds the program, OMH, makes transfers of funds as authorized under Mental Hygiene Law 41.38 for repayment of these mortgages as part of its continuing annual contractual relationship. The loans are strictly non-recourse in nature in that the payee will look solely to collateral given (the building and land that it is situated on) as security for this indebtedness.

- a. The OMH grant was refinanced through the issuance of tax-exempt bonds issued by the New York State Housing Finance Agency. The serial and term bonds are payable with interest at a rate ranging from 1.7% to 4.875% per year, with a final maturity of May 1, 2042.

The Organization has a renewable five-year operating contract with OMH, in which OMH has committed to provide the Organization with annual debt service support in an amount sufficient to pay debt service on the applicable loan, in addition to funding for supportive housing services for individuals with psychiatric disabilities at a per-bed rate.

The Organization agrees to operate the 55-bed CR-SRO for seriously and persistently mentally ill individuals for a period of 30 years. The agreement period ends on April 24, 2042.

- b. The Organization received a mortgage in the amount of \$12,019,183 from the Dormitory Authority of the State of New York ("DASNY") to construct a 50-bed SRO for seriously and persistently mentally ill individuals in Astoria, Queens, NY. This project is also eligible to receive low-income housing tax credits, which the Organization has syndicated in order to obtain additional funds required to complete construction. Under the terms of the agreement with OMH to operate the facility for a period of 30 years, OMH will make monthly advance payments of \$64,842 to the Organization to pay for the underlying tax-exempt bonds used to finance the construction. The agreement period ends on October 17, 2042.
- c. On September 15, 2022, UPI entered into a loan agreement with the DASNY with the OMH acting as agent to secure proceeds of up to \$7,544,996. The proceeds of the loan will be used for the rehabilitation of one of the Organization's properties located at 459 West 46th Street, New York, NY (the "Property"). The loan agreement is accompanied by a mortgage security agreement and assignment of rents by UPI of the related Property. A condition of the loan is that the Property is required to be used for a period of not less than 30 years in accordance with the purpose of the project, which is to provide residential programs for adults, including community mental health services.
- d. The Organization received a loan of \$8,012,789 from OMH for the renovation of its congregate treatment residence located at 902-904 Amsterdam Avenue in New York, NY. Under the terms of the loan, OMH makes monthly advance payments of principal and interest in the amount of \$43,228 to the Organization to pay for the renovation of the existing facility. Upon completion of the facility, the Organization agrees to operate the newly constructed 55-bed CR-SRO for seriously and persistently mentally ill individuals for a period of 30 years. As part of the loan, OMH has certified that, at the completion of the construction, a tax-exempt bond/mortgage will be created and OMH anticipates making transfers of funds as authorized under Mental Hygiene Law for repayment of this mortgage as part of its continuing annual contractual relationship. It is intended that this loan will be strictly non-recourse in nature, and the payee will look solely to collateral given (the building and land that it is situated on) as security for this indebtedness.
- e. On August 18, 2010, the Organization obtained a \$710,587 loan from the Federal Home Loan Bank of New York in connection with the development of the Hughes Avenue facility to be located in the Bronx, NY. The loan is interest-free and is payable in full 15 years from the date of the issuance of the facility's certificate of occupancy, which was April 24, 2012. The loan is secured by the Hughes Avenue facility.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 – LONG-TERM DEBT, NET (Continued)

- f. During 2012, the Organization received a loan amounting to \$8,800,000 from NYC Department of Housing Preservation and Development (“HPD”) to construct 80 units of supportive housing to be located in the Bronx, NY for persons of low-income, not less than 60%, of whom shall be homeless individuals referred by NYC Department of Homeless Services. The Organization agreed to operate the new construction project for seriously and persistently mentally ill individuals for a period of 60 years. Interest is charged at a fixed rate of 3%. No monthly installments of principal or interest are required to be made, and upon the 60th anniversary of the loan, HPD may forgive the balances owed.
- g. In 2014, the Organization received a loan of \$5,375,000 from HPD to construct 43 units of supportive housing in the Bronx for persons of low income, of which not less than 30 shall be referred by the City of New York and whose income shall not exceed 60% of the Area Median Income. The Organization agreed to operate the new construction project for low-income tenants for a period of 50 years. The loan is secured by the property in the Bronx. No interest was to be charged on the loan until the construction reached substantial completion as defined in the Limited Partnership Agreement; once completed, interest was to be charged at a fixed rate of 1%. The construction project was completed during 2020, and in July 2020, the loan was converted to permanent financing. No monthly installments of principal or interest are required to be made, and upon the 50th anniversary of the loan, HPD may forgive the balances owed.
- h. In June of 2014, the Organization received loans of \$6,752,000 and \$300,000, a total of \$7,052,000, from HPD and the NYC Office of Environmental Remediation, respectively, to construct 86 units of low-income supportive housing. The apartments include 55 units reserved for formerly homeless adults with mental illness and 31 units designated for low-income residents from the community whose income shall not exceed 60% of the area Adjusted Median Income. The remainder of the funds to complete the project, expected to be \$3,776,000, will be obtained by the sale of low-income housing tax credits. The Organization agreed to operate the project for low-income tenants for a period of 50 years. The loan is secured by the property in the Bronx. There is no interest charged on the loan until construction is completed; thereafter interest will be charged at a fixed rate of 1.0%. No monthly installments of principal or interest are required to be made, and upon the 50th anniversary of the loan, HPD may forgive the balances owed.
- i. On December 15, 2021, the Organization received a loan in the amount of \$781,121 from the City of New York Department of Finance relating to outstanding real estate property taxes on Crotona 1405 Boston Road Housing Development. The loan bears interest at 3% per annum and is payable in 40 installments over 10 years.

In addition, on May 17, 2022, the Organization received a loan in the amount of \$188,944 from the City of New York Department of Finance relating to outstanding real estate property taxes on Crotona 1405 Boston Road Housing Development. The loan bears interest at 3% per annum and is payable in 40 installments over 10 years.

- j. Deutsche Bank Americas Foundation wired the Organization these recoverable grant funds on November 23, 2022. These funds are to be paid back by November 30, 2025.
- k. The Organization obtained two promissory notes of \$14,773,717 and \$5,568,530, issued on March 7, 2024, for the construction at Crotona 1405 Boston Road L.P. The interest rate on the notes are at 7.82%. The rate floats and is adjusted every 30 days. The notes mature on September 10, 2027 and are secured by the building and assignment of rents.

Interest expense on long-term debt amounted to \$1,397,057 and \$1,489,032 for the years ended June 30, 2024 and 2023, respectively.

Deferred financing costs are amortized over the life of the related long-term debt. Amortization of deferred financing costs amounted to (\$298,328) and \$55,291 for the years ended June 30, 2024 and 2023, respectively.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 – LONG-TERM DEBT, NET (Continued)

Principal payments on these long-term debts for the next five fiscal years and thereafter are as follows:

2025	\$ 1,116,603
2026	1,206,565
2027	1,258,820
2028	4,954,558
2029	1,330,643
Thereafter	<u>37,425.697</u>
	<u>\$ 47,292,886</u>

NOTE 7 – LEASES

The Organization leases space and apartments under its programs. The Organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As of June 30, 2024 and 2023, the right-of-use (“ROU”) asset had a balance of \$21,615,186 and \$22,927,116, respectively, as shown in the consolidated statements of financial position; the lease liability totaled \$21,900,287 and \$23,067,902, respectively, as shown in the consolidated statements of financial position. The ROU asset and lease liability were calculated utilizing the Organization’s incremental borrowing rate of 4.9% for leases in effect at the date of initial adoption of July 1, 2020. The ROU asset and liability were calculated utilizing the risk-free rate in effect as of the date for new leases adopted on July 1, 2022, ranging from 2.85% to 3.71%, depending on the remaining life of the leases.

The Organization’s lease terms range from two to eight years and include any options of extension in which the Organization is reasonably certain to exercise due to the importance of the locations to the Organization’s programs and mission.

Total operating lease costs for the years ended June 30, 2024 and 2023 were \$8,955,737 and \$8,407,592, respectively. Total cash paid by the Organization in the determination of the lease liability was \$5,661,497 and \$5,261,873 for the years ended June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, the weighted average of the remaining lease term is 5.30 and 5.99 years, respectively, and the weighted average discount rate is 3.25 and 3.1%, respectively.

Future minimum rental payments under these leases for the years ending subsequent to June 30, 2024 are as follows:

2025	\$ 5,728,623
2026	4,137,388
2027	3,758,723
2028	3,305,103
2029	3,311,249
Thereafter	<u>3,569.239</u>
Total lease payments	23,810,325
Less: interest	<u>1,910,038</u>
Lease liability	<u>\$ 21,900,287</u>

The Organization holds certain leases that have lease terms of 12 months or less and accordingly are not included in the lease liability calculation presented on the consolidated statements of financial position. Lease expense pertaining to these short-term leases totaled \$3,294,240 and \$3,145,719 for the years ended June 30, 2024 and 2023, respectively.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 – COMMITMENTS AND CONTINGENCIES

- A. The Organization has an unsecured revolving line of credit with a bank for a maximum amount of \$2,500,000. Interest is payable based on the lower of the London Interbank Offered Rate (“LIBOR”), prime, or the Federal Funds rates plus 2%. The line of credit expired in June 2024. The Organization is currently working with the bank to extend the line of credit. As of June 30, 2024 and 2023, there was no outstanding balance on the line of credit.
- B. The Organization has been named in various litigation claims in the normal course of its operations. Management, after taking into consideration legal counsel’s evaluation, is of the opinion that these matters will not have a material adverse effect on the Organization’s consolidated financial statements. Accordingly, no loss provision has been made in the consolidated financial statements.
- C. Government grants and contracts are subject to complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. No such fines or penalties were imposed on the Organization during the years ended June 30, 2024 and 2023. The Organization is subject to audit, which may result in adjustments or disallowances. Management does not anticipate any material adjustments as a result of any potential audit.
- D. Each of the Limited Partnerships have a general partner owned or controlled by UPI. These general partners have a .01% interest in the partnerships. The remaining 99.99% interest in each of the Limited Partnerships are owned by equity investors that are required to make capital contributions in exchange for tax credits, operating losses and depreciation in proportion to their investments. The capital contributions are used for operating and capital expenditures and to fund reserves of the respective partnership.
- As of both June 30, 2024 and 2023, limited partners had required remaining equity contributions to Boston Road LP amounting to \$43,000.
- As of both June 30, 2024 and 2023, limited partners had required remaining equity contributions to East 162 LP amounting to \$1,779,799.
- E. The Organization believes it has no uncertain tax positions as of June 30, 2024 and 2023, in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization’s net assets with donor restrictions were restricted for the following programs as of June 30:

	<u>2024</u>	<u>2023</u>
Ivan Shapiro House – capital additions/operations	\$ 396,226	\$ 396,226
Medical	944,861	1,293,588
Housing development	85,000	404,867
Time	6,846	78,423
Other	<u>387,671</u>	<u>367,236</u>
	<u>\$ 1,820,604</u>	<u>\$ 2,540,340</u>

The Organization’s net assets with donor restrictions were released from restrictions for the following programs for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Housing development	\$ 319,867	\$ 250,133
Medical	348,728	219,390
Time	71,577	321,577
Other	<u>304,564</u>	<u>274,943</u>
	<u>\$ 1,044,736</u>	<u>\$ 1,066,043</u>

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 – RETIREMENT PLANS

The Organization has a tax-sheltered annuity plan under IRS Section 403(b) wherein all employees are eligible to contribute pre-tax amounts up to IRS maximum limits. The Organization also has a 401(k) profit-sharing plan for employees with at least 1,000 hours of service during the fiscal year. The Organization contributes a designated percentage of eligible employee salaries. The expense for the years ended June 30, 2024 and 2023 was \$745,155 and \$665,640, respectively.

During 2009, the Organization established a deferred compensation plan covering a select group of managerial and highly compensated employees. The Executive 457(b) Retirement Plan is an unqualified plan and provides eligible employees an opportunity to defer compensation more than qualified retirement plan benefit on a pre-tax basis. The liability is informally financed using mutual funds included in the Organization's investment portfolio and which are at risk of creditors. As of June 30, 2024 and 2023, the value of the investments and the amount of the deferred compensation assets was \$420,499 and \$343,420, respectively. The deferred liability is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

NOTE 11 – CASH CONCENTRATION

Cash and cash equivalents and restricted cash and cash equivalents held by the Organization that are potentially subject to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2024 and 2023, there was approximately \$11.2 million and \$12.5 million, respectively, of cash and cash equivalents held by six and seven banks, respectively, that exceeded FDIC limits.

NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's program service revenue consists primarily of an apartment treatment housing program licensed by OMH. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted service. These amounts are due from Medicaid and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. The Organization considers the historical percentage of revenue that is retroactively adjusted when constraining the revenue and determining the amount of revenue to recognize.

Generally, the Organization bills Medicaid, third-party payors and individual clients after services are performed or after the Organization has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. The following are the ending accounts receivable balances as of June 30, 2024 and 2023, and the beginning accounts receivable balance for July 1, 2022:

	2024	2023	2022
Program service fees receivable	\$ 693,081	\$ 744,533	\$ 731,777

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations is satisfied over time and is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on government agency stipulations.

All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2024 and 2023. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Organization determines the transaction price based on established rates and contracts for services provided. For the years ended June 30, 2024 and 2023, there was no revenue related to performance obligations wholly or partially satisfied in prior years.

URBAN PATHWAYS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18, and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Organization’s expectation that the period between the time the service is provided to a customer and the time the customer, or a third-party payor, pays for that service will be less than one year.

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

There were no contributed nonfinancial assets for the year ended June 30, 2024.

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2023:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Program/Activities</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Legal services	\$ 288,837	Management and general	No associated donor restrictions	Based on the number of hours worked at pre-determined rates

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through March 31, 2025, the date the consolidated financial statements were available to be issued and noted no additional items that would require adjustment to, or disclosure in, the 2024 consolidated financial statements.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

	Urban Pathways		Crotona 1405 Boston HDFC	Crotona 1405 Boston LP	Westside Cluster HDFC	Amsterdam Cluster LP	Belmont Avenue HDFC	Hughes Ave. LP	HCU HDFC	Halletts Cove L.P.	Clinton HDFC	Clinton LP	Boston Road LP	East 162 HDFC	East 162 LP	East 100 HDFC	Consolidating Eliminations	Consolidated Total
	General Fund	Hegeman Avenue																
ASSETS:																		
Cash and cash equivalents	\$ 4,108,378	\$ -	\$ -	\$ 17,221	\$ -	\$ 223,562	\$ -	\$ 289,691	\$ -	\$ 34,382	\$ -	\$ 243,138	\$ 72,522	\$ 15	\$ 294,330	\$ 452	\$ -	\$ 5,283,691
Investments	2,597,353	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,597,353
Grants receivable	13,063,292	-	-	-	-	14,803	-	4,958	-	4,324	-	106,883	101,368	-	28,769	3,300	-	13,327,697
Contributions receivable	758,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	758,250
Program service fees receivable	693,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	693,081
Prepaid expenses and other assets	1,477,010	-	-	22,470	-	70,955	-	73,161	-	102,853	-	98,277	29,433	8,300	239,678	-	-	2,122,137
Cash - participants' accounts	684,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	684,792
Deferred compensation assets	420,499	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	420,499
Restricted cash and cash equivalents - funded reserves	252,569	-	-	-	-	861,355	-	1,081,842	-	912,786	-	967,002	606,239	-	581,925	194,222	-	5,457,940
Due from (to) related organizations	(162,714)	176,158	1,351,823	(1,481,480)	(825)	86,791	(16,680)	(274,675)	(10,858)	(262,276)	(1,025)	(448,646)	(19,183)	(10,045)	752,210	321,425	-	-
Long-term receivables from related organizations	1,333,206	-	-	-	9,112,577	-	9,448,758	-	7,886,559	-	-	-	-	-	-	-	(27,781,100)	-
Right-of-use lease asset	21,615,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,615,186
Property and equipment, net	1,412,817	1,607,298	-	7,873,331	-	12,047,360	-	9,852,212	-	11,081,804	-	13,526,514	7,680,851	-	16,578,330	1,370,085	(8,417,766)	74,612,836
TOTAL ASSETS	\$ 48,253,719	\$ 1,783,456	\$ 1,351,823	\$ 6,431,542	\$ 9,111,752	\$ 13,304,826	\$ 9,432,078	\$ 11,027,189	\$ 7,875,701	\$ 11,873,873	\$ (1,025)	\$ 14,493,168	\$ 8,471,230	\$ (1,730)	\$ 18,475,242	\$ 1,889,484	\$ (36,198,866)	\$ 127,573,462
LIABILITIES:																		
Accounts payable and accrued expenses	\$ 6,375,997	\$ -	\$ -	\$ -	\$ -	\$ 59,928	\$ -	\$ 71,790	\$ -	\$ 53,103	\$ -	\$ 57,714	\$ 20,860	\$ -	\$ 38,894	\$ -	\$ -	\$ 6,678,286
Accrued salary and vacation expenses	1,395,419	-	-	-	-	19,756	-	6,765	-	6,942	-	15,340	10,925	-	41,822	-	-	1,496,969
Accrued interest payable	-	-	-	-	-	1,845,249	-	1,900,595	-	1,767,700	-	3,482,497	206,091	-	-	-	(6,538,257)	2,663,875
Accounts payable - construction	6,715	-	-	-	-	-	-	38,102	-	18,251	-	-	-	-	-	-	-	63,068
Advances from government agencies	1,143,813	-	-	-	-	1,161	-	-	-	539	-	12,042	22,784	-	75,572	-	-	1,255,911
Due to participants	684,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	684,792
Lease liability	21,900,287	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,900,287
Long-term debt, net	1,002,170	-	-	4,123,879	4,925,254	12,644,371	9,038,484	12,801,404	7,337,903	12,673,458	-	9,597,332	5,348,850	-	7,032,547	-	(40,358,126)	46,167,526
TOTAL LIABILITIES	32,509,193	-	-	4,123,879	4,925,254	14,570,465	9,038,484	14,818,656	7,337,903	14,519,993	-	13,164,925	5,609,510	-	7,188,835	-	(46,896,383)	80,910,714
NET ASSETS (DEFICIT):																		
Without donor restrictions																		
Operations	11,927,500	176,158	1,351,823	(3,749,452)	(825)	(264,344)	(16,680)	1,867,350	(10,858)	678,868	(1,025)	(4,896,184)	(2,938,240)	(1,730)	(10,127,708)	325,177	6,612,382	932,212
Net investment in property and equipment	1,996,422	1,607,298	-	3,749,452	4,187,323	264,344	410,274	(1,867,350)	548,656	(678,868)	-	4,896,184	2,938,240	-	10,127,708	1,564,307	4,159,260	33,903,250
Total controlling interest	13,923,922	1,783,456	1,351,823	-	4,186,498	-	393,594	-	537,798	-	(1,025)	-	-	(1,730)	-	1,889,484	-	34,835,462
Noncontrolling interest	-	-	-	2,307,663	-	(1,265,639)	-	(3,791,467)	-	(2,646,120)	-	1,328,243	2,861,720	-	11,286,407	-	(74,125)	10,006,682
Total net assets without donor restrictions	13,923,922	1,783,456	1,351,823	2,307,663	4,186,498	(1,265,639)	393,594	(3,791,467)	537,798	(2,646,120)	(1,025)	1,328,243	2,861,720	(1,730)	11,286,407	1,889,484	10,697,517	44,842,144
With donor restrictions	1,820,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,820,604
TOTAL NET ASSETS (DEFICIT)	15,744,526	1,783,456	1,351,823	2,307,663	4,186,498	(1,265,639)	393,594	(3,791,467)	537,798	(2,646,120)	(1,025)	1,328,243	2,861,720	(1,730)	11,286,407	1,889,484	10,697,517	46,662,748
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 48,253,719	\$ 1,783,456	\$ 1,351,823	\$ 6,431,542	\$ 9,111,752	\$ 13,304,826	\$ 9,432,078	\$ 11,027,189	\$ 7,875,701	\$ 11,873,873	\$ (1,025)	\$ 14,493,168	\$ 8,471,230	\$ (1,730)	\$ 18,475,242	\$ 1,889,484	\$ (36,198,866)	\$ 127,573,462

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

	Urban Pathways		Crotona 1405 Boston HDFC	Westside Cluster HDFC	Amsterdam Cluster LP	Belmont Avenue HDFC	Hughes Ave. LP	HCU HDFC	Halletts Cove L.P.	Clinton HDFC	Clinton LP	Boston Road LP	East 162 HDFC	East 162 LP	East 100 HDFC	Consolidating Eliminations	Consolidated Total
	General Fund	Hegeman Avenue															
ASSETS:																	
Cash and cash equivalents	\$ 5,100,193	\$ -	\$ -	\$ -	\$ 267,725	\$ -	\$ 303,249	\$ -	\$ 101,692	\$ -	\$ 331,575	\$ 104,575	\$ 15	\$ 362,099	\$ 48,120	\$ -	\$ 6,619,243
Investments	2,312,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,312,321
Grants receivable	14,545,887	-	-	-	9,445	-	1,817	-	2,021	-	83,208	90,941	-	37,709	15,400	-	14,786,428
Contributions receivable	1,320,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,320,112
Program service fees receivable	744,533	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	744,533
Prepaid expenses and other assets	996,743	-	56,470	-	53,533	-	61,373	-	69,529	-	136,574	27,898	8,300	247,739	-	-	1,658,159
Cash - participants' accounts	587,189	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	587,189
Deferred compensation assets	343,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	343,420
Restricted cash and cash equivalents - funded reserves	352,568	-	-	-	854,425	-	1,066,846	-	906,170	-	956,875	598,950	-	1,294,047	194,126	-	6,224,007
Due from (to) related organizations	2,215,801	176,158	(1,846,403)	(825)	64,006	(16,680)	(354,089)	(10,858)	(336,345)	(1,025)	(610,548)	(72,344)	(10,045)	593,875	209,322	-	-
Long-term receivables from related organizations	1,333,206	-	-	9,428,424	-	9,735,012	-	8,353,287	-	-	-	-	-	-	-	(28,849,929)	-
Right-of-use lease asset	22,927,116	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,927,116
Property and equipment, net	1,254,096	1,716,019	3,997,443	-	12,572,817	-	10,351,236	-	11,519,710	-	14,241,052	8,054,030	-	17,095,160	1,417,172	(8,147,447)	74,071,288
TOTAL ASSETS	\$ 54,033,185	\$ 1,892,177	\$ 2,207,510	\$ 9,427,599	\$ 13,821,951	\$ 9,718,332	\$ 11,430,432	\$ 8,342,429	\$ 12,262,777	\$ (1,025)	\$ 15,138,736	\$ 8,804,050	\$ (1,730)	\$ 19,630,629	\$ 1,884,140	\$ (36,997,376)	\$ 131,593,816
LIABILITIES:																	
Accounts payable and accrued expenses	\$ 6,121,942	\$ -	\$ -	\$ -	\$ 20,352	\$ -	\$ 35,640	\$ -	\$ 42,152	\$ -	\$ 56,410	\$ 17,945	\$ -	\$ 48,120	\$ -	\$ -	\$ 6,342,561
Accrued salary and vacation expenses	1,162,288	-	-	-	13,650	-	3,511	-	4,510	-	13,261	9,506	-	48,753	-	-	1,255,479
Accrued interest payable	-	-	-	-	1,690,814	-	1,738,857	-	1,622,822	-	3,098,267	152,341	-	-	-	(5,949,066)	2,354,035
Accounts payable - construction	6,715	-	10,057	-	-	-	45,811	-	21,143	-	-	-	-	436,574	-	-	520,300
Advances from government agencies	5,098,229	-	-	-	470	-	-	-	-	-	44,997	48,112	-	75,454	-	-	5,267,262
Due to participants	587,189	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	587,189
Lease liability	23,067,902	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,067,902
Long-term debt, net	962,170	-	845,631	5,241,101	12,634,248	9,324,738	12,786,834	7,804,632	12,662,819	-	9,593,192	5,347,624	-	7,031,571	-	(40,358,126)	43,876,434
TOTAL LIABILITIES	37,006,435	-	855,688	5,241,101	14,359,534	9,324,738	14,610,653	7,804,632	14,353,446	-	12,806,127	5,575,528	-	7,640,472	-	(46,307,192)	83,271,162
NET ASSETS (DEFICIT):																	
Without donor restrictions																	
Operations	12,508,710	176,158	(1,799,990)	(825)	(792,994)	(16,680)	1,368,752	(10,858)	236,939	(1,025)	(5,604,735)	(3,305,356)	(1,730)	(11,357,636)	272,842	6,023,191	(2,305,237)
Net investment in property and equipment	1,977,700	1,716,019	3,151,812	4,187,323	792,994	410,274	(1,368,752)	548,655	(236,939)	-	5,604,735	3,305,356	-	11,357,636	1,611,298	3,360,750	36,418,861
Total controlling interest	14,486,410	1,892,177	1,351,822	4,186,498	-	393,594	-	537,797	-	(1,025)	-	-	(1,730)	-	1,884,140	9,383,941	34,113,624
Noncontrolling interest	-	-	-	-	(537,583)	-	(3,180,221)	-	(2,090,669)	-	2,332,609	3,228,522	-	11,990,157	-	(74,125)	11,668,690
Total net assets without donor restrictions	14,486,410	1,892,177	1,351,822	4,186,498	(537,583)	393,594	(3,180,221)	537,797	(2,090,669)	(1,025)	2,332,609	3,228,522	(1,730)	11,990,157	1,884,140	9,309,816	45,782,314
With donor restrictions	2,540,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,540,340
TOTAL NET ASSETS (DEFICIT)	17,026,750	1,892,177	1,351,822	4,186,498	(537,583)	393,594	(3,180,221)	537,797	(2,090,669)	(1,025)	2,332,609	3,228,522	(1,730)	11,990,157	1,884,140	9,309,816	48,322,654
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 54,033,185	\$ 1,892,177	\$ 2,207,510	\$ 9,427,599	\$ 13,821,951	\$ 9,718,332	\$ 11,430,432	\$ 8,342,429	\$ 12,262,777	\$ (1,025)	\$ 15,138,736	\$ 8,804,050	\$ (1,730)	\$ 19,630,629	\$ 1,884,140	\$ (36,997,376)	\$ 131,593,816

See independent auditors' report.

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Urban Pathways				Crotona 1405 Boston HDFC	Crotona 1405 Boston LP	Westside Cluster HDFC	Amsterdam Cluster LP	Belmont Avenue HDFC	Hughes Ave. LP	HCU HDFC	Hallets Cove L.P.	Clinton HDFC	Clinton LP	Boston Road LP	East 162 HDFC	East 162 LP	East 100 HDFC	Consolidating Eliminations	Consolidated Total					
	Without Donor Restrictions				Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	
	General Fund	Hegeman Avenue	With Donor Restrictions	Total																					
OPERATING REVENUE AND SUPPORT:																									
Government grants and contracts	\$ 33,587,369	\$ -	\$ -	\$ 33,587,369	\$ -	\$ -	\$ 518,739	\$ 20,358	\$ 816,069	\$ 18,142	\$ 778,108	\$ 17,303	\$ -	\$ (324)	\$ 1,025	\$ -	\$ (8,940)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,747,849	\$ -	\$ 35,747,849
Program service fees	2,854,112	-	-	2,854,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,854,112	-	2,854,112
Cash contributions	1,764,790	-	325,000	2,089,790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,764,790	325,000	2,089,790
Special events, net	576,592	-	-	576,592	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	576,592	-	576,592
Rental income	1,410,981	-	-	1,410,981	-	-	-	572,877	-	444,554	-	494,783	-	991,124	697,098	-	1,596,607	146,972	(989,445)	-	-	5,365,551	-	5,365,551	
Other income	1,015,034	-	-	1,015,034	-	-	150,064	523	131,865	15,109	134,571	456	-	80	315	-	(172)	128	(1,113,183)	-	-	334,810	-	334,810	
Management fees	441,580	-	-	441,580	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(441,580)	-	-	-	-	-	
Net assets released from restrictions	1,044,736	-	(1,044,736)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,044,736	(1,044,736)	-	
TOTAL OPERATING REVENUE AND SUPPORT	42,695,194	-	(719,736)	41,975,458	-	-	668,803	593,758	947,934	477,805	912,679	512,542	-	990,880	698,438	-	1,587,495	147,100	(2,544,188)	-	-	47,688,440	(719,736)	46,968,704	
OPERATING EXPENSES:																									
Program Services:																									
Housing programs	20,743,964	108,720	-	20,852,684	-	-	202,892	1,226,437	529,814	1,027,323	311,379	1,025,875	-	1,854,657	946,435	-	2,036,525	141,757	(1,832,290)	-	-	28,323,488	-	28,323,488	
Non-housing programs	13,448,653	-	-	13,448,653	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,448,653	-	13,448,653	
Total Program Services	34,192,617	108,720	-	34,301,337	-	-	202,892	1,226,437	529,814	1,027,323	311,379	1,025,875	-	1,854,657	946,435	-	2,036,525	141,757	(1,832,290)	-	-	41,772,141	-	41,772,141	
Supporting Services:																									
Management and general	8,122,838	-	-	8,122,838	-	-	465,911	91,377	418,120	57,728	601,300	38,118	-	136,589	118,805	-	254,720	-	(2,099,601)	-	-	8,205,905	-	8,205,905	
Fundraising	942,227	-	-	942,227	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	942,227	-	942,227	
Total Supporting Services	9,065,065	-	-	9,065,065	-	-	465,911	91,377	418,120	57,728	601,300	38,118	-	136,589	118,805	-	254,720	-	(2,099,601)	-	-	9,148,132	-	9,148,132	
TOTAL OPERATING EXPENSES	43,257,682	108,720	-	43,366,402	-	-	668,803	1,317,814	947,934	1,085,051	912,679	1,063,993	-	1,991,246	1,065,240	-	2,291,245	141,757	(3,931,891)	-	-	50,920,273	-	50,920,273	
CHANGE IN NET ASSETS (DEFICIT)	(562,488)	(108,720)	(719,736)	(1,390,944)	-	-	-	(724,056)	-	(607,246)	-	(551,451)	-	(1,000,366)	(366,802)	-	(703,750)	5,343	1,387,703	(3,231,833)	(719,736)	(3,951,569)	(3,951,569)		
Change in net assets (deficit) attributable to controlling interest	(562,488)	(108,720)	(719,736)	(1,390,944)	-	-	-	(724,056)	-	(607,246)	-	(551,451)	-	(1,000,366)	(366,802)	-	(703,750)	5,343	1,387,703	(3,231,833)	(719,736)	(3,951,569)	(3,951,569)		
Change in net deficit attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net assets (deficit) - beginning of year - controlling interest	14,486,410	1,892,178	2,540,340	18,918,928	1,351,821	-	4,186,499	-	393,594	-	537,798	-	(1,025)	-	-	(1,730)	-	1,884,139	9,383,940	34,113,624	2,540,340	36,653,964	-	36,653,964	
Net assets (deficit) - beginning of year - noncontrolling interest	-	-	-	-	-	-	-	(537,583)	-	(3,180,221)	-	(2,090,669)	-	2,332,609	3,228,522	-	11,990,157	-	(74,125)	11,668,690	-	-	11,668,690	-	11,668,690
Partners' contributions (distributions)	-	-	-	-	-	2,307,663	-	(4,000)	-	(4,000)	-	(4,000)	-	(4,000)	-	-	-	-	-	-	-	2,291,663	-	2,291,663	
Net assets (deficit) - end of year - controlling interest	13,923,922	1,783,458	1,820,604	17,527,984	1,351,821	-	4,186,499	-	393,594	-	537,798	-	(1,025)	-	-	(1,730)	-	1,889,482	10,771,643	34,835,462	1,820,604	36,656,066	-	36,656,066	
Net assets (deficit) - end of year - noncontrolling interest	-	-	-	-	-	2,307,663	-	(1,265,639)	-	(3,791,467)	-	(2,646,120)	-	1,328,243	2,861,720	-	11,286,407	-	(74,125)	10,006,682	-	-	10,006,682	-	10,006,682
TOTAL NET ASSETS (DEFICIT) - END OF YEAR	\$ 13,923,922	\$ 1,783,458	\$ 1,820,604	\$ 17,527,984	\$ 1,351,821	\$ 2,307,663	\$ 4,186,499	\$ (1,265,639)	\$ 393,594	\$ (3,791,467)	\$ 537,798	\$ (2,646,120)	\$ (1,025)	\$ 1,328,243	\$ 2,861,720	\$ (1,730)	\$ 11,286,407	\$ 1,889,482	\$ 10,697,518	\$ 44,842,144	\$ 1,820,604	\$ 46,662,748	\$ -	\$ 46,662,748	

URBAN PATHWAYS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Urban Pathways				Crotona 1405 Boston HDFC	Westside Cluster HDFC	Amsterdam Cluster LP	Belmont Avenue HDFC	Hughes Ave. LP	HCU HDFC	Hallets Cove L.P.	Clinton HDFC	Clinton LP	Boston Road LP	East 162 HDFC	East 162 LP	East 100 HDFC	Consolidating Eliminations	Consolidated Total				
	Without Donor Restrictions				Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	
	General Fund	Hegeman Avenue	With Donor Restrictions	Total																			
OPERATING REVENUE AND SUPPORT:																							
Government grants and contracts	\$ 31,855,662	\$ -	\$ -	\$ 31,855,662	\$ -	\$ 518,739	\$ 15,936	\$ 818,168	\$ 16,713	\$ 778,108	\$ 17,050	\$ -	\$ 3,892	\$ 822	\$ -	\$ 8,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program service fees	2,970,932	-	-	2,970,932	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash contributions	722,174	-	1,955,000	2,677,174	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noncash contributions	288,837	-	-	288,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special events, net	462,891	-	-	462,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	1,645,431	-	-	1,645,431	-	-	574,005	-	414,871	-	486,679	-	1,015,662	657,800	-	1,456,284	145,881	-	-	-	-	-	
Other income	520,757	-	-	520,757	-	150,064	521	130,559	548	133,238	48,071	-	854	315	-	207	311	(981,619)	5,414,994	-	-	5,414,994	
Management fees	482,032	-	-	482,032	-	-	-	-	-	-	-	-	-	-	-	-	-	(482,032)	403,854	-	-	403,854	
Net assets released from restrictions	1,066,043	-	(1,066,043)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,066,043	(1,066,043)	-	-	
TOTAL OPERATING REVENUE AND SUPPORT	40,014,759	-	888,957	40,903,716	-	668,803	590,462	948,727	432,132	911,346	551,800	-	1,020,408	658,937	-	1,465,218	146,192	(2,045,242)	45,363,542	888,957	-	46,252,499	
OPERATING EXPENSES:																							
Program Services:																							
Housing programs	19,433,883	108,721	-	19,542,604	(7,056)	214,948	1,216,927	547,198	1,020,547	329,720	1,125,683	-	2,008,795	939,864	-	1,809,551	140,450	(1,816,864)	27,072,367	-	-	27,072,367	
Non-housing programs	13,061,746	-	-	13,061,746	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,061,746	-	-	13,061,746
Total Program Services	32,495,629	108,721	-	32,604,350	(7,056)	214,948	1,216,927	547,198	1,020,547	329,720	1,125,683	-	2,008,795	939,864	-	1,809,551	140,450	(1,816,864)	40,134,113	-	-	40,134,113	
Supporting Services:																							
Management and general	6,135,600	-	-	6,135,600	-	453,855	72,106	401,529	37,902	581,626	44,637	-	287,350	98,628	-	291,767	-	(2,086,771)	6,318,229	-	-	6,318,229	
Fundraising	711,562	-	-	711,562	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	711,562	-	-	711,562
Total Supporting Services	6,847,162	-	-	6,847,162	-	453,855	72,106	401,529	37,902	581,626	44,637	-	287,350	98,628	-	291,767	-	(2,086,771)	7,029,791	-	-	7,029,791	
TOTAL OPERATING EXPENSES	39,342,791	108,721	-	39,451,512	(7,056)	668,803	1,289,033	948,727	1,058,449	911,346	1,170,320	-	2,296,145	1,038,492	-	2,101,318	140,450	(3,903,635)	47,163,904	-	-	47,163,904	
CHANGE IN NET ASSETS	671,968	(108,721)	888,957	1,452,204	7,056	-	(698,571)	-	(626,317)	-	(618,520)	-	(1,275,737)	(379,555)	-	(636,100)	5,742	1,858,393	(1,800,362)	888,957	-	(911,405)	
Change in net assets (deficit) attributable to controlling interest	671,968	(108,721)	888,957	1,452,204	7,056	-	(698,571)	-	(626,317)	-	(618,520)	-	(1,275,737)	(379,555)	-	(636,100)	5,742	1,858,393	2,434,438	888,957	-	3,323,395	
Change in net deficit attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,234,800)	-	-	-	(4,234,800)
Net assets (deficit) - beginning of year - controlling interest	13,814,442	2,000,899	1,651,383	17,466,724	1,344,765	4,186,499	-	393,594	-	537,798	-	(1,025)	-	-	(1,730)	-	1,878,397	7,525,547	31,679,186	1,651,383	-	33,330,569	
Net assets (deficit) - beginning of year - noncontrolling interest	-	-	-	-	-	-	162,988	-	(2,551,904)	-	(1,460,149)	-	3,610,346	3,608,077	-	12,626,257	-	(74,125)	15,921,490	-	-	15,921,490	
Partners' distributions	-	-	-	-	-	-	(2,000)	-	(2,000)	-	(12,000)	-	(2,000)	-	-	-	-	-	(18,000)	-	-	(18,000)	
Net assets (deficit) - end of year - controlling interest	14,486,410	1,892,178	2,540,340	18,918,928	1,351,821	4,186,499	-	393,594	-	537,798	-	(1,025)	-	-	(1,730)	-	1,884,139	9,383,940	34,113,624	2,540,340	-	36,653,964	
Net assets (deficit) - end of year - noncontrolling interest	-	-	-	-	-	-	(537,583)	-	(3,180,221)	-	(2,090,669)	-	2,332,609	3,228,522	-	11,990,157	-	(74,125)	11,668,690	-	-	11,668,690	
TOTAL NET ASSETS (DEFICIT) - END OF YEAR	\$ 14,486,410	\$ 1,892,178	\$ 2,540,340	\$ 18,918,928	\$ 1,351,821	\$ 4,186,499	\$ (537,583)	\$ 393,594	\$ (3,180,221)	\$ 537,798	\$ (2,090,669)	\$ (1,025)	\$ 2,332,609	\$ 3,228,522	\$ (1,730)	\$ 11,990,157	\$ 1,884,139	\$ 9,309,815	\$ 45,782,314	\$ 2,540,340	\$ -	\$ 48,322,654	