



***HAMILTON-MADISON HOUSE, INC. AND  
SUBSIDIARY***

**Consolidated Financial Statements and  
Reports of Independent Auditors  
For the Year Ended June 30, 2021**

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# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Hamilton-Madison House, Inc.

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, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the consolidated 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 2020 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in purple ink that reads 'Wei Wei & Co., LLP'.

Flushing, New York  
January 26, 2022

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

ASSETS	2021	2020
<b>Current assets:</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 969,088	\$ 1,069,953
Accounts receivable, net of allowance for doubtful accounts of \$163,420 <i>(Notes 2 and 3)</i>	2,483,534	1,412,370
Prepaid expenses	48,731	42,833
Total current assets	3,501,353	2,525,156
<b>Noncurrent assets:</b>		
Peaceful Garden - cemetery <i>(Note 2)</i>	222,238	229,335
Fixed assets, net <i>(Notes 2 and 4)</i>	1,597,604	1,722,797
<b>TOTAL ASSETS</b>	<b>\$ 5,321,195</b>	<b>\$ 4,477,288</b>
<b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 796,136	\$ 645,053
Accrued payroll liabilities <i>(Note 2)</i>	830,774	640,111
Advances from grantors	1,089,441	576,972
Due to grantors	70,488	60,000
Due to OMH <i>(Note 11)</i>	300,000	250,000
Notes payable <i>(Note 5)</i>	30,000	30,000
Mortgage payable <i>(Note 6)</i>	-	60,199
Total current liabilities	3,116,839	2,262,335
<b>Noncurrent liabilities:</b>		
Due to OMH <i>(Note 11)</i>	2,004,433	2,279,433
Due to grantors	-	66,590
Notes payable <i>(Note 5)</i>	1,493,152	1,501,222
Accrued interest - OMH <i>(Note 11)</i>	135,320	113,084
<b>TOTAL LIABILITIES</b>	<b>6,749,744</b>	<b>6,222,664</b>
<b>Net assets (deficiency):</b>		
Net assets without donor restrictions	(1,528,549)	(1,845,376)
Net assets with donor restrictions <i>(Note 10)</i>	100,000	100,000
<b>TOTAL NET ASSETS (DEFICIENCY)</b>	<b>(1,428,549)</b>	<b>(1,745,376)</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 5,321,195</b>	<b>\$ 4,477,288</b>

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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
			2021	2020
<b>SUPPORT AND REVENUES:</b>				
Operating revenues:				
Government contract and grants <i>(Note 2)</i>	\$ 8,544,787	\$ -	\$ 8,544,787	\$ 8,320,797
Nongovernment contract revenue <i>(Note 2)</i>	397,315	-	397,315	344,100
Contributions <i>(Note 2)</i>	805,380	-	805,380	532,898
Fee for services <i>(Note 2)</i>	3,116,842	-	3,116,842	2,752,676
Rental income <i>(Note 2)</i>	123,143	-	123,143	100,100
In-kind contributions <i>(Notes 2 and 7)</i>	695,185	-	695,185	720,974
Special events revenues	275,824	-	-	-
Direct cost of special events	(75,165)	200,659	200,659	205,145
Total operating revenues	13,883,311	-	13,883,311	12,976,690
Other revenues, (expenses), gains and (losses):				
Gain on sale of cemetery plots - Peaceful Garden <i>(Note 2)</i>	12,583	-	12,583	15,489
Other income	78,783	-	78,783	14,446
Total other revenues, (expenses), gains and (losses)	91,366	-	91,366	29,935
TOTAL SUPPORT AND REVENUES	\$ 13,974,677	\$ -	\$ 13,974,677	\$ 13,006,625

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	
			2021	2020
<b>EXPENSES:</b>				
Operating expenses:				
Program services				
Behavioral health	\$ 4,657,888	\$ -	\$ 4,657,888	\$ 3,876,330
Cultural enhancement program	133,606	-	133,606	166,202
Early Learn	4,659,070	-	4,659,070	5,041,746
Senior services	2,610,732	-	2,610,732	2,444,572
Peaceful Garden	735	-	735	977
Total program services	12,062,031	-	12,062,031	11,529,827
Supporting services:				
Management and general	1,297,030	-	1,297,030	1,231,583
Fundraising	57,802	-	57,802	26,748
Total supporting services	1,354,832	-	1,354,832	1,258,331
TOTAL OPERATING EXPENSES	13,416,863	-	13,416,863	12,788,158
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Prior period income (expense) - program close out adjustments	-	-	-	629,915
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	60,612
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	557,814	-	557,814	848,382
Depreciation and amortization (Note 4)	(240,987)	-	(240,987)	(247,694)
CHANGE IN NET ASSETS	316,827	-	316,827	600,688
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	(1,845,376)	100,000	(1,745,376)	(2,346,064)
NET ASSETS (DEFICIENCY) - END OF YEAR	\$ (1,528,549)	\$ 100,000	\$ (1,428,549)	\$ (1,745,376)

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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	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		2021	2020
Salaries	\$ 2,546,997	\$ 96,674	\$ 2,103,779	\$ 1,760,466	\$ -	\$ 6,507,916	\$ 8,346	\$ 815,737	\$ -	\$ 7,331,999	\$ 6,277,355
Payroll taxes and employee benefits	583,708	21,853	567,307	380,975	-	1,553,843	667	153,782	-	1,708,292	1,488,692
Total salaries and related expenses	3,130,705	118,527	2,671,086	2,141,441	-	8,061,759	9,013	969,519	-	9,040,291	7,766,047
Food	6,270	-	218,871	39	-	225,180	-	21,324	-	246,504	568,216
Printing	2,283	731	6,778	2,919	-	12,711	-	652	-	13,363	11,900
Maintenance and repairs	119,262	-	25,801	28,096	-	173,159	-	1,815	-	174,974	110,974
Equipment rental and maintenance	17,802	2,734	7,671	9,872	-	38,079	-	3,398	-	41,477	42,248
Meetings and conferences	14,189	464	5,168	2,423	-	22,244	-	24,409	-	46,653	69,333
Travel (staff/client)	1,921	-	3,292	1,013	-	6,226	-	326	-	6,552	8,644
Professional fees	342,179	-	73,575	48,539	-	464,293	48,512	81,831	-	594,636	624,326
Staff Training/Expenses	1,110	-	6,908	3,930	-	11,948	-	12,060	-	24,008	16,825
Office supplies and materials	36,804	2,587	69,021	37,189	-	145,601	-	38,318	-	183,919	138,234
Postage	177	-	1,071	735	-	1,983	-	3,264	-	5,247	3,708
Household supplies	21,733	-	31,714	8,333	-	61,780	-	969	-	62,749	70,893
Insurance	85,178	1,481	77,202	29,708	-	193,569	-	20,520	-	214,089	206,417
Communication	43,817	2,620	26,626	37,540	-	110,603	84	11,537	-	122,224	101,098
Occupancy (Notes 5 and 7)	731,886	-	1,031,862	39,334	-	1,803,082	-	29,360	-	1,832,442	1,793,318
Stipends	-	-	329,702	672	-	330,374	-	-	-	330,374	821,606
Processing fees	30,585	3,462	23,883	19,624	-	77,554	-	6,010	-	83,564	73,929
Administrative overhead	546,148	8,703	63,112	314,472	14,313	946,748	-	(946,748)	-	-	-
Automobile	8,669	-	-	16,646	-	25,315	-	9,703	-	35,018	28,547
Event space and food	-	-	-	-	-	-	-	-	75,165	75,165	172,428
Interest	1,679	-	-	-	-	1,679	-	39,167	-	40,846	33,529
Volunteers (Notes 5)	-	-	-	-	-	-	-	-	-	-	106,653
Miscellaneous	61,639	1,000	48,839	182,679	735	294,892	193	22,848	-	317,933	191,713
Total expenses before depreciation and amortization	5,204,036	142,309	4,722,182	2,925,204	15,048	13,008,779	57,802	350,282	75,165	13,492,028	12,960,586
Depreciation and amortization (Note 4)	74,543	3,363	73,179	61,237	-	212,322	-	28,665	-	240,987	247,694
Total expenses after depreciation and amortization	5,278,579	145,672	4,795,361	2,986,441	15,048	13,221,101	57,802	378,947	75,165	13,733,015	13,208,280
Administrative overhead	(546,148)	(8,703)	(63,112)	(314,472)	(14,313)	(946,748)	-	946,748	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>4,732,431</b>	<b>136,969</b>	<b>4,732,249</b>	<b>2,671,969</b>	<b>735</b>	<b>12,274,353</b>	<b>57,802</b>	<b>1,325,695</b>	<b>75,165</b>	<b>13,733,015</b>	<b>13,208,280</b>
Event space and food	-	-	-	-	-	-	-	-	(75,165)	(75,165)	(172,428)
Depreciation and amortization (Note 4)	(74,543)	(3,363)	(73,179)	(61,237)	-	(212,322)	-	(28,665)	-	(240,987)	(247,694)
<b>TOTAL OPERATING EXPENSES AS ADJUSTED</b>	<b>\$ 4,657,888</b>	<b>\$ 133,606</b>	<b>\$ 4,659,070</b>	<b>\$ 2,610,732</b>	<b>\$ 735</b>	<b>\$ 12,062,031</b>	<b>\$ 57,802</b>	<b>\$ 1,297,030</b>	<b>\$ -</b>	<b>\$ 13,416,863</b>	<b>\$ 12,788,158</b>

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

**HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2021</b>	<b>2020</b>
Change in net assets	\$ 316,827	\$ 600,688
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	240,987	247,694
Gain on sale of Peaceful Garden cemetery plots	(12,583)	(15,489)
Forgiveness of debt	(60,199)	(115,745)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,071,164)	108,655
(Increase) in prepaid expenses and other assets	(5,898)	(3,709)
Increase (decrease) in accounts payable and accrued expenses	151,083	(122,873)
Increase in accrued payroll liabilities	190,663	91,030
Increase in advances from grantors	512,469	73,539
(Decrease) in due to grantors	(56,102)	(372,536)
(Decrease) in due to OMH	(225,000)	(558,906)
Increase in accrued interest - PPP loan	16,930	-
Increase in accrued interest - OMH	22,236	25,304
Net cash provided by (used in) operating activities	20,249	(42,348)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(115,794)	(157,330)
Proceeds from sale of Peaceful Garden plots	19,680	24,360
Net cash (used in) provided by investing activities	(96,114)	(132,970)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes	-	2,231,926
Repayments made on notes	(25,000)	(1,370,703)
Net cash (used in) provided by financing activities	(25,000)	861,223
NET CHANGE IN CASH AND CASH EQUIVALENTS	(100,865)	685,905
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,069,953	384,048
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 969,088</b>	<b>\$ 1,069,953</b>
<b>SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 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, 2021**

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### **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.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Furthermore, on March 21, 2020, New York Governor Andrew Cuomo issued an Executive Order entitled "New York State on PAUSE" (Policy that Assures Uniform Safety for Everyone) (the "Order"), pursuant to which, all nonessential employees (as defined by the State) must stay at home starting March 22, 2020. Beginning on March 15, 2020, prior to this order, the House announced the remote services to protect its employees and the families and communities it serves. Due to the recent fast-spreading of Omicron, The House is reinforcing the blend in Policy to have part of staff work from home and part of staff work in the office. The House is currently operating effectively as of the date of this report.

The following is a description 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,

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **1. NATURE OF ORGANIZATION (continued)**

#### **Behavioral Health (continued)**

supported housing and Personalized Recovery Oriented Services ("PROS").

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.

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.

#### **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

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **1. NATURE OF ORGANIZATION (continued)**

#### **Early Learn (continued)**

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 Unity - 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.

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.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **1. NATURE OF ORGANIZATION (continued)**

#### **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.

### **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.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of presentation<sup>i</sup>**

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:

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, other assets, accounts payable and accrued expenses, accrued payroll liabilities, and advances from grantors 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, 2021.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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 2018, 2019 and 2020 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.

#### **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.



# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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, 2021, the allowance for doubtful accounts was \$163,420.

#### 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, 2021.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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.

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.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Nongovernment contract revenue**

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

#### **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, 2021 was \$7,097.

#### **Operating leases**

Operating leases are recorded on the straight-line basis over the term of the lease. Deferred rent is recorded where there are material differences between the fixed payment and the rent expense recognized.

#### **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, 2021, the House's accrued vacation liabilities were \$364,722.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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.

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, 2020, 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, 2021, the House had cash balances in excess of Federally insured limits of approximately \$1,145,000. The House has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 3. CONCENTRATIONS (continued)

Approximately 34% 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.

The gross mix of receivables at June 30, 2021 is as follows:

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Medicaid/Medicare/Managed Care	26%
Other governmental agencies	65%
Private and other	9%
	100%

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### 4. FIXED ASSETS

Fixed assets at June 30, 2021 are summarized as follows:

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Land	\$ 116,235
Building and building improvements	1,883,088
Computer hardware and software	265,733
Furniture and equipment	624,527
Leasehold improvements	1,956,676
Vehicles	80,723
	4,926,982
Less: accumulated depreciation and amortization	(3,329,378)
Fixed assets, net	\$ 1,597,604

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Depreciation and amortization expense for the year ended June 30, 2021 was \$240,987.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 5. NOTES PAYABLE

In fiscal year 2017, the House received various cash flow loans totaling \$1,215,000 from The Fund for the City of New York. As of June 30, 2021, there was \$60,000 outstanding. No interest was charged for the year ended June 30, 2021.

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 20, 2022. The interest expenses of PPP loan is \$16,930 for the year ended June 30, 2021.

Notes payable at June 30, 2021 are summarized as follows:

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Paycheck Protection Program - non - current	\$ 1,463,152
Fund for the City of New York - non-current	30,000
<hr/>	
Total	\$ 1,493,152

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### 6. MORTGAGE PAYABLE

In 1994, the House obtained financing from OMH to purchase 108-11 48th Avenue in Queens, New York, a building to be used for supportive housing services. In 2004, OMH closed on a mortgage with the Dormitory Authority of the State of New York (“DASNY”) on behalf of the House for \$1,350,000 to be repaid in semiannual installments, bearing interest at 5.5797% and maturing December 1, 2020. OMH makes the debt service payments to DASNY on behalf of the House.

The House, in turn, records revenue on an annual basis equal to the debt service payments made by OMH to DASNY. The mortgage is collateralized by the land and building. As of June 30, 2021, The House paid off the debt and there was no outstanding balance.

# **HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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### **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, 2021 amounted to \$695,185, which is included in revenue as in-kind contributions and occupancy expense on the consolidated statement of functional expenses.

#### **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, 2021.

In addition, the House benefited from approximately 1,138 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 \$22,039 for the year ended June 30, 2021.

### **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 \$105,238 to the defined benefit pension plan.

The House made no contributions to the defined contribution pension plan for the year ended June 30, 2021.

### **9. OPERATING LEASES**

The House leases office space and equipment for program and administrative use, under various non-cancelable leases expiring between 2019 and 2046. Rent expense for the leases

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021

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### 9. OPERATING LEASES (continued)

was \$971,456 the year ended June 30, 2021, excluding donated space (Note 7).

Future minimum annual lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 701,166
2023	409,651
2024	411,327
2025	413,045
2026	415,307
Thereafter	6,877,824
Total	\$ 9,228,320

### 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.

#### 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.



# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

#### 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, 2021

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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, 2021.

### 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.

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.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

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### 11. CONTINGENCIES (continued)

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 1<sup>st</sup> 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, 2021, the COPS and CSP balance on OMIG audit findings was \$2,304,434. The accrued interest was \$135,321 as of June 30, 2021.

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, 2021:

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Cash and cash equivalents	\$ 969,088
Accounts receivable, net	2,483,534
Prepaid expenses	48,731

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Financial assets available to meet general expenditures over the next twelve months	\$ 3,501,353
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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.

### 13. SUBSEQUENT EVENTS

The House's management has performed subsequent events procedures through January 26, 2022, 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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Outpatient Clinics	PROS	Supported Housing	Asian- American Recovery	Project Hope	Total	
						2021	2020
Salaries	\$ 1,135,822	\$ 440,841	\$ 310,213	\$ 406,110	\$ 254,011	\$ 2,546,997	\$ 2,003,279
Payroll taxes and employee benefits	243,527	116,403	71,583	111,016	41,179	583,708	510,214
Food services		-	6,270		-	6,270	4,361
Printing	1,804	443	23	13	-	2,283	1,354
Maintenance and repairs	3,785	5,369	91,182	18,926	-	119,262	42,140
Equipment rental and maintenance	6,842	4,897	3,008	3,055	-	17,802	17,802
Meetings and conferences	5,152	2,996	4,396	1,645	-	14,189	15,046
Travel (staff/client)	-	-	1,635		286	1,921	2,696
Professional fees	245,905	61,484	-	34,790	-	342,179	292,407
Staff expenses/training	395		-	715	-	1,110	1,135
Office supplies and materials	2,778	442	8,798	10,900	13,886	36,804	21,547
Postage	115	6	-	56	-	177	159
Household supplies	548	4	709	20,472	-	21,733	11,743
Insurance	9,867	15,268	48,532	11,511	-	85,178	84,181
Communication	20,928	3,877	7,534	8,341	3,137	43,817	36,740
Occupancy (Notes 5 and 7)	174,191	107,242	340,022	110,431		731,886	729,638
Processing fees	16,925	4,939	2,160	4,634	1,928	30,585	26,548
Miscellaneous	34,022	11,799	1,295	13,745	778	61,639	63,155
Administrative overhead	256,416	16,047	171,440	102,245	-	546,148	384,318
Auto	-	-	8,669		-	8,669	3,960
Interest	-	-	1,679		-	1,679	8,225
Depreciation and amortization	2,816	128	49,166	19,725		71,835	73,015
	2,161,838	792,184	1,128,314	878,330	315,205	5,275,871	4,333,663
Administrative overhead	(256,416)	(16,047)	(171,440)	(102,245)	-	(546,148)	(384,318)
<b>TOTAL EXPENSES</b>	\$ 1,905,422	\$ 776,137	\$ 956,874	\$ 776,085	\$ 315,205	\$ 4,729,723	\$ 3,949,345
Depreciation and amortization	(2,816)	(128)	(49,166)	(19,725)	-	(71,835)	(73,015)
<b>TOTAL OPERATING EXPENSES - AS ADJUSTED</b>	\$ 1,902,606	\$ 776,009	\$ 907,708	\$ 756,360	\$ 315,205	\$ 4,657,888	\$ 3,876,330

See independent auditors' report.