

GREENWICH HOUSE, INC. AND AFFILIATE



Greenwich House

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2023 AND 2022

GREENWICH HOUSE, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee and Board of Directors of
Greenwich House, Inc. and Affiliate

Opinion

We have audited the consolidated financial statements of Greenwich House, Inc. and Affiliate (the "Agency"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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 Agency as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Agency 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.

Change in Accounting Principle

As discussed in Note 2N to the consolidated financial statements, the Agency changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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 Agency's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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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 Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information included on pages 19-20 as of June 30, 2023 and 2022 and for the year ended June 30, 2023, is presented for purposes of additional analysis rather than to present the financial position and changes 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.

Mayer Hoffman McCann CPAs

New York, NY
April 9, 2024

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (Notes 2E and 12)	\$ 3,087,359	\$ 6,573,048
Investments (Notes 2F, 2G and 4)	8,718,087	2,940,438
Accounts receivable - government, net (Note 2I)	4,997,492	4,950,786
Contributions receivable (Notes 2I and 14)	814,939	518,350
Prepaid expenses and other assets	528,610	405,368
Beneficial interest in remainder trust (Notes 8 and 13)	246,047	246,047
Operating right-of-use asset (Notes 2N and 10)	1,327,234	-
Property and equipment, net (Notes 2J and 5)	<u>4,431,061</u>	<u>2,935,966</u>
TOTAL ASSETS	<u>\$ 24,150,829</u>	<u>\$ 18,570,003</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,800,477	\$ 1,799,901
Accrued salaries and related liabilities	664,857	632,746
Deferred revenue (Note 2H)	5,054,348	4,197,783
Line of credit (Note 6)	2,000,050	752,645
Notes payable (Note 7)	600,000	492,500
Operating lease liability (Notes 2N and 10)	<u>1,337,872</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,457,604</u>	<u>7,875,575</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2D)		
Without donor restrictions:		
Invested in property and equipment	4,431,061	2,935,966
Operations	<u>2,326,412</u>	<u>2,982,756</u>
Total without donor restrictions	<u>6,757,473</u>	<u>5,918,722</u>
With donor restrictions (Note 8)		
Time and purpose	4,224,491	3,064,445
Perpetual in nature	<u>1,711,261</u>	<u>1,711,261</u>
Total with donor restrictions	<u>5,935,752</u>	<u>4,775,706</u>
TOTAL NET ASSETS	<u>12,693,225</u>	<u>10,694,428</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,150,829</u>	<u>\$ 18,570,003</u>

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

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
OPERATING REVENUE AND SUPPORT:						
Government grants (Note 2H)	\$ 7,376,818	\$ -	\$ 7,376,818	\$ 4,427,386	\$ -	\$ 4,427,386
Program tuition and fees (net of financial aid of \$257,479 and \$367,702, respectively) (Note 2H)	8,600,039	-	8,600,039	7,594,039	-	7,594,039
Medicaid and other insurance (Note 2H)	6,619,266	-	6,619,266	6,601,774	-	6,601,774
Contributions (Note 2H)	1,543,364	1,578,418	3,121,782	1,019,977	642,468	1,662,445
Special events (net of direct benefits to donor of \$46,897 and \$39,364, respectively)	-	602,960	602,960	626,231	-	626,231
Rental income	439,823	-	439,823	393,458	-	393,458
Investment return appropriated for operations (Note 4)	119,788	-	119,788	239,578	-	239,578
Other income	652,594	-	652,594	322,478	-	322,478
Forgiveness of Paycheck Protection Program loan (Note 7)	-	-	-	2,189,317	-	2,189,317
Net assets released from restrictions (Notes 2D and 8)	1,046,671	(1,046,671)	-	834,086	(834,086)	-
TOTAL OPERATING REVENUE AND SUPPORT	26,398,363	1,134,707	27,533,070	24,248,324	(191,618)	24,056,706
OPERATING EXPENSES (Note 2L):						
Program services:						
Substance abuse services	6,569,336	-	6,569,336	7,040,342	-	7,040,342
Adult services	2,708,107	-	2,708,107	2,157,288	-	2,157,288
Mental Health services	2,621,419	-	2,621,419	1,484,738	-	1,484,738
Nursery School and other children's services	5,819,771	-	5,819,771	5,015,761	-	5,015,761
Music School	1,167,555	-	1,167,555	962,413	-	962,413
Pottery School	1,537,630	-	1,537,630	1,305,447	-	1,305,447
Total program services	20,423,818	-	20,423,818	17,965,989	-	17,965,989
Supporting services:						
Management and administration	4,840,807	-	4,840,807	4,892,158	-	4,892,158
Fundraising	852,674	-	852,674	414,616	-	414,616
Total supporting services	5,693,481	-	5,693,481	5,306,774	-	5,306,774
TOTAL OPERATING EXPENSES	26,117,299	-	26,117,299	23,272,763	-	23,272,763
CHANGE IN NET ASSETS FROM OPERATIONS	281,064	1,134,707	1,415,771	975,561	(191,618)	783,943
NONOPERATING ACTIVITIES (Note 2M)						
Investment return over (under) amount used for operations (Note 4)	557,687	145,127	702,814	(52,581)	(75,792)	(128,373)
Investment return appropriated for operations (Note 4)	-	(119,788)	(119,788)	-	(239,578)	(239,578)
Change in value of beneficial interest in remainder trust (Note 13)	-	-	-	-	(52,173)	(52,173)
CHANGE IN NET ASSETS	838,751	1,160,046	1,998,797	922,980	(559,161)	363,819
Net assets - beginning of year	5,918,722	4,775,706	10,694,428	5,235,320	5,095,289	10,330,609
NET ASSETS - END OF YEAR	\$ 6,757,473	\$ 5,935,752	\$ 12,693,225	\$ 6,158,300	\$ 4,536,128	\$ 10,694,428

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

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Totals
for the Year Ended June 30, 2022)

	Program Services							Supporting Services				
	Substance Abuse Services	Adult Services	Mental Health Services	Nursery School and Other Children's Services	Music School	Pottery School	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Total 2023	Total 2022
Salaries	\$ 2,865,590	\$ 1,051,328	\$ 1,500,907	\$ 3,218,927	\$ 665,723	\$ 873,688	\$ 10,176,163	\$ 2,165,793	\$ 302,098	\$ 2,467,891	\$ 12,644,054	\$ 10,608,980
Payroll taxes and benefits (Note 9)	897,388	271,062	349,061	953,563	152,837	200,581	2,824,492	594,372	69,355	663,727	3,488,219	3,247,204
Total salaries and related costs	3,762,978	1,322,390	1,849,968	4,172,490	818,560	1,074,269	13,000,655	2,760,165	371,453	3,131,618	16,132,273	13,856,184
Contracted services	1,023,466	213,532	398,472	784,758	169,079	63,968	2,653,275	801,157	155,963	957,120	3,610,395	3,463,777
Equipment and computers	329,559	34,774	166,129	16,671	10,889	12,279	570,301	276,070	7,616	283,686	853,987	634,128
Occupancy (Note 10)	943,789	460,666	15,042	101,093	66,118	139,115	1,725,823	274,988	13,882	288,870	2,014,693	2,138,528
Repairs and maintenance	59,410	23,643	51,224	30,997	32,773	31,419	229,466	42,802	-	42,802	272,268	194,805
Insurance	114,073	66,159	31,040	65,506	18,728	24,900	320,406	23,308	12,588	35,896	356,302	195,891
Telephone	41,678	14,696	14,564	3,209	4,240	6,024	84,411	35,749	5,729	41,478	125,889	181,742
Office supplies and postage	9,866	19,554	4,694	199,370	854	5,223	239,561	6,493	418	6,911	246,472	162,640
Program and other supplies	252,981	508,887	38,131	76,667	12,347	117,105	1,006,118	78,902	47,973	126,875	1,132,993	788,909
Advertising	5,000	3,449	14,707	39,648	29,340	10,633	102,777	31,419	6,276	37,695	140,472	84,603
Transportation	5,185	503	995	16,313	-	-	22,996	126	-	126	23,122	23,642
Staff training	-	33	23,300	375	-	-	23,708	17,960	-	17,960	41,668	43,392
Subscriptions, fees and dues	15,852	4,753	1,402	23,133	379	1,711	47,230	25,662	-	25,662	72,892	70,917
Other	5,499	35,068	11,751	63,876	4,248	50,984	171,426	48,921	30,261	79,182	250,608	365,966
Depreciation and amortization (Note 5)	-	-	-	225,665	-	-	225,665	173,966	-	173,966	399,631	415,168
Interest (Note 6)	-	-	-	-	-	-	-	131,718	-	131,718	131,718	49,434
Special events expenses	-	-	-	-	-	-	-	-	247,412	247,412	50,796	50,796
Bad debt (Note 2l)	-	-	-	-	-	-	-	111,401	-	111,401	111,401	591,605
TOTAL EXPENSES	6,569,336	2,708,107	2,621,419	5,819,771	1,167,555	1,537,630	20,423,818	4,840,807	899,571	5,740,378	26,164,196	23,312,127
Less: Direct cost of special events reported net of revenue on the consolidating statements of activities	-	-	-	-	-	-	-	-	(46,897)	(46,897)	(46,897)	(39,364)
TOTAL EXPENSES	\$ 6,569,336	\$ 2,708,107	\$ 2,621,419	\$ 5,819,771	\$ 1,167,555	\$ 1,537,630	\$ 20,423,818	\$ 4,840,807	\$ 852,674	\$ 5,693,481	\$ 26,117,299	\$ 23,272,763

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services							Supporting Services			
	Substance Abuse Services	Adult Services	Mental Health Services	Nursery School and Other Children's Services	Music School	Pottery School	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Total 2022
Salaries	\$ 2,907,984	\$ 948,661	\$ 892,633	\$ 2,695,903	\$ 572,195	\$ 788,021	\$ 8,805,397	\$ 1,677,927	\$ 125,656	\$ 1,803,583	\$ 10,608,980
Payroll taxes and benefits (Note 9)	1,122,837	221,622	225,200	798,158	116,956	152,445	2,637,218	586,835	23,151	609,986	3,247,204
Total salaries and related costs	4,030,821	1,170,283	1,117,833	3,494,061	689,151	940,466	11,442,615	2,264,762	148,807	2,413,569	13,856,184
Contracted services	1,145,152	183,618	267,239	579,952	77,560	24,906	2,278,427	1,005,368	179,982	1,185,350	3,463,777
Equipment and computers	254,058	54,102	52,712	61,315	16,121	26,339	464,647	139,514	29,967	169,481	634,128
Occupancy (Note 10)	1,223,163	338,921	10,147	93,866	63,955	115,585	1,845,637	278,110	14,781	292,891	2,138,528
Repairs and maintenance	20,676	21,936	1,595	36,922	39,024	16,194	136,347	58,416	42	58,458	194,805
Insurance	35,734	17,442	12,467	30,904	12,500	13,887	122,934	71,508	1,449	72,957	195,891
Telephone	36,394	12,794	11,897	60,205	5,273	5,371	131,934	45,494	4,314	49,808	181,742
Office supplies and postage	6,579	5,155	2,303	120,649	3,084	14,316	152,086	8,425	2,129	10,554	162,640
Program and other supplies	236,084	343,100	1,146	55,689	6,848	97,063	739,930	30,979	18,000	48,979	788,909
Advertising	-	1,184	875	11,439	15,776	2,836	32,110	49,506	2,987	52,493	84,603
Transportation	13,765	41	275	6,189	189	66	20,525	3,117	-	3,117	23,642
Staff training	-	2,050	250	40,103	1,534	-	43,937	(545)	-	(545)	43,392
Subscriptions, fees and dues	19,493	3,666	3,120	18,287	1,054	536	46,156	24,529	232	24,761	70,917
Other	1,776	2,996	1,897	158,024	19,934	43,253	227,880	137,592	494	138,086	365,966
Depreciation and amortization (Note 5)	16,647	-	982	248,156	10,410	4,629	280,824	134,344	-	134,344	415,168
Interest (Note 6)	-	-	-	-	-	-	-	49,434	-	49,434	49,434
Special events expenses	-	-	-	-	-	-	-	-	50,796	50,796	50,796
Bad debt (Note 2l)	-	-	-	-	-	-	-	591,605	-	591,605	591,605
Less: Direct cost of special events reported net of revenue on the consolidating statements of activities	-	-	-	-	-	-	-	-	(39,364)	(39,364)	(39,364)
	\$ 7,040,342	\$ 2,157,288	\$ 1,484,738	\$ 5,015,761	\$ 962,413	\$ 1,305,447	\$ 17,965,989	\$ 4,892,158	\$ 414,616	\$ 5,306,774	\$ 23,272,760

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,998,797	\$ 363,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	399,631	415,168
Bad debt	111,401	591,605
Net realized and unrealized (gain) loss on investments	(530,270)	304,683
Change in value of beneficial interest in remainder trust	-	52,173
Non-cash lease expenses	579,428	
Forgiveness of Paycheck Protection Program loan	<u>-</u>	<u>(2,189,317)</u>
Subtotal	2,558,987	(461,869)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - government	(158,107)	(500,871)
Contributions receivable	(296,589)	1,005,033
Prepaid expenses and other assets	(123,242)	(121,919)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	576	647,362
Accrued salaries and related liabilities	32,111	(255,276)
Deferred revenue	856,565	940,567
Change in lease liability	<u>(568,790)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>2,301,511</u>	<u>1,253,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (purchase) of investments	(5,247,379)	59,333
Purchase of property and equipment	<u>(1,894,726)</u>	<u>(461,261)</u>
Net Cash Used in Investing Activities	<u>(7,142,105)</u>	<u>(401,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(200,000)	-
Borrowings on note payable	307,500	492,500
Borrowings on line of credit	<u>1,247,405</u>	<u>2,595</u>
Net Cash Provided by Financing Activities	<u>1,354,905</u>	<u>495,095</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,485,689)	1,346,194
Cash and cash equivalents - beginning of year	<u>6,573,048</u>	<u>5,226,854</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,087,359</u>	<u>\$ 6,573,048</u>
Supplemental Non-Cash Disclosure:		
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>\$ 2,189,317</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 131,718</u>	<u>\$ 49,434</u>

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

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES

Greenwich House, Inc. (“Greenwich House”) was formed in 1902 for the purpose of providing health and human services, cultural and educational programs, and opportunities for civic and social engagement for communities in New York City’s West Village and beyond.

The work of Greenwich House with government partners includes behavioral health and wellness programs for children and adults; substance disorder services; four older adult centers, and a workforce and training center. Additionally, Greenwich House provides a variety of community oriented arts and enrichment programs that include a music school, pottery school, and a youth community center with afterschool, holiday camp, and summer camp programs. Greenwich House’s primary sources of funding are Medicaid, government grants, and program tuition and fees. Greenwich House is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Barrow Street Nursery School at Greenwich House, Inc. (the “School” or “Affiliate”) is a pre-school located in Manhattan, New York which began operations in September 2005. It is supported primarily by tuition. The School is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Greenwich House is the sole member of the School.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Consolidation** – The consolidated financial statements include the activities of Greenwich House and the School (collectively referred to as the “Agency”). Upon consolidation, all significant intercompany balances and transactions are eliminated.
- B. Basis of Accounting** – The Agency’s consolidated financial statements are prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- C. Use of Estimates** – The preparation of the 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.
- D. Net Assets** – The Agency maintains its accounts in accordance with the following net asset groups:
- Without donor restrictions - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Agency’s operations over which the Board of Directors has discretionary control.
- With donor restrictions - This represents net assets subject to donor-imposed stipulations that will be met by actions of the Agency or by the passage of time and donor-restricted endowment funds. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished or investment earnings are appropriated, 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. The Agency reports donor restricted funds that are received and released in the same year to be net assets without donor restrictions.
- E. Cash and Cash Equivalents** – The Agency considers highly liquid debt instruments with maturities of three months or less when acquired to be cash and cash equivalents, except for cash held for long-term investments.
- F. Investments** – Investments are stated at fair value.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 below:

- 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 to no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

H. *Revenue Recognition* – Government grants and contracts and contributions are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Government grants revenue amounted to \$7,376,818 and \$4,427,386 for the years ended June 30, 2023 and 2022, respectively, and are included in the consolidated statements of activities. There are instances when the Agency receives advances from the governmental funding sources. Such advances are recorded as deferred revenue in the accompanying consolidated statements of financial position.

As of June 30, 2023 and 2022, the Agency received conditional grants and contracts from government agencies in the aggregate amounts of \$20,933,192 and \$26,239,069, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

Tuition and fees are recorded in the period in which the tuition and fees are earned. Deferred tuition is tuition payments received prior to year-end, but which are applicable to the following academic year. These amounts are recognized as revenue in the fiscal year in which educational services are provided. The beginning and ending balances related to tuition and fees were as follows as of June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue	\$ 5,054,348	\$ 4,197,783	\$ 3,257,216

Tuition and fees are recognized at the time the contractual service is delivered and are accounted for under FASB Accounting Standards Codification (“ASC”) Topic 606 “Revenue from Contracts with Customers.” Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations are satisfied at a point in time at which services are provided. The Agency believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, 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. The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

- I. *Allowance for Doubtful Accounts*** – An allowance for doubtful accounts on accounts receivable – government is 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, the creditworthiness of its customers and a review of payments subsequent to year-end. As of both June 30, 2023 and 2022, the Agency determined an allowance of \$131,116 and \$380,985, respectively, was necessary. For contributions receivable, as of both June 30, 2023 and 2022, the Agency determined an allowance of \$0, respectively, was necessary.
- J. *Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation and amortization. Items with a cost in excess of \$2,000 and an estimated useful life of greater than one year are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the shorter of the term of the lease or the estimated useful life of the asset.
- K. *Contributed Items and Services*** – Contributed items are recorded at their estimated fair values at the date the contribution is received.

Contributed services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs, campaign solicitations and various committee assignments that are not recorded in the consolidated financial statements, since the recognition criteria are not met.

There were no in-kind goods and services were contributed to the School for the years ended June 30, 2023 and 2022.

- L. *Functional Allocation of Expenses*** – The costs of providing the Agency's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and payroll taxes and benefits, which are allocated on the basis of time and effort, and occupancy, depreciation and amortization, insurance, telephone and repairs and maintenance, which are allocated on a square footage basis.
- M. *Operating Measure*** – The Agency includes, in its definition of operations, all revenues and expenses that are an integral part of its programs and supporting activities.
- N. *Recent Accounting Pronouncement*** – In 2023, the Agency adopted FASB ASU No. 2016-02, *Leases*, which requires lessees to recognize leases on the statements of financial position and disclose key information about leasing arrangements. The Agency elected not to restate the comparative period (2022). The Agency also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Agency recognized operating ROU assets of \$1,906,404 and operating lease liabilities totaling \$1,906,404 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 — LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing programs and other expenses, as well as the conduct of services undertaken to support these activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Agency operates with a budgeted surplus and anticipates collecting sufficient revenue to cover general expenditure.

The Agency has a \$2 million line of credit as more fully explained in Note 6, which may be drawn upon for operating cash flow. The available balance for the line of credit amounted to \$0 and \$1,247,355 as of June 30, 2023 and 2022, respectively. The Agency also has earnings on endowment funds as more fully explained in Note 8. During the years ended June 30, 2023 and 2022, the Agency appropriated \$119,788 and \$239,578 of earnings, respectively.

As of June 30, 2023 and 2022, the following financial assets could be made readily available within one year of the consolidated statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,087,359	\$ 6,573,048
Investments	8,718,087	2,940,438
Accounts receivable – government, net	4,997,492	4,950,786
Contributions receivable	<u>814,939</u>	<u>518,350</u>
 Total financial assets	 17,617,877	 14,982,622
 Less:		
Donor-restricted net assets	<u>(5,935,752)</u>	<u>(4,775,706)</u>
	 <u>\$ 11,682,125</u>	 <u>\$ 10,206,916</u>

NOTE 4 — INVESTMENTS AND FAIR VALUE MEASUREMENTS

In determining the fair value of its investments, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and it also considers counterparty credit risk in its assessment of fair value (see Note 2G).

Investments at June 30, 2023 are comprised of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Cash and money market funds	\$ 1,120,102	\$ -	\$ 1,120,102
Mutual funds	7,583,135	-	7,583,135
Fixed income	<u>-</u>	<u>14,850</u>	<u>14,850</u>
 TOTAL ASSETS AT FAIR VALUE	 <u>\$ 8,703,237</u>	 <u>\$ 14,850</u>	 <u>\$ 8,718,087</u>

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 — INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments at June 30, 2022 are comprised of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Cash and money market funds	\$ 1,653,320	\$ -	\$ 1,653,320
Mutual funds	1,273,566	-	1,273,566
Fixed income	<u>-</u>	<u>13,552</u>	<u>13,552</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 2,926,886</u>	<u>\$ 13,552</u>	<u>\$ 2,940,438</u>

Investments in money market funds and mutual funds are valued using market prices in active markets (Level 1). Fixed income is valued using model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data (Level 2).

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2023 and 2022, there were no transfers in or out of levels 1, 2 or 3.

The following table summarizes investment activity for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 195,569	\$ 176,720
Realized and unrealized gain (loss) on investments	530,270	(304,683)
Investment fees	<u>(23,025)</u>	<u>(410)</u>
Total	<u>\$ 702,814</u>	<u>\$ (128,373)</u>

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Buildings	\$ 450,605	\$ 450,605	30 Years
Furniture, fixtures and equipment	437,536	386,746	5-10 Years
Building improvements	3,285,638	3,278,417	15-30 Years
Leasehold improvements	2,654,759	2,654,759	3-10 Years
Construction in progress	<u>2,710,360</u>	<u>873,645</u>	
Total cost	9,538,898	7,644,172	
Less: accumulated depreciation and amortization	<u>(5,107,837)</u>	<u>(4,708,206)</u>	
Net book value	<u>\$ 4,431,061</u>	<u>\$ 2,935,966</u>	

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 — PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to \$399,631 and \$415,168 for the years ended June 30, 2023 and 2022, respectively.

Construction in progress relates to costs to renovate and expand the pottery school, the music school and 27 Barrow Local Law 11. Construction is expected to be completed for the three projects by fiscal year 2025. The estimated costs to complete the construction in progress is approximately \$3,400,000.

NOTE 6 — BANK LINE OF CREDIT

In August 2014, Greenwich House obtained a \$2,000,050 commercial line of credit from the Emigrant Funding Corporation. The line of credit requires interest-only monthly payments at the higher of 100 basis points in excess of the prime rate or 4.50% until March 2026, when all unpaid principal is due in full. Interest charged was 4.50% as of both June 30, 2023 and 2022.

Interest expense for the years ended June 30, 2023 and 2022 was \$131,718 and \$49,434, respectively. As of June 30, 2023 and 2022, the balance due on the line of credit was \$2,000,050 and \$752,645, respectively. As of April 9, 2024, there was approximately \$2,000,000 outstanding.

NOTE 7 — NOTES AND LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA"). If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Agency applied for this loan through an SBA - authorized lender. The loan, amounting to \$2,189,317, was approved in April 2020 and received on April 10, 2020.

The Agency recognized the loan in accordance with FASB ASC Topic 470, *Debt*. Accordingly, the proceeds of the PPP loan were recognized as a loan payable on the accompanying consolidated statements of financial position and the Agency derecognized the liability when the loan was forgiven.

As of June 30, 2021, the outstanding balance was \$2,189,317. On August 19, 2021, the Agency received forgiveness for the entire amount and recognized the revenue in the accompanying consolidated statement of activities for the year ended June 30, 2022.

On June 9, 2022, the Agency obtained a short-term loan with the Fund for the City of New York for \$500,000. The loan is subject to a 1.5% service charge of the principal amount for the initial loan period, which period should be no longer than three months. If the Agency does not pay back the loan within three months, the lender will impose an additional 1.5% service charge for any additional periods of three months or less that the loan remains outstanding. If the loan is not fully repaid by the end of the original loan period, the lender may charge interest of prime plus 3% of the principal amount outstanding in lieu of the service charge, until the loan and all related charges are fully repaid. As of June 30, 2023 and 2022, the balance due on the loan was \$300,000 and \$492,500, respectively.

On December 19, 2022, the Agency obtained a loan from the New York City Historic Properties Fund for \$300,000 for the restoration of 27 Barrow Street. The loan is subject to interest of 3% per annum and matures in 10 years. As of June 30, 2023, the balance due on the loan was \$300,000. There was no interest paid on the loan as of June 30, 2023. The loan is secured by the investments held by the Agency.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 — NOTES AND LOAN PAYABLE (Continued)

Required future annual principal payments are payable as follows for the years ending after June 30, 2023:

2024	\$	315,141
2025		26,580
2026		27,388
2027		28,221
2028		29,079
Thereafter		<u>173,591</u>
	\$	<u>600,000</u>

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Children's program	\$ 35,000	\$ 541,477
Music school	229,287	257,117
Pottery school	1,790,133	1,209,147
Senior services	40,425	-
Methadone maintenance & treatment program	502,089	412,468
Workforce	203,370	-
After school	-	25,000
Other programs	796,805	17,193
Beneficial interest in remainder trust	246,047	246,047
Unappropriated endowment earnings	381,335	355,996
Endowment corpus	<u>1,711,261</u>	<u>1,711,261</u>
	<u>\$ 5,935,752</u>	<u>\$ 4,775,706</u>

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

	<u>2023</u>	<u>2022</u>
Children's program	\$ 25,000	\$ 94,379
Music school	61,949	-
NNW - Neighborhood network	-	140,960
Pottery school	168,138	5,250
Scholarships	257,479	278,873
Senior services	14,225	29,445
Methadone maintenance & treatment program	337,222	-
Workforce	25,825	-
Other programs	156,833	45,601
Endowment appropriations	<u>119,788</u>	<u>239,578</u>
	<u>\$ 1,166,459</u>	<u>\$ 834,086</u>

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Donor-restricted endowment funds consist of funds with income restricted for the following as of June 30:

	<u>2023</u>	<u>2022</u>
Children's program	\$ 45,887	\$ 45,887
General operating	217,522	217,522
Music therapy	200,000	200,000
Leadership awards	47,433	47,433
Pottery school	75,000	75,000
Music school	<u>1,125,419</u>	<u>1,125,419</u>
	<u>\$ 1,711,261</u>	<u>\$ 1,711,261</u>

The Agency recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA replaced the prior law, which was the Uniform Management of Institutional Funds Act ("UMIFA"). In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than seven percent of a donor-restricted endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise not be restricted by the donor will be reflected as net assets with donor restrictions until appropriated.

The Agency's Board has interpreted NYPMIFA as allowing the Agency to appropriate for expenditure or accumulate so much of an endowment fund as the Agency determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. In accordance with the Agency's policy noted in Note 2D, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, the Agency had not incurred a deficiency in its donor-restricted endowment funds.

The Agency's endowment investment policy is to invest primarily in a mix of equities and fixed-income securities based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Unappropriated Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 355,996	\$ 1,711,261	\$ 2,067,257
Investment return	145,127	-	145,127
Appropriated for operations	<u>(119,788)</u>	<u>-</u>	<u>(119,788)</u>
Endowment net assets, end of year	<u>\$ 381,335</u>	<u>\$ 1,711,261</u>	<u>\$ 2,092,596</u>

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Unappropriated Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 671,366	\$ 1,711,261	\$ 2,382,627
Investment loss	(75,792)	-	(75,792)
Appropriated for operations	<u>(239,578)</u>	<u>-</u>	<u>(239,578)</u>
Endowment net assets, end of year	<u>\$ 355,996</u>	<u>\$ 1,711,261</u>	<u>\$ 2,067,257</u>

NOTE 9 — PENSION PLANS

- A. Certain of the Agency's employees in government-funded programs are covered by a multi-employer pension plan covering union employees. The Agency contributes to the 1199 SEIU Health Care Employees Pension Fund (the "Plan"), a multi-employer, non-contributory, defined benefit pension plan which provides retirement benefits to employees who are covered under collective bargaining agreements. The Plan is administered by a Board of Trustees and is subject to the provisions of the Employee Retirement Income Security Act of 1974.

The risks of participating in multi-employer pension plans are different from single-employer plans in that: assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and if the Agency stops participating in the multi-employer plan, the Agency may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability. The Agency contributed \$160,587 and \$151,583 to the Plan for the years ended June 30, 2023 and 2022, respectively.

The following information was obtained from the Greenwich House union-managed pension plan:

Pension Plan	Employer Identification Number	Pension Plan Number	PPA Zone Status January 1, 2022	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreements
1199 SEIU Health Care Employees Pension Fund	13-3604862	001	Green	N/A	No	June 30, 2024

The Plan was certified by its actuary to be in "green zone" status - not endangered seriously or critically as of January 1, 2022.

- B. Greenwich House established a 403(b) defined contribution plan covering all employees. Greenwich House does not make contributions to this plan.

In 2014, the School established a tax deferred annuity plan for all employees who work 20 or more hours per week or 1,000 or more hours for the 12-month period beginning on the hire date. The School makes discretionary contributions to the plan. Pension expense for the years ended 2023 and 2022, amounted to \$71,808 and \$82,467, respectively.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 — LEASES

The Agency has lease commitments for certain facilities expiring on various dates through 2026.

The weighted average discount rate is based on the U.S. Treasury zero coupon rate.

The Agency has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of June 30, 2023:

Weighted average remaining lease term in years:

Operating leases	1.44
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Weighted average discount rate:

Operating leases	3.12%
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As of June 30, 2023, the operating right-of-use ("ROU") asset balance totaled \$1,327,234 and operating lease liabilities totaled \$1,337,872 as shown on the accompanying statement of financial position. Future minimum payments for non-cancelable leases for the remaining three years ending after June 30, 2023 are as follows:

	<u>Operating Leases</u>
2024	\$ 1,018,339
2025	319,451
2026	<u>33,000</u>
Total lease payments	1,370,790
Less: present value discount	<u>(32,918)</u>
Present value of lease liabilities	<u>\$ 1,337,872</u>

The following table summarizes the supplemental cash flows information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of operating leases	\$ 989,378
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Operating ROU assets obtained in exchange for operating lease liabilities	\$ 373,566
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Operating lease costs amount to \$1,000,016 for the year ended June 30, 2023.

Rent expense amounted to \$2,138,528 for the year ended June 30, 2022.

NOTE 11 — COMMITMENTS AND CONTINGENCIES

- A. The Agency believes it has no uncertain tax positions as of June 30, 2023 and 2022, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. The Agency is subject to legal proceedings and claims that have recently been filed, and is unable to anticipate the impact, if any, these will have on the consolidated financial statements.

GREENWICH HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 — CONCENTRATION

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits (\$250,000 per depositor, per insured financial institution) by approximately \$1,050,000 and \$5,750,000 as of June 30, 2023 and 2022, respectively. This excess includes outstanding checks.

NOTE 13 — BENEFICIAL INTEREST IN REMAINDER TRUST

During 2005, Greenwich House was named a beneficiary of a trust in which Greenwich House has an irrevocable remainder trust interest and the assets are placed under the control of a trustee other than Greenwich House. The trustee acts as a fiduciary of the assets and, upon termination of the trust, these assets will be transferred to Greenwich House. This receivable has been discounted at a rate of 5% using actuarially based mortality tables. The value of the beneficial interest in remainder trust at both June 30, 2023 and 2022 was \$246,047.

NOTE 14 — CONTRIBUTIONS RECEIVABLE

Contributions receivable were due to be collected during the following years as of June 30:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 747,653	\$ 489,350
One to five years	72,500	29,000
Less: discount to present value (4.13% - 4.87%)	<u>(5,214)</u>	<u>-</u>
	<u>\$ 814,939</u>	<u>\$ 518,350</u>

NOTE 15 — SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through April 9, 2024, the date the consolidated financial statements were available to be issued.

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	As of June 30, 2023				As of June 30, 2022			
	Greenwich House, Inc.	Barrow Street Nursery School	Intercompany Eliminations	Total 2023	Greenwich House, Inc.	Barrow Street Nursery School	Intercompany Eliminations	Total 2022
ASSETS								
Cash and cash equivalents	\$ 1,015,864	\$ 2,071,495	\$ -	\$ 3,087,359	\$ 704,808	\$ 5,868,240	\$ -	\$ 6,573,048
Investments	3,453,763	5,264,324	-	8,718,087	2,940,438	-	-	2,940,438
Accounts receivable - government, net	4,997,492	-	-	4,997,492	4,950,786	-	-	4,950,786
Contributions receivable	813,689	1,250	-	814,939	496,100	22,250	-	518,350
Prepaid expenses and other assets	460,870	67,740	-	528,610	332,109	73,259	-	405,368
Beneficial interest in remainder trust	246,047	-	-	246,047	246,047	-	-	246,047
Due from related party	185,834	-	(185,834)	-	-	662,399	(662,399)	-
Operating right-of-use asset	1,327,234	1,577,217	(1,577,217)	1,327,234	-	-	-	-
Property and equipment, net	4,092,032	339,029	-	4,431,061	2,371,273	564,693	-	2,935,966
TOTAL ASSETS	\$ 16,592,825	\$ 9,321,055	\$ (1,763,051)	\$ 24,150,829	\$ 12,041,561	\$ 7,190,841	\$ (662,399)	\$ 18,570,003
LIABILITIES								
Accounts payable and accrued expenses	\$ 1,679,402	\$ 96,890	\$ 24,185	\$ 1,800,477	\$ 1,718,195	\$ 81,706	\$ -	\$ 1,799,901
Accrued salaries and related liabilities	556,619	108,238	-	664,857	516,928	115,818	-	632,746
Due to related party	98,589	87,245	(185,834)	-	662,399	-	(662,399)	-
Deferred revenue	1,096,910	3,957,438	-	5,054,348	285,288	3,912,495	-	4,197,783
Line of credit	2,000,050	-	-	2,000,050	752,645	-	-	752,645
Notes payable	600,000	-	-	600,000	492,500	-	-	492,500
Operating lease liability	1,337,872	1,601,402	(1,601,402)	1,337,872	-	-	-	-
TOTAL LIABILITIES	7,369,442	5,851,213	(1,763,051)	11,457,604	4,427,955	4,110,019	(662,399)	7,875,575
NET ASSETS								
Without donor restrictions								
Invested in property and equipment	4,092,032	339,029	-	4,431,061	2,371,273	564,693	-	2,935,966
Operations	(21,600)	2,348,012	-	2,326,412	1,008,104	1,974,652	-	2,982,756
Total without donor restrictions	4,070,432	2,687,041	-	6,757,473	3,379,377	2,539,345	-	5,918,722
With donor restrictions								
Time and purpose	3,441,690	782,801	-	4,224,491	2,522,968	541,477	-	3,064,445
Perpetual in nature	1,711,261	-	-	1,711,261	1,711,261	-	-	1,711,261
With donor restrictions	5,152,951	782,801	-	5,935,752	4,234,229	541,477	-	4,775,706
TOTAL NET ASSETS	9,223,383	3,469,842	-	12,693,225	7,613,606	3,080,822	-	10,694,428
TOTAL LIABILITIES AND NET ASSETS	\$ 16,592,825	\$ 9,321,055	\$ (1,763,051)	\$ 24,150,829	\$ 12,041,561	\$ 7,190,841	\$ (662,399)	\$ 18,570,003

See independent auditors' report.

GREENWICH HOUSE, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	Greenwich House, Inc.			Barrow Street Nursery School				2023	2022
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidating Eliminations	Consolidated Total	Consolidated Total
OPERATING REVENUE AND SUPPORT:									
Revenue									
Government grants	\$ 7,376,818	\$ -	\$ 7,376,818	\$ -	\$ -	\$ -	\$ -	\$ 7,376,818	\$ 4,427,386
Program tuition and fees (net of financial aid of \$257,479 and \$367,702, respectively)	3,026,769	-	3,026,769	5,573,270	-	5,573,270	-	8,600,039	7,594,039
Medicaid and other insurance	6,619,266	-	6,619,266	-	-	-	-	6,619,266	6,601,774
Contributions	1,464,054	1,578,418	3,042,472	79,310	-	79,310	-	3,121,782	1,662,445
Special events (net of direct benefits to donor of \$46,897 and \$39,364, respectively)	-	-	-	-	602,960	602,960	-	602,960	626,231
Rental income	990,842	-	990,842	-	-	-	(551,019)	439,823	393,458
Investment activity	-	-	-	-	-	-	-	-	-
Investment return appropriated for operations	119,788	-	119,788	-	-	-	-	119,788	239,578
Management fees	766,839	-	766,839	-	-	-	(766,839)	-	-
Other income	596,749	-	596,749	55,845	-	55,845	-	652,594	322,478
Forgiveness of Paycheck Protection Program loan	-	-	-	-	-	-	-	-	2,189,317
Net assets released from restrictions	685,035	(685,035)	-	361,636	(361,636)	-	-	-	-
TOTAL OPERATING REVENUE AND SUPPORT	21,646,160	893,383	22,539,543	6,070,061	241,324	6,311,385	(1,317,858)	27,533,070	24,056,706
OPERATING EXPENSES:									
Program services:									
Substance abuse services	6,569,336	-	6,569,336	-	-	-	-	6,569,336	7,040,342
Adult services	2,708,107	-	2,708,107	-	-	-	-	2,708,107	2,157,288
Mental health services	2,621,419	-	2,621,419	-	-	-	-	2,621,419	1,484,738
Nursery school and other children's services	804,154	-	804,154	5,566,636	-	5,566,636	(551,019)	5,819,771	5,015,761
Music school	1,167,555	-	1,167,555	-	-	-	-	1,167,555	962,413
Pottery school	1,537,630	-	1,537,630	-	-	-	-	1,537,630	1,305,447
Total program services	15,408,201	-	15,408,201	5,566,636	-	5,566,636	(551,019)	20,423,818	17,965,989
Supporting services:									
Management and administration	4,840,807	-	4,840,807	766,839	-	766,839	(766,839)	4,840,807	4,892,158
Fundraising	841,576	-	841,576	11,098	-	11,098	-	852,674	414,616
Total supporting services	5,682,383	-	5,682,383	777,937	-	777,937	(766,839)	5,693,481	5,306,774
TOTAL OPERATING EXPENSES	21,090,584	-	21,090,584	6,344,573	-	6,344,573	(1,317,858)	26,117,299	23,272,763
CHANGE IN NET ASSETS FROM OPERATIONS	555,576	893,383	1,448,959	(274,512)	241,324	(33,188)	-	1,415,771	783,943
NONOPERATING ACTIVITIES									
Investment return over (under) amount used for operations	135,479	145,127	280,606	422,208	-	422,208	-	702,814	(128,373)
Investment return appropriated for operations	-	(119,788)	(119,788)	-	-	-	-	(119,788)	(239,578)
Change in value of beneficial interest in remainder trust	-	-	-	-	-	-	-	-	(52,173)
CHANGE IN NET ASSETS	691,055	918,722	1,609,777	147,696	241,324	389,020	-	1,998,797	363,819
Net assets - beginning of year	3,379,377	4,234,229	7,613,606	2,539,345	541,477	3,080,822	-	10,694,428	10,330,609
NET ASSETS - END OF YEAR	\$ 4,070,432	\$ 5,152,951	\$ 9,223,383	\$ 2,687,041	\$ 782,801	\$ 3,469,842	\$ -	\$ 12,693,225	\$ 10,694,428

See independent auditors' report.