



**BRONXWORKS, INC. AND SUBSIDIARIES**

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

**Years Ended June 30, 2023 and 2022**

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**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

The Board of Directors  
BronxWorks, Inc. and Subsidiaries  
Bronx, NY

### **Opinion**

We have audited the consolidated financial statements of BronxWorks, Inc. and Subsidiaries (the "Organization"), 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 consolidated financial position of BronxWorks, Inc. and Subsidiaries 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 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.

### **Change in Accounting Principle**

As discussed in Notes 20 and 12 to the consolidated financial statements, the Organization 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 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.

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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.

#### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 16-17, as of and for the year ended June 30, 2023, is presented for purposes of additional analysis of the basic consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual companies, and is not a required part of the basic 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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  
January 25, 2024

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 13A)	\$ 2,369,957	\$ 722,740
Investments (Notes 2E, 4 and 7A)	6,477,505	5,960,696
Accounts receivable, net (Notes 2H, 2I, and 13B)	69,732,887	45,585,224
Prepaid expenses and other assets	580,985	721,007
Lease right-of-use assets - operating (Notes 2O and 12)	22,896,905	-
Property, equipment and leasehold improvements, net (Notes 2F and 5)	3,735,126	4,040,511
<b>TOTAL ASSETS</b>	<b>\$ 105,793,365</b>	<b>\$ 57,030,178</b>
<b>LIABILITIES</b>		
Accounts and accrued expenses payable	\$ 18,687,905	\$ 6,201,377
Accrued salaries and related liabilities (Note 10D)	3,717,919	9,315,284
Deferred rent (Note 2J)	-	885,933
Deferred revenue/due to funding sources (Notes 2G and 10A)	27,188,846	19,052,519
Lines of credit (Note 7)	9,030,958	-
Lease liabilities - operating (Notes 2O and 12)	23,039,352	-
<b>TOTAL LIABILITIES</b>	<b>81,664,980</b>	<b>35,455,113</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 10)		
<b>NET ASSETS</b> (Note 2C)		
Without donor restrictions:		
Net invested in property and equipment	3,735,126	4,040,511
Board designated - Capital improvement reserve	3,500,353	3,000,353
Operations	12,972,185	12,238,947
Total without donor restrictions	20,207,664	19,279,811
With donor restrictions (Note 3)	3,920,721	2,295,254
<b>TOTAL NET ASSETS</b>	<b>24,128,385</b>	<b>21,575,065</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 105,793,365</b>	<b>\$ 57,030,178</b>

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

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS</b>		
<b>OPERATING SUPPORT AND REVENUE:</b>		
<b>Earned Revenue:</b>		
Government grants (Notes 2G, 13B, and 14)	\$ 113,749,443	\$ 98,582,311
Program service fees (Note 11)	2,401,401	1,404,636
Medicaid (Notes 2G and 11)	816,395	934,902
Investment activity (Note 4)	508,761	(1,048,012)
Gain on extinguishment of debt (Note 6)	-	4,938,000
Other revenues	563,222	1,392,435
<b>Total Earned Revenue</b>	<b>118,039,222</b>	<b>106,204,272</b>
<b>Public Support:</b>		
Foundation grants and other contributions (Note 2H)	1,437,186	1,215,103
Contributed non-financial assets (Note 2L)	420,927	281,652
Net assets released from restrictions (Notes 2C and 8)	2,704,113	2,583,968
<b>Total Public Support</b>	<b>4,562,226</b>	<b>4,080,723</b>
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>122,601,448</b>	<b>110,284,995</b>
<b>OPERATING EXPENSES (Note 2K):</b>		
<b>Program Services:</b>		
BronxWorks programs	10,156,857	7,752,617
Services for the elderly	3,499,082	2,758,208
Homeless/prevention/relocation	35,226,410	35,146,347
Homeless shelters	23,066,941	21,869,514
Supportive housing	3,628,538	3,523,411
Health programs	2,745,800	2,734,348
Children and youth	12,444,685	11,042,714
Workforce development	3,102,557	3,314,678
Family shelter for the homeless	5,870,477	-
Bronx Point Project (Note 14)	9,904,968	3,786,633
<b>Total Program Services</b>	<b>109,646,315</b>	<b>91,928,470</b>
<b>Supporting Services:</b>		
Management and general	10,731,433	11,987,303
Fundraising	856,760	716,481
<b>Total Supporting Services</b>	<b>11,588,193</b>	<b>12,703,784</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>121,234,508</b>	<b>104,632,254</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS</b>	<b>1,366,940</b>	<b>5,652,741</b>
<b>NONOPERATING EXPENSES:</b>		
Depreciation and amortization expense (Note 5)	344,722	365,612
Interest expense (Notes 6 and 7)	94,365	86,631
<b>TOTAL NONOPERATING EXPENSES</b>	<b>439,087</b>	<b>452,243</b>
<b>CHANGE IN NONOPERATING ACTIVITY</b>	<b>(439,087)</b>	<b>(452,243)</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>927,853</b>	<b>5,200,498</b>
<b>Net Assets Without Donor Restrictions - Beginning of Year</b>	<b>19,279,811</b>	<b>14,079,313</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<b>20,207,664</b>	<b>19,279,811</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Foundation grants and other contributions (Note 2H)	4,329,580	2,939,464
Net assets released from restrictions (Notes 2C and 8)	(2,704,113)	(2,583,968)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,625,467</b>	<b>355,496</b>
<b>Net Assets With Donor Restrictions - Beginning of Year</b>	<b>2,295,254</b>	<b>1,939,758</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR</b>	<b>3,920,721</b>	<b>2,295,254</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>2,553,320</b>	<b>5,555,994</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 24,128,385</b>	<b>\$ 21,575,065</b>

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Comparative Totals for June 30, 2022)**

	Program Services										Supporting Services				Total 2023	Total 2022
	BronxWorks Programs	Services for the Elderly	Homeless/ Prevention/ Relocation	Homeless Shelters	Supportive Housing	Health Programs	Children and Youth	Workforce Development	Family Shelter For the Homeless	Bronx Point Project	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 5,779,619	\$ 1,958,506	\$ 15,742,710	\$ 8,737,497	\$ 1,613,289	\$ 1,691,443	\$ 7,630,398	\$ 1,998,000	\$ 1,218,046	\$ -	\$ 46,369,508	\$ 5,468,904	\$ 437,010	\$ 5,905,914	\$ 52,275,422	\$ 48,497,838
Payroll taxes and benefits (Notes 9 and 10D)	1,523,635	511,261	4,156,863	2,407,286	432,017	449,967	1,874,318	532,392	315,551	-	12,203,290	1,457,763	117,370	1,575,133	13,778,423	11,109,078
<b>Total salaries and related costs</b>	<b>7,303,254</b>	<b>2,469,767</b>	<b>19,899,573</b>	<b>11,144,783</b>	<b>2,045,306</b>	<b>2,141,410</b>	<b>9,504,716</b>	<b>2,530,392</b>	<b>1,533,597</b>	<b>-</b>	<b>58,572,798</b>	<b>6,926,667</b>	<b>554,380</b>	<b>7,481,047</b>	<b>66,053,845</b>	<b>59,606,916</b>
Professional fees (Note 2L)	60,192	5,679	1,695,001	1,614,108	379,398	13,827	134,918	206,703	450,846	-	4,560,672	1,270,282	273,838	1,544,120	6,104,792	3,636,752
Office supplies	66,466	40,826	405,845	127,529	51,152	35,213	217,523	26,755	48,331	-	1,019,640	449,989	10,594	460,583	1,480,223	1,220,090
Occupancy (Note 12)	235,069	40,904	264,250	1,772,562	18,694	192,258	169,626	121,338	3,359,666	-	6,174,367	227,189	94	227,283	6,401,650	2,542,534
Telephone	79,549	48,070	236,057	76,041	42,822	58,879	102,419	51,428	11,962	-	709,327	103,642	4,353	107,995	817,322	859,851
Repairs and maintenance	206,419	97,716	997,031	2,024,592	31,465	2,337	105,412	14,763	23,475	-	3,503,210	219,041	-	219,041	3,722,251	3,622,048
Printing and publications	20,947	34,334	53,750	53,417	31,822	29,057	52,277	17,446	-	-	293,050	41,027	524	41,551	334,601	285,403
Travel and meetings	8,156	2,406	39,400	17,719	8,741	11,772	86,228	8,333	2,687	-	185,442	90,515	28	90,543	275,985	171,443
Insurance	115,371	93,025	544,380	466,225	54,690	49,612	187,692	43,731	49,176	-	1,603,902	239,656	4,475	244,131	1,848,033	1,715,135
Postage	1,420	616	5,010	206	596	349	27	2,646	202	-	11,072	13,019	-	13,019	24,091	26,804
Program supplies	22,923	65,836	40,096	24,604	18,814	54,041	379,331	12,646	3,858	-	622,149	25,040	554	25,594	647,743	551,347
Food and entertainment	71,668	379,121	700,080	454,849	14,603	28,999	353,619	3,634	86,998	-	2,093,571	48,374	80	48,454	2,142,025	1,462,145
Equipment/rental/furniture	56,506	43,908	384,114	57,134	23,850	26,933	114,690	8,144	188,154	-	903,433	119,899	7,394	127,293	1,030,726	586,572
Direct assistance to individuals	1,896,473	122,506	690,149	195,268	645,661	47,346	844,175	48,746	102,096	-	4,592,420	123,544	155	123,699	4,716,119	5,299,061
Subcontracted services and stipends	725	20,670	352,948	67,190	226,800	18,502	123,346	500	2,087	-	812,768	-	-	-	812,768	3,828,299
Payroll service and bank charges	-	-	-	-	-	-	-	-	-	-	-	457,241	-	457,241	457,241	418,329
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	928,367
Interest (Notes 6 and 7)	-	-	-	-	-	-	-	-	-	-	-	94,365	-	94,365	94,365	86,631
Depreciation and amortization (Note 5)	-	-	-	-	-	-	-	-	-	-	-	344,722	-	344,722	344,722	365,612
Miscellaneous	11,619	33,698	46,712	43,308	34,124	35,265	68,686	5,352	7,342	-	286,106	376,308	291	376,599	662,705	606,040
<b>Subtotal</b>	<b>10,156,857</b>	<b>3,499,082</b>	<b>26,356,396</b>	<b>18,139,535</b>	<b>3,628,538</b>	<b>2,745,800</b>	<b>12,444,685</b>	<b>3,102,557</b>	<b>5,870,477</b>	<b>-</b>	<b>85,943,927</b>	<b>11,170,520</b>	<b>856,760</b>	<b>12,027,280</b>	<b>97,971,207</b>	<b>87,819,379</b>
Occupancy (Note 12)	-	-	6,448,222	4,927,406	-	-	-	-	-	-	11,375,628	-	-	-	11,375,628	11,089,669
Direct assistance to individuals	-	-	2,421,792	-	-	-	-	-	-	-	2,421,792	-	-	-	2,421,792	2,388,816
Construction and improvements (Note 14)	-	-	-	-	-	-	-	-	-	9,904,968	9,904,968	-	-	-	9,904,968	3,786,633
<b>Subtotal pass-through expenses</b>	<b>-</b>	<b>-</b>	<b>8,870,014</b>	<b>4,927,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,904,968</b>	<b>23,702,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,702,388</b>	<b>17,265,118</b>
<b>TOTAL EXPENSES</b>	<b>\$ 10,156,857</b>	<b>\$ 3,499,082</b>	<b>\$ 35,226,410</b>	<b>\$ 23,066,941</b>	<b>\$ 3,628,538</b>	<b>\$ 2,745,800</b>	<b>\$ 12,444,685</b>	<b>\$ 3,102,557</b>	<b>\$ 5,870,477</b>	<b>\$ 9,904,968</b>	<b>\$ 109,646,315</b>	<b>\$ 11,170,520</b>	<b>\$ 856,760</b>	<b>\$ 12,027,280</b>	<b>\$ 121,673,595</b>	<b>\$ 105,084,497</b>

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services								Supporting Services				Total 2022	
	BronxWorks Programs	Services for the Elderly	Homeless/ Prevention/ Relocation	Homeless Shelters	Supportive Housing	Health Programs	Children and Youth	Workforce Development	Bronx Point Project	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 4,698,525	\$ 1,621,939	\$ 13,519,970	\$ 8,798,827	\$ 1,725,688	\$ 1,752,186	\$ 6,923,900	\$ 2,099,880	\$ -	\$ 41,140,915	\$ 6,966,628	\$ 390,295	\$ 7,356,923	\$ 48,497,838
Payroll taxes and benefits (Notes 9 and 10D)	1,065,064	404,970	3,241,701	2,080,766	413,065	434,530	1,554,067	515,578	-	9,709,741	1,304,086	95,251	1,399,337	11,109,078
<b>Total salaries and related costs</b>	<b>5,763,589</b>	<b>2,026,909</b>	<b>16,761,671</b>	<b>10,879,593</b>	<b>2,138,753</b>	<b>2,186,716</b>	<b>8,477,967</b>	<b>2,615,458</b>	<b>-</b>	<b>50,850,656</b>	<b>8,270,714</b>	<b>485,546</b>	<b>8,756,260</b>	<b>59,606,916</b>
Professional fees (Note 2L)	710	22,480	813,602	994,551	302,268	14,172	224,975	136,843	-	2,509,601	941,911	185,240	1,127,151	3,636,752
Office supplies	54,370	45,351	292,480	157,283	41,368	32,693	151,313	51,874	-	626,732	385,546	7,812	393,358	1,220,090
Occupancy (Note 12)	189,348	35,205	7,281	1,757,965	13,396	177,971	156,894	91,596	-	2,429,646	112,888	-	112,888	2,542,534
Telephone	73,016	55,814	263,004	81,981	45,089	66,735	97,636	71,726	-	755,001	100,606	4,244	104,850	859,851
Repairs and maintenance	534,437	75,368	870,737	1,770,071	26,685	4,671	109,838	1,487	-	3,393,294	228,754	-	228,754	3,622,048
Printing and publications	24,650	9,388	57,245	31,853	19,011	35,683	28,710	15,638	-	222,178	62,440	785	63,225	285,403
Travel and meetings	8,582	782	22,226	8,073	2,326	4,923	46,172	78	-	93,162	78,267	14	78,281	171,443
Insurance	151,303	83,184	553,935	412,460	50,664	56,964	210,120	54,980	-	1,573,610	141,525	-	141,525	1,715,135
Postage	1,310	116	5,367	359	855	1,643	627	3,239	-	13,516	12,706	582	13,288	26,804
Program supplies	19,630	37,356	46,474	45,513	20,393	26,517	331,490	6,767	-	534,140	17,178	29	17,207	551,347
Food and entertainment	104,059	239,024	466,285	339,756	13,248	12,599	257,618	2,432	-	1,435,021	27,124	-	27,124	1,462,145
Equipment/rental/furniture	116,338	45,759	46,376	49,833	9,460	11,186	129,181	148,545	-	556,678	29,119	775	29,894	586,572
Direct assistance to individuals	679,347	60,353	3,085,754	223,925	563,874	48,435	512,316	109,942	-	5,283,946	12,865	2,250	15,115	5,299,061
Subcontracted services and stipends	750	2,285	3,372,071	-	245,378	-	207,815	-	-	3,828,299	-	-	-	3,828,299
Payroll service and bank charges	-	-	-	-	-	-	-	-	-	-	418,329	-	418,329	418,329
Bad debt expense	-	-	-	-	-	-	-	-	-	-	928,367	-	928,367	928,367
Interest (Notes 6 and 7)	-	-	-	-	-	-	-	-	-	-	86,631	-	86,631	86,631
Depreciation and amortization (Note 5)	-	-	-	-	-	-	-	-	-	-	365,612	-	365,612	365,612
Miscellaneous	31,178	18,834	77,738	41,914	30,653	53,440	100,042	4,073	-	357,872	218,964	29,204	248,168	606,040
<b>Subtotal</b>	<b>7,752,617</b>	<b>2,758,208</b>	<b>26,742,246</b>	<b>16,795,130</b>	<b>3,523,411</b>	<b>2,734,348</b>	<b>11,042,714</b>	<b>3,314,678</b>	<b>-</b>	<b>74,663,352</b>	<b>12,439,546</b>	<b>716,481</b>	<b>13,156,027</b>	<b>87,819,379</b>
Occupancy (Note 12)	-	-	6,015,285	5,074,384	-	-	-	-	-	11,089,669	-	-	-	11,089,669
Direct assistance to individuals	-	-	2,388,816	-	-	-	-	-	-	2,388,816	-	-	-	2,388,816
Construction and improvements (Note 14)	-	-	-	-	-	-	-	-	3,786,633	3,786,633	-	-	-	3,786,633
<b>Subtotal pass-through expenses</b>	<b>-</b>	<b>-</b>	<b>8,404,101</b>	<b>5,074,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,786,633</b>	<b>17,265,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,265,118</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,752,617</b>	<b>\$ 2,758,208</b>	<b>\$ 35,146,347</b>	<b>\$ 21,869,514</b>	<b>\$ 3,523,411</b>	<b>\$ 2,734,348</b>	<b>\$ 11,042,714</b>	<b>\$ 3,314,678</b>	<b>\$ 3,786,633</b>	<b>\$ 91,928,470</b>	<b>\$ 12,439,546</b>	<b>\$ 716,481</b>	<b>\$ 13,156,027</b>	<b>\$ 105,084,497</b>

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in total net assets	\$ 2,553,320	\$ 5,555,994
Adjustments to reconcile change in total net assets to net cash (used in) provided by operating activities:		
Bad debt	-	928,367
Depreciation and amortization	344,722	365,612
Deferred rent	(885,933)	49,920
Forgiveness of Paycheck Protection Program loan	-	(4,938,000)
Non-cash lease expenses	142,447	-
Net realized/unrealized (gain) loss on investments	(384,632)	1,109,384
	1,769,924	3,071,277
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(24,147,663)	(1,724,815)
Prepaid expenses and other assets	140,022	(279,985)
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	12,486,528	(4,774,413)
Accrued salaries and related liabilities	(5,597,365)	3,713,847
Deferred revenue / due to funding sources	8,136,327	4,066,456
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(7,212,227)</b>	<b>4,072,367</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(132,177)	(3,131,012)
Purchase of property, equipment and leasehold improvements	(39,337)	-
<b>Net Cash Used in Investing Activities</b>	<b>(171,514)</b>	<b>(3,131,012)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on mortgages payable	-	(570,633)
Repayment of Paycheck Protection Program loan	-	(3,000,700)
Repayment of line of credit	-	(2,506,940)
Proceeds from lines of credit	9,030,958	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>9,030,958</b>	<b>(6,078,273)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,647,217</b>	<b>(5,136,918)</b>
Cash and cash equivalents - beginning of year	722,740	5,859,658
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,369,957</b>	<b>\$ 722,740</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 94,365	\$ 86,631
Noncash Financing Activity:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 4,938,000

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES**

The consolidated financial statements of BronxWorks, Inc. and Subsidiaries (collectively referred to as the "Organization") have been prepared by consolidating: BronxWorks, Inc., Citizens' Advice Bureau Property Holding Company, Inc. ("CAB") and Bronx Point Housing Development Fund Corporation, Inc. ("Bronx Point HDFC") (the "Subsidiaries"). BronxWorks, Inc. is a sole member and accordingly, has effective control over and has an economic interest in the Subsidiaries.

BronxWorks, Inc. (the "Organization" or "BronxWorks") is a Bronx-based nonprofit organization which helps individuals and families improve their economic and social well-being. From toddlers to seniors, BronxWorks feeds, shelters, teaches and supports its neighbors to build a stronger community. BronxWorks is supported primarily by grants from governmental agencies, foundation grants and other contributions.

BronxWorks is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a).

CAB owns the property located at 60 East Tremont Avenue, Bronx, New York (the "Headquarters Property"), which is used by the Organization as its headquarters office.

BronxWorks, Inc. is the sole member of Bronx Point HDFC, a tax-exempt New York not-for-profit corporation. Bronx Point HDFC is the indemnified record leaseholder of the Bronx Point Project (the "Project"). In that role, Bronx Point HDFC is solely a nominee of, and on behalf of, Bronx Point Owner LLC, an entity which is not affiliated with BronxWorks, and which possesses all equitable and beneficial interest in the Project. The City approved the Project on the condition that Bronx Point Owner LLC design and construct certain improvements for a public esplanade adjacent to the Project. See Note 14.

The Subsidiaries are exempt from federal income tax under Section 501(c)(2) of the Internal Revenue Code.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. ***Basis of Accounting and Principles of Consolidation*** – The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions have been eliminated during consolidation.

B. ***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.

C. ***Net Assets*** – The Organization maintains its net assets in accordance with the following:

Without donor restrictions – represents net assets not subject to any donor-imposed stipulations or other restrictions over which the Board of Directors have discretionary control. During the year ended June 30, 2022, the Board of Directors established a Board Designated fund for future capital improvements of the properties owned by the Organization.

With donor restrictions – represents assets that are subject to donor-imposed stipulations. When a donor 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. Net assets with donor restrictions are released from donor restrictions by incurring expenses, thereby satisfying the restricted purposes of providing services as specified by the donors. Unconditional promises to give that are due in future periods to support the current-period activities are reported as net assets without donor restrictions.

D. ***Cash and Cash Equivalents*** – Cash and cash equivalents consist of all highly liquid instruments with maturities of three months or less when acquired, except for amounts held at an investment institution.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- E. ***Investments and Fair Value Measurements*** – Investments are reported at fair value. Investment income consisting of interest, dividends, realized and unrealized gains or losses is classified as operating revenue and is available to support operations. 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.
- F. ***Property, Equipment and Leasehold Improvements*** – Property, equipment and leasehold improvements are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Organization capitalizes all owned property and equipment having a useful life of greater than one year and a cost of \$5,000 or more. There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and/or the contractual agreement specifies that title to these assets rests with the funding sources rather than the Organization.
- G. ***Revenue Recognition*** – The Organization records receivables and revenue when earned based on established rates or contracts for services provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. Government grants are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return / release from obligations. Government grants amounted to \$113,749,443 and \$98,582,311 for the years ended June 30, 2023 and 2022, respectively, and are included in the consolidated statements of activities.

As of June 30, 2023 and 2022, the Organization was awarded grants and contracts from government agencies in the aggregate amounts of approximately \$405 million and \$115 million, 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 Organization may be required to return the funds already remitted.

To the extent amounts received exceed amounts spent, the Organization records deferred revenue / due to funding sources as a liability. As of June 30, 2023 and 2022, the Organization received advances from government agencies of approximately \$27,000,000 and \$19,000,000, respectively.

Laws and regulations governing Medicaid programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. Revenues from government contracts are subject to audit and negotiations between the Organization and the government agencies.

- H. ***Contributions*** – Contributions are accounted for under ASU 2018-08. 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. Conditional promises to give are not included as support until the conditions are substantially met.
- I. ***Allowance for Uncollectable Receivables*** – The Organization determined that as of both June 30, 2023 and 2022, an allowance for accounts receivable of \$300,000 was necessary. Such estimate is based on management’s assessments of the creditworthiness of its donors and other funders, the aged basis of its receivables, as well as current economic conditions and historical information.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- J. **Operating Leases** – Through June 30, 2022, rent expense was recognized using the straight-line method over the term of the leases. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases, was reported as a liability in the accompanying consolidated statements of financial position.
- K. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages, benefits and payroll taxes are allocated on the basis of time and effort. Insurance and telephone expenses are allocated based on the number of full-time equivalents charged to the respective program and supporting function. The remainder of the functional expenses are charged directly to the program and supporting function.
- L. **Contributed Non-Financial Assets** – Contributed non-financial assets are recognized in the consolidated financial statements at fair value, if the services enhance or create non-financial assets or require specialized skills, provided the individuals possess those skills and would typically need to be purchased, if not provided by donation.

Contributed non-financial assets consisted of the following for the year ended June 30, 2023:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Method</u>
Legal services	\$ 324,447	Management and general	None	Market value
School supplies	\$ 7,075	Program services	Children and Youth	Market value
Gala event items	\$ 89,405	Fundraising	None	Market value

Contributed non-financial assets consisted of the following for the year ended June 30, 2022:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Method</u>
Legal services	\$ 195,444	Management and General	None	Market value
School supplies	\$ 7,615	Program services	Children and Youth	Market value
Supplies	\$ 12,400	Program services	Bronx Fire Victims	Market value
Gala event items	\$ 66,193	Fundraising	None	Market value

- M. **Operating and Non-Operating Activities** – The Organization’s non-operating activities includes depreciation and amortization, interest expense and reserves for future building maintenance improvements and repairs, as well as other income.
- N. **Pass-Through Expenses** – There are certain expenses related to rents, real estate taxes and stabilization of beds for the Department of Homeless Services (“DHS”) contracts and construction and improvements expenses related to the Bronx Point Project as further described in Note 14. The role of the Organization is to be a conduit to pay such expenses. DHS reimburses the Organization for these expenses without any administrative costs being added. Accordingly, such expenses are referred to as pass-through and included in program service expenses in the consolidated statements of activities.
- O. **Recently Adopted Accounting Standards** – The Organization adopted FASB ASU 2016-02, *Leases*, (Topic 842) for the year ended June 30, 2023. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The adoption of Topic 842 for the year ended June 30, 2023, required the recognition of lease assets and liabilities as of that date. The lease assets and liabilities on June 30, 2023 totaled \$22,896,905 and \$23,039,352, respectively. The adoption of Topic 842 had no effect on the change in net assets as previously reported.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 — LIQUIDITY AND AVAILABILITY**

As part of liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has two lines of credit with the aggregate borrowing amount of approximately \$15,000,000, which it could draw upon if necessary. Although BronxWorks does not intend to spend from its investment portfolio, amounts from the portfolio could be made available, if necessary.

BronxWorks financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,369,957	\$ 722,740
Investments	6,477,505	5,960,696
Accounts receivable, net	<u>69,732,887</u>	<u>45,585,224</u>
	78,580,349	52,268,660
Less: Board Designated for capital improvements	(3,500,353)	(3,000,353)
Less: Net assets with donor restrictions	<u>(3,920,721)</u>	<u>(2,295,254)</u>
	<u>\$ 71,159,275</u>	<u>\$ 46,973,053</u>

**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 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

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 as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Investments consist of mutual funds and money markets and are measured on a recurring basis and are classified as Level 1 as of June 30, 2023 and 2022. Such investments are subject to market volatility that could substantially change their value in the near term.

Investment activity consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 177,816	\$ 100,169
Realized/unrealized gain (loss) on investments	384,632	(1,109,384)
Investment fees	<u>(53,687)</u>	<u>(38,797)</u>
	<u>\$ 508,761</u>	<u>\$ (1,048,012)</u>

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 5 — PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET**

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

	2023	2022	Estimated Useful Lives
Land	\$ 190,000	\$ 190,000	
Building and improvements	9,012,779	8,984,995	10-40 Years
Equipment and vehicles	51,575	40,022	3-5 Years
Total cost	9,254,354	9,215,017	
Less: accumulated depreciation and amortization	(5,519,228)	(5,174,506)	
Net book value	\$ 3,735,126	\$ 4,040,511	

For the years ended June 30, 2023 and 2022, depreciation and amortization expense amounted to \$344,722 and \$365,612, respectively.

**NOTE 6 — PAYCHECK PROTECTION PROGRAM LOAN**

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”) sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the 24-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Organization’s employees. The Organization applied for this loan in May 2021 through an SBA authorized lender, Spring Bank, and was approved and funded by the lender in the amount of \$7,938,700.

The Organization is guided by FASB Accounting Standards Codification (“ASC”) Topic 470, “Debt.” Based on the guidance in ASC 470, the loan would remain recorded as a loan payable until it is in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, the Organization will reduce the liability by the amount forgiven and record a gain on extinguishment. During the year ended June 30, 2022, the Organization applied for and received partial forgiveness of the PPP loan in the amount of \$4,938,000 plus any interest. The outstanding balance amounting to \$3,000,700 was repaid as of June 30, 2022.

**NOTE 7 — BANK LINES OF CREDIT**

- A. The Organization has a revolving line of credit with Bank of America which is payable on demand with no expiration date. The line of credit is collateralized by investments with Merrill Lynch with a maximum borrowing of \$4,025,000. The line has a floating interest rate based on 1.25% above the Secured Overnight Financing Rate (“SOFR”). The interest rate was 6.41% and 2.25% as of June 30, 2023 and 2022, respectively. The outstanding balance plus accrued interest on the line of credit amounted to \$2,030,958 as of June 30, 2023. There was no outstanding balance as of June 30, 2022.
  
- B. The Organization has a second line of credit with JPMorgan Chase Bank with a maximum borrowing limit of \$11,000,000 and interest rate adjusted SOFR plus 3%, and expiration date of March 16, 2024. The line of credit was collateralized by all of the assets of the Organization. The outstanding balance on the line of credit amounted to \$7,000,000 as of June 30, 2023. There was no outstanding balance as of June 30, 2022. The interest rate as of June 30, 2023 and 2022, was 8.25% and 5.84%, respectively.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2023 and 2022, net assets with donor restrictions were available for programmatic purposes and amounted to \$3,920,721 and \$2,295,254, respectively.

Net assets amounting to \$2,704,113 and \$2,583,968 were released from restrictions during the years ended June 30, 2023 and 2022, respectively, by incurring expenses or the passage of time, thus satisfying the restricted purpose.

**NOTE 9 — PENSION PLAN**

The Organization sponsors defined contribution and 403(b) pension plans covering all employees except for those who are non-resident aliens with no U.S. source of income, those who are classified and treated as independent contractors and leased employees. Employees become participants of the Plan after attaining age 21 and completing one year of service. Pension expense was \$2,068,812 and \$1,913,726 for the years ended June 30, 2023 and 2022, respectively. The defined contribution pension plan was frozen on January 1, 2022 and terminated on August 15, 2023.

**NOTE 10 — COMMITMENTS AND CONTINGENCIES**

- A. The Organization is responsible to report to and is regulated by various governmental third parties. These agencies have the right to audit the Organization's fiscal and programmatic compliance. Laws and regulations governing the Organization's programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates might change in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusions from these programs.
- B. The Organization is a defendant in several lawsuits that have arisen in the ordinary course of business. It is management's belief that any settlements that arise from these suits will be within the limits of the Organization's insurance policies. Therefore, no provision has been made in the accompanying consolidated financial statements.
- C. The Organization 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.
- D. The COVID-19 pandemic remains an evolving situation. In response to COVID-19, the federal government passed the CARES Act. Under one of the provisions of the CARES Act, the Organization has elected to defer the remittance of certain employer payroll taxes as permitted by the CARES Act. The deferred amounts would be payable over two years – 50% due December 31, 2021, and the remaining 50% due December 31, 2022. As of June 30, 2023 and 2022, all previously deferred amounts were repaid.

**NOTE 11 — REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Service Contracts** – The Organization receives revenue from contracts with various government agencies, including the New York State Department of Health ("DOH") to provide support and services to individuals and family members of individuals with behavioral health, home health and family support. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted services.

**Performance Obligation** – Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized 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 the government Organization's stipulations.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 11 — REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

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, 2023 and 2022. 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.

Revenue from contracts with customers and program service fees consist of revenues for the Home Health and other similar programs and amounted to \$3,217,796 and \$2,339,538 for the years ended June 30, 2023 and 2022, respectively.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>July 1, 2021</u>
Accounts receivable	\$ 2,292,847	\$ 1,704,163	\$ 1,048,144

**NOTE 12 — RIGHT-OF-USE ASSETS AND LIABILITIES**

The Organization leases office space under operating lease arrangements at various terms through December 2036 for which expense is recognized on a straight-line basis over the lease term. 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 a result, adopting FASB ASC 842 had no impact to the prior year consolidated statement of financial position. No comparative information is provided for the amounts reported on the consolidated statement of financial position as of June 30, 2022 since the Organization used the modified retrospective method of transition that does not require restating the prior period.

As of June 30, 2023, the right-of-use (“ROU”) assets had a balance of \$22,896,905 and lease liabilities had a balance of \$23,039,352 related to operating leases. The ROU assets and liabilities were calculated utilizing risk-free rates (ranging from 2.88% to 2.92%), according to the Organization’s elected policy. The weighted average of the remaining lease term is 60 months. The weighted average discount rate amounted to 2.89% for operating leases.

The following summarizes the line items in the consolidated statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in occupancy costs \$ 4,371,187

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases: \$ 665,162

Lease assets obtained in exchange for lease obligations:

Operating leases \$ 26,608,467

Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2023 and thereafter are as follows:

2024	\$ 5,077,917
2025	5,183,991
2026	5,218,719
2027	5,262,072
2028	1,960,244
Thereafter	<u>2,169,936</u>
Total lease payments	24,872,879
Less: Present value discount	<u>(1,833,527)</u>
Present value of lease liabilities	<u>\$ 23,039,352</u>

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 12 — RIGHT-OF-USE ASSETS AND LIABILITIES (Continued)**

For the year ended June 30, 2022, leases were accounted for under ASC Topic 840. Total rent expense related to such leases for the year ended June 30, 2022 amounted to \$11,044,402 and is included in occupancy costs in the accompanying consolidated statement of functional expenses.

**NOTE 13 — CONCENTRATIONS**

- A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation ("FDIC") limits. Accounts are insured up to \$250,000 per depositor, per insured institution. As of June 30, 2023 and 2022, there was approximately \$2,295,000 and \$1,970,000, respectively, of cash and cash equivalents held by two banks and one investment institution. This excess includes outstanding checks.
- B. For the years ended June 30, 2023 and 2022, approximately 56% and 48% of government revenue was from a single governmental funder. In addition, approximately 50% and 42% of accounts receivable was due from a single governmental entity.

**NOTE 14 — BRONX POINT PROJECT**

Bronx Point HDFC is the indemnified grant recipient of an Urban Development Action Area Project Grant (the "UDAAP Grant") that has been awarded by the City of New York, through its Department of Housing Preservation and Development ("HPD"), to fund the cost of designing and constructing certain improvements for a public esplanade adjacent to the Bronx Point Project (the "Esplanade Work"). In that role, Bronx Point HDFC performs all obligations as the recipient under the UDAAP Grant in connection with the receipt and payment of UDAAP Grant funds solely at the direction of HPD and Bronx Point Owner LLC.

Bronx Point HDFC is not the owner of the project assets that are constructed or acquired with the proceeds of the UDAAP Grant. Assets related to the Esplanade Work are the property of the City. Therefore, Bronx Point HDFC reports no infrastructure assets or construction work in progress; instead, construction costs are reported as an expense. During the years ended June 30, 2023 and 2022, Bronx Point HDFC received proceeds from the UDAAP Grant in the amounts of \$9,904,968 and \$3,786,633, respectively, which is included as government grants revenue and construction and improvements expense in the accompanying consolidated financial statements.

**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 January 25, 2024, the date the consolidated financial statements were available to be issued.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**  
**(With Comparative Totals for June 30, 2022)**

	Citizens' Advice			Intercompany Eliminations	Total 2023	Total 2022
	BronxWorks, Inc.	Bureau Property Holding Company, Inc.	Bronx Point HDFC			
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,365,805	\$ -	\$ 4,152	\$ -	\$ 2,369,957	\$ 722,740
Investments	6,477,505	-	-	-	6,477,505	5,960,696
Accounts receivable, net	62,662,033	-	7,070,854	-	69,732,887	45,585,224
Prepaid expenses and other assets	897,767	-	-	(316,782)	580,985	721,007
Operating lease right-of-use assets	22,896,905	-	-	-	22,896,905	-
Property, equipment and leasehold improvements, net	1,904,570	1,830,556	-	-	3,735,126	4,040,511
<b>TOTAL ASSETS</b>	<b>\$ 97,204,585</b>	<b>\$ 1,830,556</b>	<b>\$ 7,075,006</b>	<b>\$ (316,782)</b>	<b>\$ 105,793,365</b>	<b>\$ 57,030,178</b>
<b>LIABILITIES</b>						
Accounts and accrued expenses payable	\$ 11,612,899	\$ -	\$ 7,075,006	\$ -	\$ 18,687,905	\$ 6,201,377
Accrued salaries and related liabilities	3,717,919	-	-	-	3,717,919	9,315,284
Deferred rent	-	-	-	-	-	885,933
Due to related party	-	316,782	-	(316,782)	-	-
Deferred revenue / due to funding sources	27,188,846	-	-	-	27,188,846	19,052,519
Lines of credit	9,030,958	-	-	-	9,030,958	-
Operating lease liabilities	23,039,352	-	-	-	23,039,352	-
<b>TOTAL LIABILITIES</b>	<b>74,589,974</b>	<b>316,782</b>	<b>7,075,006</b>	<b>(316,782)</b>	<b>81,664,980</b>	<b>35,455,113</b>
<b>NET ASSETS</b>						
Without donor restrictions	18,693,890	1,513,774	-	-	20,207,664	19,279,811
With donor restrictions	3,920,721	-	-	-	3,920,721	2,295,254
<b>TOTAL NET ASSETS</b>	<b>22,614,611</b>	<b>1,513,774</b>	<b>-</b>	<b>-</b>	<b>24,128,385</b>	<b>21,575,065</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 97,204,585</b>	<b>\$ 1,830,556</b>	<b>\$ 7,075,006</b>	<b>\$ (316,782)</b>	<b>\$ 105,793,365</b>	<b>\$ 57,030,178</b>

See independent auditors' report.

**BRONXWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Comparative Totals for June 30, 2022)**

	Citizens' Advice Bureau Property Holding Company, Inc.	Bronx Point HDFC	Sub-total	Consolidating Eliminations	Consolidated Total 2023	Consolidated Total 2022
	BronxWorks, Inc.					
<b>OPERATING SUPPORT AND REVENUE:</b>						
<b>Earned Revenue:</b>						
Government grants	\$ 103,844,475	\$ -	\$ 9,904,968	\$ 113,749,443	\$ -	\$ 113,749,443
Program service fees	2,401,401	-	-	2,401,401	-	2,401,401
Medicaid	816,395	-	-	816,395	-	816,395
Investment activity	508,761	-	-	508,761	-	508,761
Gain on extinguishment of debt	-	-	-	-	-	-
Other revenues	563,222	-	-	563,222	-	563,222
<b>Total Earned Revenue</b>	<u>108,134,254</u>	<u>-</u>	<u>9,904,968</u>	<u>118,039,222</u>	<u>-</u>	<u>118,039,222</u>
<b>Public Support:</b>						
Foundation grants and other contributions	5,766,766	-	-	5,766,766	-	5,766,766
Contributed non-financial assets	420,927	-	-	420,927	-	420,927
<b>Total Public Support</b>	<u>6,187,693</u>	<u>-</u>	<u>-</u>	<u>6,187,693</u>	<u>-</u>	<u>6,187,693</u>
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<u>114,321,947</u>	<u>-</u>	<u>9,904,968</u>	<u>124,226,915</u>	<u>-</u>	<u>124,226,915</u>
<b>OPERATING EXPENSES:</b>						
<b>Program Services:</b>						
BronxWorks programs	10,156,857	-	-	10,156,857	-	10,156,857
Services for the elderly	3,499,082	-	-	3,499,082	-	3,499,082
Homeless/prevention/relocation	35,226,410	-	-	35,226,410	-	35,226,410
Homeless shelters	23,066,941	-	-	23,066,941	-	23,066,941
Supportive housing	3,628,538	-	-	3,628,538	-	3,628,538
Health programs	2,745,800	-	-	2,745,800	-	2,745,800
Children and youth	12,444,685	-	-	12,444,685	-	12,444,685
Workforce development	3,102,557	-	-	3,102,557	-	3,102,557
Family shelter for the homeless	5,870,477	-	-	5,870,477	-	5,870,477
Bronx Point Project	-	-	9,904,968	9,904,968	-	9,904,968
<b>Total Program Services</b>	<u>99,741,347</u>	<u>-</u>	<u>9,904,968</u>	<u>109,646,315</u>	<u>-</u>	<u>109,646,315</u>
<b>Supporting Services:</b>						
Management and general	10,731,433	-	-	10,731,433	-	10,731,433
Fundraising	856,760	-	-	856,760	-	856,760
<b>Total Supporting Services</b>	<u>11,588,193</u>	<u>-</u>	<u>-</u>	<u>11,588,193</u>	<u>-</u>	<u>11,588,193</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>111,329,540</u>	<u>-</u>	<u>9,904,968</u>	<u>121,234,508</u>	<u>-</u>	<u>121,234,508</u>
<b>CHANGE IN OPERATING NET ASSETS</b>	<u>2,992,407</u>	<u>-</u>	<u>-</u>	<u>2,992,407</u>	<u>-</u>	<u>2,992,407</u>
<b>NONOPERATING ACTIVITIES:</b>						
Depreciation and amortization expense	230,312	114,410	-	344,722	-	344,722
Interest expense	94,365	-	-	94,365	-	94,365
<b>TOTAL NONOPERATING EXPENSES</b>	<u>324,677</u>	<u>114,410</u>	<u>-</u>	<u>439,087</u>	<u>-</u>	<u>439,087</u>
<b>CHANGE IN NONOPERATING ACTIVITIES</b>	<u>(324,677)</u>	<u>(114,410)</u>	<u>-</u>	<u>(439,087)</u>	<u>-</u>	<u>(439,087)</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	<u>2,667,730</u>	<u>(114,410)</u>	<u>-</u>	<u>2,553,320</u>	<u>-</u>	<u>2,553,320</u>
<b>Total net assets - beginning of year</b>	<u>19,946,881</u>	<u>1,628,184</u>	<u>-</u>	<u>21,575,065</u>	<u>-</u>	<u>21,575,065</u>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<u>\$ 22,614,611</u>	<u>\$ 1,513,774</u>	<u>\$ -</u>	<u>\$ 24,128,385</u>	<u>\$ -</u>	<u>\$ 24,128,385</u>