



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

**Consolidated Financial Statements  
June 30, 2023**

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

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

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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, 2023, 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, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our 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 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated February 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 21, 2024

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

ASSETS	2023	2022
<b>Current assets:</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 3,934,298	\$ 1,302,156
Accounts receivable, net of allowance for doubtful accounts of \$125,890 <i>(Note 2)</i>	2,892,301	4,239,478
Prepaid expenses	78,226	46,065
Total current assets	6,904,825	5,587,699
<b>Noncurrent assets:</b>		
Peaceful Garden - cemetery <i>(Note 2)</i>	116,965	145,353
Operating lease right-of-use assets <i>(Note 8)</i>	4,710,017	4,800,741
Fixed assets, net <i>(Notes 2 and 4)</i>	1,381,499	1,483,564
<b>TOTAL ASSETS</b>	<b>\$ 13,113,306</b>	<b>\$ 12,017,357</b>
<b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	806,996	821,717
Accrued payroll liabilities <i>(Note 2)</i>	910,891	810,463
Advances from grantors	1,750,180	1,708,314
Due to OMH <i>(Note 10)</i>	300,000	300,000
Notes payable	-	25,000
Operating lease liabilities - current <i>(Notes 8)</i>	327,605	225,334
Bank line of credit	-	150,000
Total current liabilities	4,095,672	4,040,828
<b>Noncurrent liabilities:</b>		
Loan payable <i>(Note 5)</i>	250,000	-
Due to OMH <i>(Note 10)</i>	1,404,433	1,704,434
Accrued interest - OMH <i>(Note 10)</i>	170,794	154,557
Operating lease liabilities - net of current portion <i>(Note 8)</i>	4,382,412	4,575,407
<b>TOTAL LIABILITIES</b>	<b>10,303,311</b>	<b>10,475,226</b>
<b>Net assets:</b>		
Net assets without donor restrictions	2,709,995	\$ 1,442,131
Net assets with donor restrictions <i>(Note 9)</i>	100,000	100,000
<b>TOTAL NET ASSETS</b>	<b>2,809,995</b>	<b>1,542,131</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,113,306</b>	<b>\$ 12,017,357</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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
			2023	2022
<b>SUPPORT AND REVENUES:</b>				
Operating revenues:				
Government contract and grants <i>(Note 2)</i>	\$ 13,998,420	\$ -	\$ 13,998,420	\$ 10,694,618
Nongovernment contract revenue <i>(Note 2)</i>	344,062	-	344,062	312,387
Contributions <i>(Note 2)</i>	1,169,594	-	1,169,594	1,229,827
Fee for services <i>(Note 2)</i>	3,112,801	-	3,112,801	2,920,613
Rental income <i>(Note 2)</i>	89,815	-	89,815	97,229
In-kind contributions <i>(Notes 2 and 6)</i>	406,066	-	406,066	281,753
Special events revenues	476,358	-	-	-
Direct cost of special events	(212,563)	263,795	263,795	151,489
Total operating revenues	19,384,553	-	19,384,553	15,687,916
Other revenues gains:				
Gain on sale of cemetery plots - Peaceful Garden <i>(Note 2)</i>	70,012	-	70,012	182,215
Payroll protection program	-	-	-	1,437,314
Other income	14,016	-	14,016	110,474
Total other revenues gains	84,028	-	84,028	1,730,003
TOTAL SUPPORT AND REVENUES	\$ 19,468,581	\$ -	\$ 19,468,581	\$ 17,417,919

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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
			2023	2022
<b>EXPENSES:</b>				
Operating expenses:				
Program services				
Behavioral health	\$ 6,039,379	\$ -	\$ 6,039,379	\$ 5,528,545
Cultural enhancement program	365,335	-	365,335	319,391
Early Learn	6,007,163	-	6,007,163	4,098,424
Senior services	3,730,007	-	3,730,007	3,073,049
Peaceful Garden	1,894	-	1,894	1,967
Total program services	16,143,778	-	16,143,778	13,021,376
Supporting services:				
Management and general	1,721,246	-	1,721,246	1,185,418
Development	120,126	-	120,126	12,765
Total supporting services	1,841,372	-	1,841,372	1,198,183
TOTAL OPERATING EXPENSES	17,985,150	-	17,985,150	14,219,559
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,483,431	-	1,483,431	3,198,360
Depreciation and amortization <i>(Note 4)</i>	(215,567)	-	(215,567)	(227,680)
CHANGE IN NET ASSETS	1,267,864	-	1,267,864	2,970,680
NET ASSETS - BEGINNING OF YEAR	1,442,131	100,000	1,542,131	(1,428,549)
NET ASSETS- END OF YEAR	\$ 2,709,995	\$ 100,000	\$ 2,809,995	\$ 1,542,131

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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	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		2023	2022
Salaries	\$ 3,752,828	\$ 167,829	\$ 2,207,392	\$ 2,129,427	\$ -	\$ 8,257,476	\$ 83,551	\$ 916,868	\$ -	\$ 9,257,895	\$ 7,887,572
Payroll taxes and employee benefits	738,714	35,453	486,211	450,158	-	1,710,536	19,208	185,547	-	1,915,291	1,724,271
Total salaries and related expenses	4,491,542	203,282	2,693,603	2,579,585	-	9,968,012	102,759	1,102,415	-	11,173,186	9,611,843
Food	4,442	23,193	511,665	338,052	-	877,352	-	-	-	877,352	550,159
Printing	3,127	2,990	8,042	8,632	-	22,791	26	1,256	-	24,073	15,905
Maintenance and repairs	118,620	2,506	50,262	18,805	-	190,193	-	3,084	-	193,277	222,543
Equipment rental and maintenance	21,210	2,203	8,065	17,951	-	49,429	-	2,646	-	52,075	46,667
Meetings and conferences	17,521	1,254	4,940	20,114	-	43,829	16,000	39,753	-	99,582	52,410
Travel (staff/client)	86	135	18,668	2,071	1,100	22,060	31	2,854	-	24,945	21,451
Professional fees	279,139	47,195	116,964	40,915	-	484,213	-	252,367	-	736,580	653,345
Staff Training/Expenses	1,768	-	39,736	6,553	-	48,057	-	3,658	-	51,715	41,260
Office supplies and materials	73,967	32,560	123,034	86,940	-	316,501	19	50,308	-	366,828	295,786
Postage	995	-	155	1,212	-	2,362	-	4,583	-	6,945	3,612
Household supplies	6,691	1,035	17,768	40,562	-	66,056	-	-	-	66,056	49,370
Insurance	103,768	6,388	84,680	10,814	-	205,650	-	48,873	-	254,523	209,548
Communication	64,025	2,535	21,978	47,043	-	135,581	646	10,699	-	146,926	134,426
Occupancy (Note 8)	726,667	-	494,413	86,950	-	1,308,030	-	9,888	-	1,317,918	1,167,880
Stipends	-	36,039	1,770,140	2,544	-	1,808,723	-	11,880	-	1,820,603	652,945
Processing fees	36,802	3,202	23,462	23,158	-	86,624	640	5,637	-	92,901	84,664
Administrative overhead	719,070	24,431	480,625	509,857	7,282	1,741,265	-	(1,741,265)	-	-	-
Automobile	10,269	-	-	23,855	-	34,124	-	10,901	-	45,025	41,873
Event space and food	-	-	-	-	-	-	-	-	212,563	212,563	58,333
Interest	-	-	-	-	-	-	-	17,059	-	17,059	28,651
Volunteers (Notes 6)	-	-	-	29,053	-	29,053	-	-	-	29,053	28,676
Supplemental/Respite	-	-	-	335,527	-	335,527	-	-	-	335,527	212,967
Provision for uncollectible billing	-	-	-	-	-	-	-	62,369	-	62,369	-
Miscellaneous	78,740	818	19,588	9,671	794	109,611	5	81,016	-	190,632	93,578
Total expenses before depreciation and amortization	6,758,449	389,766	6,487,788	4,239,864	9,176	17,885,043	120,126	(20,019)	212,563	18,197,713	14,277,892
Depreciation and amortization (Note 4)	77,576	3,994	55,343	52,591	-	189,504	-	26,063	-	215,567	227,680
Total expenses after depreciation and amortization	6,836,025	393,760	6,543,131	4,292,455	9,176	18,074,547	120,126	6,044	212,563	18,413,280	14,505,572
Administrative overhead	(719,070)	(24,431)	(480,625)	(509,857)	(7,282)	(1,741,265)	-	1,741,265	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	6,116,955	369,329	6,062,506	3,782,598	1,894	16,333,282	120,126	1,747,309	212,563	18,413,280	14,505,572
Event space and food	-	-	-	-	-	-	-	-	(212,563)	(212,563)	(58,333)
Depreciation and amortization (Note 4)	(77,576)	(3,994)	(55,343)	(52,591)	-	(189,504)	-	(26,063)	-	(215,567)	(227,680)
<b>TOTAL OPERATING EXPENSES AS ADJUSTED</b>	\$ 6,039,379	\$ 365,335	\$ 6,007,163	\$ 3,730,007	\$ 1,894	\$ 16,143,778	\$ 120,126	\$ 1,721,246	\$ -	\$ 17,985,150	\$ 14,219,559

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2023</b>	<b>2022</b>
Change in net assets	\$ 1,267,864	\$ 2,970,680
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	215,567	227,680
Gain on sale of Peaceful Garden cemetery plots	(70,012)	(182,215)
Amortization of right-of-use assets	344,549	188,725
Changes in operating assets and liabilities:		
Accounts receivable	1,347,178	(1,755,943)
Prepaid expenses and other assets	(32,161)	2,666
Accounts payable and accrued expenses	(14,721)	25,581
Accrued payroll liabilities	100,428	(20,311)
Advances from grantors	41,866	618,873
Due to grantors	-	(70,488)
Due to OMH	(300,002)	(300,000)
Accrued interest payable	16,237	19,237
Operating leases liabilities	(344,549)	(188,725)
Net cash from operating activities	2,572,244	1,535,760
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(113,502)	(113,640)
Proceeds from sale of Peaceful Garden plots	98,400	259,100
Net cash from investing activities	(15,102)	145,460
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Notes repayments	(25,000)	(1,498,152)
Loan proceeds	250,000	-
Line of credit (repayment) and proceeds	(150,000)	150,000
Net cash from financing activities	75,000	(1,348,152)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,632,142	333,068
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,302,156	969,088
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,934,298</b>	<b>\$ 1,302,156</b>
<b>SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 9,415	\$ 9,415
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, 2023**

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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.

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, 2023**

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### **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.

#### **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").

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

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

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.

#### **Youth Development**

The House provides children and teenagers with life-enhancing activities that develop life skills to effectively handle everyday stresses and to prepare them for future responsibilities at school, work, and home. The house hosts math and literacy clubs, brushes painting classes, and offers music lessons. Summer and vacation programs are offered at the House's NYCHA Alfred E. Smith Houses community center. The newest program, LIFT (Local Initiatives Fostering Togetherness), addresses the needs – and growing animosity between – Asian and Black youth on the Lower East Side. 100 youth served annually.

#### **Youth-run Organic Farmer's Market**

The LIFT program established a youth-run farmer's market, bringing fresh, organic, locally sourced and culturally appropriate produce to the farmer's market food desert of the NYCHA Alfred E. Smith Houses (a low-income public housing development) at 50 Madison Street. The House works with Fulton Stall Market and the Norwich Farm in upstate NY to obtain locally-grown organic produce. This farmer's market makes fresh produce available to local older adults who are fearful of walking far from their homes due to ongoing anti-Asian hate crimes and rising crime rates in NYC. Every Sunday morning, a long line of local older adults queue before the market opens at 10am to secure sweet corn, bok choy, strawberries and watermelon. As the season (spring, summer) progresses and public awareness of the farmer's market spreads, the queue grows longer. This anxious demand from seniors is a clear sign that the need for healthy, low-cost food options in our community is increasing amidst rising food insecurity. The market accepts cash, credit, EBT and SNAP, NYC Health Bucks (top-up money from NYC government for EBT and SNAP dollars used to purchase farmer's market produce), and NYS Farmer's Market Nutrition Program coupons disbursed to low-income older adults.

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

#### **Youth-run Organic Farmer's Market (continued)**

The farmer's market has guest chefs of diverse ethnic backgrounds visit to give cooking demonstrations using produce from the market. It was extremely successful in adding some flair and excitement and bringing out additional community members who had not heard about the farmers' market via the outreach campaign.

#### **Community Services**

The House strives to alleviate poverty in the community by providing non-English speaking residents with English language, computer & career skills, and access to benefits and entitlements. These services help community members become active in local business, community, and their children's academic and social lives. The House provides immigration classes, access to legal services, and workshops to help new immigrants adjust to life in their new communities. There are approximately 1,000 served annually.

#### **Older Adult Services**

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

The programs and centers serve more than 6,000 older adults 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 Older Adult 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, 2023

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### 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 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:

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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### **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 and due to OMH 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, 2023.

#### **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 2020, 2021 and 2022 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, 2023

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### 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, 2023, the allowance for doubtful accounts was \$125,890.

#### 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 years 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. The estimated service lives of the assets for depreciation purposes are as follows:

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

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

#### **Fixed assets (continued)**

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 donors. 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, 2023.

#### **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.

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

#### **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.

#### **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, 2023 was \$28,388.

#### **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.

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023**

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

#### **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, 2023, the House's accrued vacation liabilities were \$323,298.

#### **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 or 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, 2022, from which the summarized information was derived.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

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### 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, 2023, the House had cash balances in excess of Federally insured limits of approximately \$3,700,000. 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 29% of revenues, Early Learn Program, are derived from the New York City Department of Education (“DOE”). The Senior Services Program accounts for 23% of total revenues for the year ended June 30, 2023. The majority of behavior health 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 in recent years and it may impact the House’s revenues in the future.

The gross mix of receivables at June 30, 2023 is as follows:

Medicaid/Medicare/Managed Care	21%
Other governmental agencies	78%
Private and other	1%
	100%

### 4. FIXED ASSETS, NET

Fixed assets at June 30, 2023 are summarized as follows:

Land	\$ 116,235
Building and building improvements	1,883,088
Computer hardware and software	414,538
Furniture and equipment	660,995
Leasehold improvements	1,956,677
Vehicles	98,868
	5,130,401
Less: accumulated depreciation and amortization	(3,748,902)
Fixed assets, net	\$ 1,381,499

Depreciation and amortization expense for the year ended June 30, 2023, was \$215,567.

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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### **5. LOAN PAYABLE**

The Company entered into a loan agreement with a corporation in 2023, which provides working capital to support the House's operations. The sum of loan is \$250,000 and bear zero percent per annum and the maturity date will be December 15, 2025. Per loan agreement, the House promises to pay the loan all outstanding principal due in four (4) equal quarterly payments commencing April 1, 2025, to January 1, 2026.

### **6. 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, 2023, amounted to \$348,892, which is included in revenue as in-kind contributions and occupancy expense on the consolidated statement of functional expenses.

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, 2023.

In addition, the House benefited from approximately 1,587 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 \$57,174 for the year ended June 30, 2023.

### **7. 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 \$101,159 to the defined benefit pension plan.

The House made no contributions to the defined contribution pension plan for the year ended June 30, 2023.

# HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

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### 8. 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. Future minimal rental payments for these leases for the years ending subsequent to June 30, 2023, are as follows:

Year Ending June 30,	Amount
2024	\$ 327,605
2025	128,365
2026	134,865
2027	141,694
Thereafter	3,977,488
Total	\$ 4,710,017

Rent expense included in the accompanying statements of functional expenses for the year ended June 30, 2023 was \$344,549.

### 9. 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, 2023

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### 9. 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, 2023

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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, 2023.

### 10. 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, 2023

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### 10. 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, 2023, the COPS and CSP balance on OMIG audit findings was \$1,704,434. The accrued interest was \$170,793 as of June 30, 2023.

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.

### 11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the House's financial assets as of June 30, 2023:

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Cash and cash equivalents	\$ 3,934,298
Accounts receivable, net	2,892,301

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Financial assets available to meet general expenditures over the next twelve months	\$ 6,826,599
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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.

### 12. SUBSEQUENT EVENTS

The House's management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through February 21, 2024, which is the date the consolidated financial statements were available to be issued.

In September 2023, the House received the formal notice of Summary of Employee Retention Credits ("ERC") under the amended terms of the CARES act and allowed for the ERC to be claimed on wages that were not paid with proceeds of a PPP loan.

HAMILTON-MADISON HOUSE, INC. AND SUBSIDIARY

SCHEDULE OF BEHAVIORAL HEALTH EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	Outpatient Clinics	PROS	Supported Housing	Asian- American Recovery	Total	
					2023	2022
Salaries	\$ 2,322,858	\$ 493,564	462,143	474,263	\$ 3,752,828	\$ 3,259,349
Payroll taxes and employee benefits	458,658	104,471	76,153	99,433	738,715	625,457
Food services	437	-	4,005	-	4,442	7,797
Printing	2,561	250	67	248	3,126	1,095
Maintenance and repairs	8,325	7,310	94,566	8,419	118,620	145,517
Equipment rental and maintenance	11,714	3,844	2,271	3,381	21,210	18,829
Meetings and conferences	11,191	1,605	2,338	2,387	17,521	14,186
Travel (staff/client)	86	-	-	-	86	3,600
Professional fees	201,577	47,983	-	29,579	279,139	357,807
Staff expenses/training	1,532	36	200	-	1,768	19,536
Office supplies and materials	66,035	1,426	1,820	4,686	73,967	87,648
Postage	745	102	42	107	996	112
Household supplies	4,839	161	1,272	418	6,690	10,940
Insurance	11,369	17,882	66,652	13,247	109,150	86,697
Communication	39,099	6,706	7,247	10,973	64,025	55,197
Occupancy (Note 8)	180,220	114,658	313,505	118,283	726,666	720,155
Processing fees	24,257	4,639	2,807	5,100	36,803	35,386
Miscellaneous	50,564	13,898	132	14,145	78,739	69,038
Administrative overhead	471,811	-	182,123	65,136	719,070	729,017
Automobile	-	-	4,888	-	4,888	10,199
Depreciation and amortization	13,483	628	47,482	15,983	77,576	73,895
	3,881,361	819,163	1,269,713	865,788	6,836,025	6,331,457
Administrative overhead	(471,811)	-	(182,123)	(65,136)	(719,070)	(729,017)
<b>TOTAL EXPENSES</b>	<b>\$ 3,409,550</b>	<b>\$ 819,163</b>	<b>\$ 1,087,590</b>	<b>\$ 800,652</b>	<b>\$ 6,116,955</b>	<b>\$ 5,602,440</b>
Depreciation and amortization	(13,483)	(628)	(47,482)	(15,983)	(77,576)	(73,895)
<b>TOTAL OPERATING EXPENSES - AS ADJUSTED</b>	<b>\$ 3,396,067</b>	<b>\$ 818,535</b>	<b>\$ 1,040,108</b>	<b>\$ 784,669</b>	<b>\$ 6,039,379</b>	<b>\$ 5,528,545</b>

See independent auditors' report.