



HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

**Consolidated Financial Statements
Year Ended June 30, 2022**

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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• **MAIN OFFICE**
133-10 39TH AVENUE
FLUSHING, NY 11354
TEL. (718) 445-6308
FAX. (718) 445-6760

• **CALIFORNIA OFFICE**
36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL. (626) 282-1630
FAX. (626) 282-9726

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hamilton-Madison House, Inc.

Opinion

We have audited the accompanying consolidated financial statements of the Hamilton-Madison House, Inc. and Subsidiary (the "Organization") which comprise the consolidated statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton-Madison House, Inc. and Subsidiary as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Hamilton-Madison House, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 Hamilton-Madison House, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are

available to be issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hamilton-Madison House, Inc. and Subsidiary'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 Hamilton-Madison House, Inc. and Subsidiary'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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of behavioral health expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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.

Report on Summarized Comparative Information

We have previously audited Hamilton-Madison House, Inc. and Subsidiary's 2021 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated January 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Wei Wei & Co., LLP

Flushing, New York
February 16, 2023

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,302,156	\$ 969,088
Accounts receivable, net of allowance for doubtful accounts of \$156,421 <i>(Notes 2 and 3)</i>	4,239,478	2,483,534
Prepaid expenses	46,065	48,731
Total current assets	5,587,699	3,501,353
Noncurrent assets:		
Peaceful Garden - cemetery <i>(Note 2)</i>	145,353	222,238
Operating lease right-of-use assets <i>(Notes 2 and 9)</i>	4,800,741	-
Fixed assets, net <i>(Notes 2 and 4)</i>	1,483,564	1,597,604
TOTAL ASSETS	\$ 12,017,357	\$ 5,321,195
LIABILITIES AND NET ASSETS (DEFICIENCY)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 821,717	\$ 796,136
Accrued payroll liabilities <i>(Note 2)</i>	810,463	830,774
Advances from grantors	1,708,314	1,089,441
Due to grantors	-	70,488
Due to OMH <i>(Note 11)</i>	300,000	300,000
Notes payable <i>(Note 5)</i>	25,000	30,000
Operating lease liabilities - current <i>(Notes 2 and 9)</i>	225,334	-
Bank line of credit <i>(Note 6)</i>	150,000	-
Total current liabilities	4,040,828	3,116,839
Noncurrent liabilities:		
Due to OMH <i>(Note 11)</i>	1,704,434	2,004,433
Notes payable <i>(Note 5)</i>	-	1,493,152
Accrued interest - OMH <i>(Note 11)</i>	154,557	135,320
Operating lease liabilities - non-current <i>(Notes 2 and 9)</i>	4,575,407	-
TOTAL LIABILITIES	10,475,226	6,749,744
Net assets (deficiency):		
Net assets without donor restrictions	1,442,131	\$ (1,528,549)
Net assets with donor restrictions <i>(Note 10)</i>	100,000	100,000
TOTAL NET ASSETS (DEFICIENCY)	1,542,131	(1,428,549)
TOTAL LIABILITIES AND NET ASSETS	\$ 12,017,357	\$ 5,321,195

See independent auditors' report and accompanying notes to consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
			2022	2021
SUPPORT AND REVENUES:				
Operating revenues:				
Government contract and grants <i>(Note 2)</i>	\$ 10,694,618	\$ -	\$ 10,694,618	\$ 8,544,787
Nongovernment contract revenue <i>(Note 2)</i>	312,387	-	312,387	397,315
Contributions <i>(Note 2)</i>	1,229,827	-	1,229,827	805,380
Fee for services <i>(Note 2)</i>	2,920,613	-	2,920,613	3,116,842
Rental income <i>(Note 2)</i>	97,229	-	97,229	123,143
In-kind contributions <i>(Notes 2 and 7)</i>	281,753	-	281,753	695,185
Special events revenues	209,822	-	-	-
Direct cost of special events	(58,333)	151,489	151,489	200,659
Total operating revenues	15,687,916	-	15,687,916	13,883,311
Other revenues, (expenses), gains and (losses):				
Gain on sale of cemetery plots - Peaceful Garden <i>(Note 2)</i>	182,215	-	182,215	12,583
Payroll protection program	1,437,314	-	1,437,314	-
Other income	110,474	-	110,474	78,783
Total other revenues, (expenses), gains and (losses)	1,730,003	-	1,730,003	91,366
TOTAL SUPPORT AND REVENUES	\$ 17,417,919	\$ -	\$ 17,417,919	\$ 13,974,677

See independent auditors' report and accompanying notes to consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
			2022	2021
EXPENSES:				
Operating expenses:				
Program services				
Behavioral health	\$ 5,528,545	\$ -	\$ 5,528,545	\$ 4,657,888
Cultural enhancement program	319,391	-	319,391	133,606
Early Learn	4,098,424	-	4,098,424	4,659,070
Senior services	3,073,049	-	3,073,049	2,610,732
Peaceful Garden	1,967	-	1,967	735
Total program services	13,021,376	-	13,021,376	12,062,031
Supporting services:				
Management and general	1,185,418	-	1,185,418	1,297,030
Fundraising	12,765	-	12,765	57,802
Total supporting services	1,198,183	-	1,198,183	1,354,832
TOTAL OPERATING EXPENSES	14,219,559	-	14,219,559	13,416,863
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	3,198,360	-	3,198,360	557,814
Depreciation and amortization <i>(Note 4)</i>	(227,680)	-	(227,680)	(240,987)
CHANGE IN NET ASSETS	2,970,680	-	2,970,680	316,827
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	(1,528,549)	100,000	(1,428,549)	(1,745,376)
NET ASSETS (DEFICIENCY) - END OF YEAR	\$ 1,442,131	\$ 100,000	\$ 1,542,131	\$ (1,428,549)

See independent auditors' report and accompanying notes to consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	Program Services						Supporting Services		Direct Cost of Special Events	Total	
	Behavioral Health	Cultural Enhancement Program	Early Learn	Senior Services	Peaceful Garden	Total Program Services	Development	Management and General		2022	2021
Salaries	\$ 3,259,349	\$ 164,561	\$ 1,894,163	\$ 1,920,891	\$ -	\$ 7,238,964	\$ 10,662	\$ 637,946	\$ -	\$ 7,887,572	\$ 7,331,999
Payroll taxes and employee benefits	625,457	39,321	490,650	430,609	-	1,586,037	1,553	136,681	-	1,724,271	1,708,292
Total salaries and related expenses	3,884,806	203,882	2,384,813	2,351,500	-	8,825,001	12,215	774,627	-	9,611,843	9,040,291
Food	7,797	10,269	362,093	150,499	-	530,658	-	19,501	-	550,159	246,504
Printing	1,095	5,054	5,186	3,648	-	14,983	-	922	-	15,905	13,363
Maintenance and repairs	145,517	683	43,253	15,319	-	204,772	-	17,771	-	222,543	174,974
Equipment rental and maintenance	18,829	3,300	6,489	14,749	-	43,367	-	3,300	-	46,667	41,477
Meetings and conferences	14,188	-	12,840	5,064	-	32,092	-	20,318	-	52,410	46,653
Travel (staff/client)	3,600	254	4,427	11,899	950	21,130	89	232	-	21,451	6,552
Professional fees	357,807	35,133	29,648	42,861	-	465,449	-	187,896	-	653,345	594,636
Staff Training/Expenses	19,535	65	9,972	2,208	-	31,780	-	9,480	-	41,260	24,008
Office supplies and materials	87,648	48,102	63,035	46,305	291	245,381	282	50,123	-	295,786	183,919
Postage	113	255	378	208	-	954	-	2,658	-	3,612	5,247
Household supplies	10,940	2,048	12,098	24,066	-	49,152	-	218	-	49,370	62,749
Insurance	86,697	3,362	72,207	18,930	-	181,196	-	28,352	-	209,548	214,089
Communication	55,196	3,020	21,380	46,696	-	126,292	179	7,955	-	134,426	122,224
Occupancy (Notes 7 and 9)	720,155	-	388,774	49,932	-	1,158,861	-	9,019	-	1,167,880	1,832,442
Stipends	-	-	652,297	648	-	652,945	-	-	-	652,945	330,374
Processing fees	35,387	3,366	21,215	20,680	-	80,648	-	4,016	-	84,664	83,564
Administrative overhead	729,017	60,802	356,136	534,985	14,500	1,695,440	-	(1,695,440)	-	-	-
Automobile	10,199	-	-	22,009	-	32,208	-	9,665	-	41,873	35,018
Event space and food	-	-	-	-	-	-	-	-	58,333	58,333	75,165
Interest	-	-	-	-	-	-	-	28,651	-	28,651	40,846
Volunteers (Notes 7)	-	-	-	28,676	-	28,676	-	-	-	28,676	-
Supplemental/Respite	-	-	-	212,967	-	212,967	-	-	-	212,967	-
Miscellaneous	69,036	598	8,319	4,185	726	82,864	-	10,714	-	93,578	317,933
Total expenses before depreciation and amortization	6,257,562	380,193	4,454,560	3,608,034	16,467	14,716,816	12,765	(510,022)	58,333	14,277,892	13,492,028
Depreciation and amortization (Note 4)	73,895	5,536	62,898	63,821	-	206,150	-	21,530	-	227,680	240,987
Total expenses after depreciation and amortization	6,331,457	385,729	4,517,458	3,671,855	16,467	14,922,966	12,765	(488,492)	58,333	14,505,572	13,733,015
Administrative overhead	(729,017)	(60,802)	(356,136)	(534,985)	(14,500)	(1,695,440)	-	1,695,440	-	-	-
TOTAL FUNCTIONAL EXPENSES	5,602,440	324,927	4,161,322	3,136,870	1,967	13,227,527	12,765	1,206,948	58,333	14,505,572	13,733,015
Event space and food	-	-	-	-	-	-	-	-	(58,333)	(58,333)	(75,165)
Depreciation and amortization (Note 4)	(73,895)	(5,536)	(62,898)	(63,821)	-	(206,150)	-	(21,530)	-	(227,680)	(240,987)
TOTAL OPERATING EXPENSES AS ADJUSTED \$	5,528,545	\$ 319,391	\$ 4,098,424	\$ 3,073,049	\$ 1,967	\$ 13,021,377	\$ 12,765	\$ 1,185,418	\$ -	\$ 14,219,559	\$ 13,416,863

See independent auditors' report and accompanying notes to consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

CASH FLOWS FROM OPERATING ACTIVITIES:	2022	2021
Change in net assets	\$ 2,970,680	\$ 316,827
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	227,680	240,987
Gain on sale of Peaceful Garden cemetery plots	(182,215)	(12,583)
Forgiveness of debt	-	(60,199)
Amortization of right-of-use assets	188,725	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,755,943)	(1,071,164)
Prepaid expenses and other assets	2,666	(5,898)
Accounts payable and accrued expenses	25,581	151,083
Accrued payroll liabilities	(20,311)	190,663
Advances from grantors	618,873	512,469
Due to grantors	(70,488)	(56,102)
Due to OMH	(300,000)	(225,000)
Accrued interest payable	19,237	39,166
Operating leases liabilities	(188,725)	-
Net cash from operating activities	1,535,760	20,249
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(113,640)	(115,794)
Proceeds from sale of Peaceful Garden plots	259,100	19,680
Net cash from investing activities	145,460	(96,114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes repayments	(1,498,152)	(25,000)
Advance bank line of credit	150,000	-
Net cash from financing activities	(1,348,152)	(25,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	333,068	(100,865)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	969,088	1,069,953
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,302,156	\$ 969,088
SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 7,493	\$ 1,679
Cash paid for income taxes	\$ -	\$ -

See independent auditors' report and accompanying notes to consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. NATURE OF ORGANIZATION

Hamilton-Madison House, Inc. ("HMH"), was incorporated under the laws of the State of New York on July 16, 1902 and began operations soon thereafter. HMH is a not-for-profit organization under Section 501(c)(3) and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC").

Hamilton-Madison House, Inc. is supported primarily by government contract revenues as well as fees for services.

City Hall Senior Center Peaceful Garden Society, Inc. ("Peaceful Garden") was incorporated under the laws of the State of Delaware on August 25, 2011. Peaceful Garden is a wholly owned subsidiary of HMH. HMH transferred title of its inventory of unsold cemetery plots to Peaceful Garden. It is a Section 501(c)(13) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the IRC.

HMH and Peaceful Garden are collectively referred to as the "House." Accordingly, the consolidated financial statements of the House include HMH and Peaceful Garden.

The House maintains facilities principally serving the Lower East Side of New York City providing health, day care, educational, athletic and other social services, including the sale of cemetery plots, to the Asian community. It also provides mental health and alcoholism services city-wide.

The followings are descriptions of the House's programs:

Behavioral Health

The House is a leading provider of behavioral health services for New York City's Asian community. The House provides culturally and linguistically sensitive services to Chinese, Japanese, Korean and Southeast Asian clients. The program services include individual and group counseling for substance abuse and gambling treatment services, mental health, supported housing and Personalized Recovery Oriented Services ("PROS").

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. NATURE OF ORGANIZATION (continued)

Behavioral Health (continued)

Outpatient Chinese, Korean, Japanese and Southeast Asian clinics provide outpatient behavioral health services that strive to maintain the mental wellbeing of community residents through culturally appropriate prevention and treatment of emotional and/or social breakdown, including: diagnostic assessment, psychiatric and psychological evaluation, individual, couple, marital, family and group therapy, psychosocial education and play therapy, pharmaceutical therapy, community outreach, professional consultation to service providers and internships for graduate students in social work and psychology. A new NYC DOHMH program, the Continuous Engagement between Community and Clinic Treatment (CONNECT) extends the clinic into the community. The services provided are to add an extra layer of support and assists clients to gain rapid access to case management and clinical services.

PROS serve targeted Chinese-speaking and Korean-speaking populations, ages 18 to 60, with a diagnosed history of chronic psychiatric disorders and who require 3 to 5 hours of structured treatment daily. The House's goal is to rehabilitate and prevent re-hospitalization of these populations and to improve their quality of life. The services include group therapy, pharmaceutical therapy, symptom management, activities of daily living (“ADL”) training, recreation therapy, skills building, prevocational skills training, vocational training, wellness and community living.

Supported Housing provides permanent housing for people who are seriously and persistently mentally ill to live independently in the community. The primary group of tenants are Asian-American mentally ill, which makes this program the first of its kind in New York State. The program offers 56 beds in 25 fully furnished apartments. Bilingual and bicultural case management services and ADL skills training are provided.

Asian-American Recovery Services provide alcohol, substance, and gambling recovery services to the Asian population of New York City's five boroughs and to all the residents of the Two Bridges/Chinatown community with no restriction on age, sex, sexual orientation, race, ethnicity or income.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. NATURE OF ORGANIZATION (continued)

Early Learn

The House offers a variety of childcare options for children between the ages of 2 months and 6 years. The mission is to foster the healthy development of children through the holistic provision of early childhood education, health services, nutritional assistance, and social services to families. The programs include Day Care, Family Day Care, Head Start, and Universal Pre-Kindergarten (“UPK”).

Family Day Care coordinates licensed, home-based family day care for children between the ages of 6 weeks and 5 years. One objective is to recruit, train, and support family child care providers to develop and maintain a safe, nurturing, educational, and high-quality child care environment in their homes.

Head Start and UPK programs foster the healthy development of children between the ages of 3 to 5 years to prepare them for kindergarten. Caring and knowledgeable teachers create a learning environment that enhances a child's social, intellectual, emotional and physical growth.

Cultural Enrichment Programs

The House offers various youth development programs for children and teens that provide students with life-enhancing activities that develop life skills to handle everyday stresses effectively and to prepare them for future responsibilities at school, work, and home.

The Unify - LIFT Program provides affordable enrichment activities and classes during the school calendar year. Current activities feature Chinese brush painting, literacy and math clubs, computer graphics classes and tutoring for teens. Guitar classes for ages 11 and up are also offered.

The Music School provides accessible and affordable music lessons in violin and cello for children ages 5 to 12 and a limited number of highly motivated adults. Classes take place on Saturdays and selected evenings during the school year. One-month summer intensive lessons are offered to selected students.

The House strives to alleviate poverty in the community by providing non-English-speaking residents with English language, computer, and career skills. These services help community members become active in local businesses, community and their children's academic and social lives.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

1. NATURE OF ORGANIZATION (continued)

The Chinatown and Korean Resource Centers work to empower the community and promote community stability by offering case management, referral services and public education programs. The Chinatown Resource Center partners with other community groups to cosponsor important community events and ongoing services. These include legal assistance; health screenings; financial counseling; case management services to help local residents negotiate the complex and bureaucratic system of accessing benefits; application assistance and advocacy; walk-in services, including translation services and completing forms; information and referral to legal, housing and other social services; public education workshops; and adult English as a Second Language (“ESL”) and computer classes.

Senior Services

The House provides a variety of senior programs and centers that strive to minimize isolation and depression by helping seniors continue to live as active members of the community.

The programs and centers serve more than 6,000 seniors who range from 60 to 90 years old and who speak five different languages and dialects. The House also provides caregivers and families caring for seniors with resources, information and support to assist their loved ones.

Programs and centers include: Caregiver programs, City Hall Senior Center, Smith (Naturally Occurring Retirement Community “NORC”) Senior Center, and Knickerbocker Village (NORC) Senior Center, Two Bridges Senior Center, and Social Adult Day Program.

Peaceful Garden

Peaceful Garden’s primary mission is to provide a vital service to the New York Chinese Community by making burial plots available to those who cannot obtain them through the Chinese community and Chinese family associations.

Peaceful Garden has established and maintains a garden cemetery, which not only honors the dead, but also brings healing and hope to the living through its beauty. It expresses reverence and gratitude for those buried there; and all who visit know that the departed were buried with dignity, honor and respect.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation

The consolidated financial statements include the accounts of HMH and Peaceful Garden. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of presentationⁱ

The consolidated financial statements follow the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14 (Topic 958), *Presentation of Financial Statements*. Under FASB ASU 2016-14 (Topic 958), the House is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

Net assets with donor restrictions: The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions.

The adoption of ASU 2016-14 (Topic 958) had no effects on the House. Donor restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions in the accompanying consolidated financial statements.

Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the House has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Carrying values of non-derivative financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses, accrued payroll liabilities, advances from grantors, due to OMH and notes payable approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2022.

Income tax status

The House is exempt from federal income taxes under Sections 501(c)(3) and 501(c)(13) of the Internal Revenue Code. These IRC sections enable the House to accept donations which qualify as charitable contributions to the donor. The House has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the consolidated financial statements. In addition, the House has no unrelated business income which could be taxable. The House files with the Internal Revenue Service Form 990, "Return of Organization Exempt from Income Tax" and the related State and local exempt organization returns as required.

The House follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the "more-likely-than-not" threshold based upon the technical merits of the positions. The House believes that it does not have any uncertain tax positions.

The House's 2019, 2020 and 2021 tax years are open and subject to examination by the tax authorities. However, the House is not currently under examination nor has it been contacted by any of the tax authorities.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of the statement of cash flows, the House considers all demand deposits, money market funds and other short-term liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

The House records receivables based on contracts and rates for services provided. Government grant receivables are recorded when expenses are incurred or services are rendered and the House has a contract for services. The allowance for doubtful accounts 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, history of past write-offs and collections, and a review of payments subsequent to year end. Interest is not recorded or accrued on outstanding receivables. As of June 30, 2022, the allowance for doubtful accounts was \$156,421.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842).” The new standard requires lessees to recognize lease assets (“right of use”) and related lease obligations (“lease liabilities”) for leases previously classified as operating leases under generally accepted accounting principles on the balance sheet for leases with terms in excess of 12 months. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class or underlying asset, not to recognize an ROU asset or lease liability. The House has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use and liabilities in the statement of financial position. At inception, lessee must classify all leases as either finance or operating based on five criteria. The House adopted Topic 842 using July 1, 2021 as the date of initial adoption. See Note 9 for additional information.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Fixed assets are recorded at cost, or if donated, at their approximate fair value at the date of donation. Items with a minimum value of \$2,000 with estimated useful lives of more than two year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the lease or the estimated useful lives of the improvements. Depreciation is calculated for financial statement purposes over the following lives:

Building and building improvements	5-31 years
Computer hardware and software	5 years
Furniture and equipment	5-10 years

Donations of fixed assets are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as increases in net assets with donor restrictions. It is the House's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of fixed assets that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in net assets with donor restrictions. The House reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated fixed assets.

Periodically, management reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is measured by comparing the carrying value of the asset to the sum of the expected future cash flows (undiscounted and without interest charges) resulting from the use of the asset and its eventual disposition. There was no impairment of assets during the year ended June 30, 2022.

Government contract revenues and fees for service

The House receives certain funding for its programs in the form of operational grants, which usually run for a period of one year or longer. This support is restricted to operations within the terms of the grants and, accordingly, recognition of grant support is recorded as advances from grantors until qualified expenditures are incurred. The House recognizes revenue on government contracts when earned, or when reimbursable expenses are incurred. Any excess of grant support over expenses at the end of the grant period is recorded as due to grantors. Program income is recognized when earned.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government contract revenues and fees for service (continued)

Revenues for the mental health clinics are promulgated by rates set by OMH. Laws and regulations governing the current third-party-payor health care programs, including Medicaid and Medicare, are subject to audit and extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded amounts may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in return of revenues, fines, penalties and exclusion from the Medicaid programs.

The House is not aware of any allegations of noncompliance that could have a material adverse effect on the House's change in net assets or financial position and believes that it is substantially in compliance with all applicable laws and regulations.

Rental income

Rental leases with tenants are short-term operating leases, generally for a period of one year or less. Rental income is recognized as rentals become due each month. Rental payments received in advance are deferred until earned.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either net assets with donor restrictions or net assets without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions.

Nongovernment contract revenue

Contract revenues are recognized when earned, based upon expenses incurred or services provided.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions

In-kind contributions, including services and merchandise, are recorded at fair value at the date of donation. Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation.

Cemetery - Peaceful Garden

Peaceful Garden burial plots are recorded at the lower of cost or market. Revenues from cemetery plot sales are recorded net of the prorated cost per plot. Cost of plots sold for the year ended June 30, 2022 was \$76,885.

Measure of operations

Transactions deemed by management to be directly related to the programs of the House, excluding depreciation, are reported as operating revenues and expenses.

Vacation and sick leave

Vacation is granted at the rate of 1 1/4 days per month to all eligible full-time employees. A maximum of ten 10 vacation days may be carried over into the next calendar year, however, the carryover of vacation days must be used by March 31. Paid sick leave for all eligible full-time employees will accrue at the rate of one day per month of active employment. Sick days can be accumulated to a maximum of 90 days. Vacation and sick leave are paid at the employee's salary rate at the time taken or in the case of vacation pay when the employee leaves the House. Provision has been made in the consolidated financial statements for accrued vacation and sick leave liabilities. As of June 30, 2022, the House's accrued vacation liabilities were \$307,452.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Administrative overhead, which represents a fixed amount paid by each contract to reimburse the House for its administration costs, is shown as a program expense in order to report the total reimbursement under the contract. It is then reversed for purpose of functional reporting.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses (continued)

The consolidated financial statements report certain categories of expenses that are attributed to more than one program of supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation which are allocated on a square footage basis, as well as salaries, payroll taxes and fringe benefits, food services, printing, maintenance and repairs, equipment rental, meetings and conference, travel, professional fees, office supplies, postage, household supplies, insurance, communication, volunteers, and other which are allocated on the basis of estimates and effort.

Comparative financial information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior year information is presented in total, not by the net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

3. CONCENTRATIONS

The House maintains its cash in bank deposit accounts, which at times, may exceed the FDIC insured limits of \$250,000 per financial institution. At June 30, 2022, the House had cash balances in excess of Federally insured limits of approximately \$1,002,000. The House has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

Approximately 23% of revenues are derived from the New York City Department of Education ("DOE"). The majority of services are paid by third-party payers. Thus, the House is highly dependent on federal funding distributed through New York City. The federal government and New York State have proposed reductions in the funding of many health care programs. This may impact our revenues in the future.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

3. CONCENTRATIONS (continued)

The gross mix of receivables at June 30, 2022 is as follows:

Medicaid/Medicare/Managed Care	16%
Other governmental agencies	68%
Private and other	16%
	100%

4. FIXED ASSETS

Fixed assets at June 30, 2022 are summarized as follows:

Land	\$ 116,235
Building and building improvements	1,883,088
Computer hardware and software	350,117
Furniture and equipment	653,783
Leasehold improvements	1,956,676
Vehicles	80,723
	5,040,622
Less: accumulated depreciation and amortization	(3,557,058)
Fixed assets, net	\$ 1,483,564

Depreciation and amortization expense for the year ended June 30, 2022 was \$227,680.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

5. NOTES PAYABLE

In fiscal year 2017, the House received multiple cash flow loans totaling \$1,215,000 from The Fund for the City of New York. As of June 30, 2022, there was \$25,000 outstanding. No interest was charged for the year ended June 30, 2022.

On April 30, 2020, the House received loan proceeds in the amount of \$1,446,222 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying business. The PPP loan and its accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities and maintains its payroll levels. The unforgiven portion of the loan, if any, is payable over five years at an interest rate of 1%. The House submitted loan forgiveness application in August 2021 and subsequently received the Small Business Administration (“SBA”) forgiveness on August 21, 2021. The forgiveness amount includes principle of \$1,418,927 and accrued interest of \$18,387.

Notes payable at June 30, 2022 are summarized as follows:

Fund for the City of New York - current	\$	25,000
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6. BANK LINE OF CREDIT

The Company entered into a credit agreement with a new bank in 2022, which provides for borrowings from the House. The maximum amount available under the line of credit is \$800,000 with interest rate of 5.2% on the outstanding principal balance. At June 30, 2022, the bank line of credit was \$150,000.

Interest expense under the line of credit was \$7,493 for the year ended June 30, 2022.

7. IN-KIND CONTRIBUTIONS

Donated space

The House receives the use of various office space in buildings at lower than market value from several landlords. The House values the fair value of the space based on square footage made available and the prevailing market rate for similar space. The value of the donated space for the year ended June 30, 2022 amounted to \$251,518, which is included in revenue as in-kind contributions and occupancy expense on the consolidated statement of functional expenses.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

7. IN-KIND CONTRIBUTIONS (CONTINUED)

Donated services

The House received donated services consisting primarily of licensed therapists. These donated services have been valued at the standard market rates that would have been incurred by the House had they not been donated and are reported as both revenue and expense in the accompanying consolidated financial statements because they meet the criteria as prescribed by accounting principles generally accepted in the United States of America. Due to Covid-19, there were no donated volunteer therapist services for the year ended June 30, 2022.

In addition, the House benefited from approximately 1,485 hours of additional volunteer services during the year. These donated services are not reflected in the consolidated financial statements, since the services provided do not meet the criteria for recognition under FASB ASC 958-606. The value of these services was estimated to be approximately \$30,236 for the year ended June 30, 2022.

8. PENSION EXPENSE

The House maintains a defined contribution pension plan covering all qualified employees except those working in the Early Learn program, who are union employees and are covered by the defined benefit pension plan of the Head Start Sponsoring Board Council of the City of New York, Inc. The House paid \$102,614 to the defined benefit pension plan.

The House made no contributions to the defined contribution pension plan for the year ended June 30, 2022.

9. OPERATING LEASES

The House leases multiple facilities for its programs and they are all operating leases under terms of agreement and the criteria included in ASU 2016-02. As discussed in Note 2, the House adopted the provisions of ASU 2016-02 effective July 1, 2021 and made an accounting policy election not to record leases with an initial term of less than one year as right-of-use and liabilities in the statement of financial position. Five of the program sites leases are over one year and thus adopted the provisions.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

9. OPERATING LEASES (CONTINUED)

For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASU 2016-02). The House records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts to determine lease payments unless The House is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases that a discount rate is not readily available, The House has elected to use the incremental borrowing rate based on the information available at the lease inception date. Future minimal rental payments for these leases for the years ending subsequent to June 30, 2022 are as follows:

Future minimum annual lease payments for the five program sites are as follows:

Year Ending June 30,	Amount
2023	\$ 235,334
2024	179,113
2025	128,365
2026	134,865
2027	141,694
Thereafter	3,981,370
Total	\$ 4,800,741

Rent expense included in the accompanying statements of functional expenses for the years ended June 30, 2022 was \$735,760.

10. NET ASSETS WITH DONOR RESTRICTIONS

In June 2014, the House received a restricted contribution in the amount of \$100,000. The House's restricted net assets consist of endowment fund assets to be held in perpetuity. The income earned from endowment assets is to be used for an annual celebration for members of the House's senior programming.

General

As required by accounting principles generally accepted in the United States of America ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of relevant law

The Board of Directors of the House has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard, and permits charities to apply a spending policy related to endowments based on certain specified standards of prudence. The House is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7%. As a result of this interpretation, the House classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment fund, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Return objectives and strategies employed

The objective of the House is to maintain the principal endowment funds at the original amount designated by the donor and to provide a predictable stream of funding to the program to be supported by the endowment. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

Endowment net asset composition by type of fund

The endowment net asset composition was:

June 30, 2022

Net assets with donor restrictions	\$ 100,000
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The funds provided for this endowment have been separately invested as of June 30, 2022.

11. CONTINGENCIES

The House is responsible for reporting to various third parties. OMH, the Office of Medicaid Inspector General (“OMIG”), DOE, the New York State Office of the Attorney General, the Internal Revenue Service, and the New York State Department of Charities Registration have the rights to audit the House. If these audits determine that the revenue received was not appropriately calculated or earned under the terms of the related contracts, the House is required to return some portion of the funds already received.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

11. CONTINGENCIES (CONTINUED)

The House receives Medicaid funding for its clinic services in the form of Comprehensive Outpatient Provider System (“COPS”) and Community Support Program (“CSP”) add-ons. The COPS and CSP add-ons are derived from formulas calculated by OMH. The formulas provide for a threshold for reimbursement, and all excess payments received are subject to repayment. On June 9, 2011 the OMIG issued a final schedule of audit findings pertaining to an audit of payments made for COPS through June 30, 2005. Based on the report, OMIG stated that \$1,944,507 in COPS overpayments were to be repaid. Thereafter, OMH established a long-term repayment plan for the House to pay the amounts due. On June 21, 2013, OMIG issued an audit report on payments made for COPS and CSP from July 1, 2005 through June 30, 2008. Based on the report, OMIG stated that additional \$2,397,566 and \$199,192 in COPS and CSP overpayments, respectively, were to be repaid.

These overpayments were made by withholding 15% of the total Medicaid payment each year and applying them to a detailed repayment schedule. In February 2014, OMIG has agreed to waive the withholding. In a letter dated June 8, 2016, the House agreed with OMIG to make an initial payment of \$25,000 on or before August 1, 2016. The House makes payments of \$25,000 on or before the 1st day of each month thereafter until the full amount has been paid off. The House may prepay the outstanding balance, or any portion thereof, at any time without penalty. As of June 30, 2022, the COPS and CSP balance on OMIG audit findings was \$2,004,434. The accrued interest was \$154,557 as of June 30, 2022.

It is possible that future audits could find additional Medicaid overpayments that would have to be repaid by the House. The House is currently not under audit for any of the programs.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the House’s financial assets as of June 30, 2022:

Cash and cash equivalents	\$ 1,302,156
Accounts receivable, net	4,239,478
Prepaid expenses	46,065

Financial assets available to meet general expenditures over the next twelve months	\$ 5,587,699
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As part of the Organization’s strategy, management structures its financial assets, consisting of cash and cash equivalents, net accounts receivable and prepaid expenses to be available for its general expenditures and liabilities coming due within one year. The Organization receives cash flow from various government Agencies and foundation grants to fund its programs and activities.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

13. SUBSEQUENT EVENTS

The House's management has performed subsequent events procedures through February 16, 2023 which is the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

SCHEDULE OF BEHAVIORAL HEALTH EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

		Outpatient Clinics	PROS	Supported Housing	Asian- American Recovery	Project Hope	Total	
							2022	2021
Salaries	\$	1,391,510	\$ 399,158	323,492	380,692	764,497	\$ 3,259,349	\$ 2,003,279
Payroll taxes and employee benefits		267,714	70,998	62,447	86,285	138,013	625,457	510,214
Food services		-	-	7,797	-	-	7,797	4,361
Printing		773	129	34	159	-	1,095	1,354
Maintenance and repairs		14,440	9,661	116,461	4,955	-	145,517	42,140
Equipment rental and maintenance		9,332	4,912	1,607	2,978	-	18,829	17,802
Meetings and conferences		4,449	3,960	4,121	1,656	-	14,186	15,046
Travel (staff/client)		160	-	-	-	3,440	3,600	2,696
Professional fees		245,113	87,507	-	25,187	-	357,807	292,407
Staff expenses/training		12,527	497	-	6,512	-	19,536	1,135
Office supplies and materials		76,823	4,689	1,754	2,963	1,419	87,648	21,547
Postage		35	-	66	11	-	112	159
Household supplies		7,037	1,283	839	1,781	-	10,940	11,743
Insurance		9,545	16,629	49,534	10,989	-	86,697	84,181
Communication		26,513	4,400	7,020	8,634	8,630	55,197	36,740
Occupancy (Notes 7 and 9)		179,543	111,270	313,766	115,576	-	720,155	729,638
Processing fees		17,458	4,187	2,251	4,577	6,913	35,386	26,548
Miscellaneous		34,602	18,557	1,284	13,585	1,010	69,038	63,155
Administrative overhead		393,728	111,691	165,563	58,035	-	729,017	384,318
Auto		-	-	10,199	-	-	10,199	3,960
Interest		-	-	-	-	-	-	8,225
Depreciation and amortization		2,350	628	48,002	22,915	-	73,895	73,015
		2,693,652	850,156	1,116,237	747,490	923,922	6,331,457	4,333,663
Administrative overhead		(393,728)	(111,691)	(165,563)	(58,035)	-	(729,017)	(384,318)
TOTAL EXPENSES	\$	2,299,924	\$ 738,465	\$ 950,674	\$ 689,455	\$ 923,922	\$ 5,602,440	\$ 3,949,345
Depreciation and amortization		(2,350)	(628)	(48,002)	(22,915)	-	(73,895)	(73,015)
TOTAL OPERATING EXPENSES - AS ADJUSTED	\$	2,297,574	\$ 737,837	\$ 902,672	\$ 666,540	\$ 923,922	\$ 5,528,545	\$ 3,876,330

See independent auditors' report.