Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center) and Callen-Lorde Support, Inc.

Consolidated Financial Statements, Schedule of Expenditures of Federal Awards, Internal Control and Compliance and Independent Auditor's Reports

June 30, 2022 and 2021

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Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Index

Independent Auditor's Report

To the Board of Directors
Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Community Health Project, Inc. (d/b/a Michael Callen - Audre Lorde Community Health Center) ("Callen-Lorde") and Callen-Lorde Support, Inc. (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Callen-Lorde Support, Inc. were not audited in accordance with *Government Auditing Standards.*

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are 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 GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying statements on pages 42 and 43 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the changes in net assets and equity of the individual organizations, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CohnReznick LLP

New York, New York
February 23, 2023

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	$ 20,734,155	$ 20,097,611
Patient services receivable, net	2,895,038	5,158,098
Pharmacy and other receivables	3,650,528	3,170,924
Grants and contracts receivable	5,646,230	5,445,113
Pledge contribution receivable	-	500,000
Prepaid expenses and other current assets	798,355	1,696,979
Inventory	1,129,404	1,051,453
Total current assets	34,853,710	37,120,178
Restricted cash and cash equivalents	5,250,000	5,486,445
Cash restricted for endowment	6,651	3,136
Investments	1,825,557	1,607,960
Debt service reserve	497,163	558,661
Notes receivable	10,789,600	10,789,600
Property and equipment, net	26,621,188	28,243,435
Operating lease assets	16,380,579	17,739,650
Security deposits	522,608	864,819
Total	$ 96,747,056	$ 102,413,884

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable and accrued expenses	$ 5,012,849	$ 5,284,470
Accrued compensation	3,018,865	3,772,124
Note payable, current maturities	486,148	7,010,396
Current portion of operating lease liabilities	983,830	1,071,059
Current portion of finance lease liabilities	32,062	37,415
Due to third parties	3,219,184	1,653,832
Total current liabilities	12,752,938	18,829,296
Long-term liabilities		
Note payable, less current maturities	24,437,751	25,926,653
Operating lease liabilities, net of current portion	17,193,187	18,163,905
Finance lease liabilities, net of current portion	49,341	81,403
Total long-term liabilities	41,680,279	44,171,961
Total liabilities	54,433,217	63,001,257
Commitments and contingencies		
Net assets		
Without donor restrictions		
Without donor restrictions	35,194,480	31,727,445
Without donor restrictions - Board-designated reserve for capital projects and special projects	5,250,000	5,250,000
Total without donor restrictions	40,444,480	36,977,445
With donor restrictions	1,869,359	2,435,182
Total net assets	42,313,839	39,412,627
Total	$ 96,747,056	$ 102,413,884

See Notes to Consolidated Financial Statements.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue						
Patient services revenue (net of contractual allowances and discounts)	$ 24,674,382	$ -	$ 24,674,382	$ 17,919,607	$ -	$ 17,919,607
Pharmacy revenue	63,017,833	-	63,017,833	62,624,020	-	62,624,020
DHHS grants	5,973,365	-	5,973,365	8,485,910	-	8,485,910
Contract services and other grants	8,425,737	-	8,425,737	7,022,039	-	7,022,039
Fundraising and contributions	1,583,229	22,500	1,605,729	1,741,163	307,500	2,048,663
Revenue from PPP loan forgiveness	6,020,325	-	6,020,325	-	-	-
Other	753,556	(278,888)	474,668	367,610	111,096	478,706
Released from restrictions	309,435	(309,435)	-	631,503	(631,503)	-
Total revenue	110,757,862	(565,823)	110,192,039	98,791,852	(212,907)	98,578,945
Expenses						
Salaries and related benefits	43,002,474	-	43,002,474	38,867,321	-	38,867,321
Other than personnel services	60,795,801	-	60,795,801	55,057,316	-	55,057,316
Interest	884,469	-	884,469	941,486	-	941,486
Total expenses	104,682,744	-	104,682,744	94,866,123	-	94,866,123
Operating income (loss) prior to depreciation and amortization and nonoperating revenue	6,075,118	(565,823)	5,509,295	3,925,729	(212,907)	3,712,822
Depreciation and amortization	2,608,083	-	2,608,083	2,583,349	-	2,583,349
Operating income (loss) prior to nonoperating revenue	3,467,035	(565,823)	2,901,212	1,342,380	(212,907)	1,129,473
Nonoperating revenue						
Contract services and other grants for capital additions	-	-	-	805,084	-	805,084
Total nonoperating revenue	-	-	-	805,084	-	805,084
Changes in net assets	3,467,035	(565,823)	2,901,212	2,147,464	(212,907)	1,934,557
Net assets, beginning	36,977,445	2,435,182	39,412,627	34,829,981	2,648,089	37,478,070
Net assets, end	$ 40,444,480	$ 1,869,359	$ 42,313,839	$ 36,977,445	$ 2,435,182	$ 39,412,627

See Notes to Consolidated Financial Statements.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 19,719,596	$ 9,884,424	$ 363,078	$ 29,967,098
Employee benefits	8,577,820	4,299,621	157,935	13,035,376
Consultants and contractual services	784,465	2,790,736	31,320	3,606,521
Professional fees	3,074	513,460	-	516,534
Consumable supplies	1,956,021	188,810	-	2,144,831
Laboratory and radiology	98,788	-	-	98,788
Pharmaceuticals	47,771,454	-	-	47,771,454
Occupancy	1,852,815	787,313	36,246	2,676,374
Insurance	36,196	203,941	-	240,137
Equipment rental and maintenance	105,926	72,375	-	178,301
Telephone	1,654,997	848,516	11,522	2,515,035
Printing, publications and postage	7,679	37,100	21,476	66,255
Travel, conference and meeting	62,760	36,073	755	99,588
Dues and subscriptions	48,654	212,676	1,883	263,213
Health promotion	69,581	19,075	500	89,156
Interest	707,575	176,894	-	884,469
Other	253,250	95,276	181,088	529,614
Total	83,710,651	20,166,290	805,803	104,682,744
Depreciation and amortization	2,086,466	521,617	-	2,608,083
Total functional expenses	$ 85,797,117	$ 20,687,907	$ 805,803	$ 107,290,827

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 16,773,491	$ 9,205,866	$ 302,205	$ 26,281,562
Employee benefits	8,032,521	4,408,519	144,719	12,585,759
Consultants and contractual services	610,340	2,134,608	22,379	2,767,327
Professional fees	99,613	342,979	-	442,592
Consumable supplies	1,451,664	197,483	161	1,649,308
Laboratory and radiology	121,936	-	-	121,936
Pharmaceuticals	44,787,180	-	-	44,787,180
Occupancy	1,775,149	962,363	29,138	2,766,650
Insurance	34,335	181,720	-	216,055
Equipment rental and maintenance	72,458	69,141	-	141,599
Telephone	952,655	500,845	39,164	1,492,664
Printing, publications and postage	10,372	23,363	15,227	48,962
Travel, conference and meeting	43,485	20,761	-	64,246
Dues and subscriptions	37,694	236,765	3,423	277,882
Health promotion	53,402	31,055	1,150	85,607
Interest	734,359	207,127	-	941,486
Other	85,540	73,704	36,064	195,308
Total	75,676,194	18,596,299	593,630	94,866,123
Depreciation and amortization	2,015,013	568,336	-	2,583,349
Total functional expenses	$ 77,691,207	$ 19,164,635	$ 593,630	$ 97,449,472

See Notes to Consolidated Financial Statements.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received from patient services	$ 27,166,129	$ 14,881,240
Cash received from pharmacy	62,538,229	64,033,223
Cash received from grants and contract services	14,197,985	13,520,237
Cash received from fundraising and contributions	1,826,841	2,659,759
Cash received from other	1,035,959	262,871
Cash paid to employees	(43,755,733)	(38,425,753)
Cash paid to vendors	(58,354,892)	(53,680,165)
Cash paid for interest	(1,074,733)	(1,034,962)
Net cash provided by operating activities	3,579,785	2,216,450
Cash flows from investing activities		
Purchases of property and equipment	(895,836)	(1,717,225)
Purchase of Investments	(500,000)	(1,503,221)
Net cash used in investing activities	(1,395,836)	(3,220,446)
Cash flows from financing activities		
Proceeds from note payable	250,000	-
Receipt of nonoperating contract services and other grants for capital additions	-	805,084
Repayments of financing lease liabilities	(39,272)	(39,266)
Repayments of note payable	(2,028,806)	(624,889)
Payments for deferred financing costs	37,743	20,888
Net cash (used in) provided by financing activities	(1,780,335)	161,817
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	403,614	(842,179)
Cash and cash equivalents and restricted cash and cash equivalents, beginning	25,587,192	26,429,371
Cash and cash equivalents and restricted cash and cash equivalents, end	$ 25,990,806	$ 25,587,192

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 2,901,212	$ 1,934,557
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,608,083	2,583,349
Deferred rent	302,981	259,020
Nonoperating revenue	-	(805,084)
Revenue from forgiveness of debt	(6,020,325)	-
Unrealized loss (gain) on investments	282,403	(104,739)
Amortization of deferred financing cost	(190,264)	(93,476)
Changes in operating assets and liabilities		
Patient services receivable	2,263,060	(3,267,054)
Pharmacy and other receivables	(479,604)	1,409,203
Grants and contracts receivable	(201,117)	(1,987,712)
Pledge contribution receivable	500,000	500,000
Prepaid expenses and other current assets	898,624	(1,144,636)
Inventory	(77,951)	288,488
Security deposits	342,211	29,612
Accounts payable and accrued expenses	(361,621)	1,641,601
Accrued compensation	(753,259)	441,568
Due to third party	1,565,352	531,753
Net cash provided by operating activities	$ 3,579,785	$ 2,216,450
Supplemental disclosures of noncash investing and financing activities		
Capital acquisitions included in accounts payable and accrued expenses	$ 90,000	$ -
Gain on PPP loan forgiveness	$ 6,020,325	$ -

See Notes to Consolidated Financial Statements.

Note 1 - Organization

Community Health Project, Inc. (d/b/a Michael Callen - Audre Lorde Community Health Center) ("Callen-Lorde" or the "Center") is a community-based healthcare center located in New York, New York. The Center provides high-quality healthcare and related services primarily to the lesbian, gay, bisexual, transgender and queer communities, as well as HIV-positive people of New York and other underserved residents of New York City in all its diversity, without regard to ability to pay. To further this mission, the Center promotes health education and wellness, and advocates for lesbian, gay, bisexual and transgender health issues. The Center also conducts health-related advocacy and clinical research and education.

Callen-Lorde Support, Inc. ("CLSI") was established in October 2018 as a corporation in accordance with sub-paragraph (5) of paragraph (a) of Section 102 of the Not-for-Profit Corporation Law of the State of New York, and was formed for the purpose of supporting Callen-Lorde by holding title to real property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to Callen-Lorde.

The U.S. Department of Health and Human Services (the "DHHS") provides substantial support to the Center. The Center is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

Note 2 - Significant accounting policies

Basis of presentation

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

The consolidated financial statements include Callen-Lorde and Callen-Lorde Support, Inc., referred to collectively as the "Organization". All significant intercompany transactions and account balances have been eliminated in consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity 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.

Adoption of new accounting pronouncements

On July 1, 2020, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02 (as amended), *Leases (Topic 842)*. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for virtually all leases. The Organization elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.

- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Organization made the following adjustments as of July 1, 2020 in connection with transitioning to Topic 842:

	As of July 1, 2020
Operating lease right of use assets	$ 19,227,016
Financing lease right of use assets	$ 284,069
Operating lease liabilities	$ 20,546,070
Finance lease liabilities	$ 151,570

The Organization's adoption of Topic 842 also resulted in a decrease of $1,242,813 in deferred rent and deferred lease incentives, which amount was reclassified to operating lease right of use assets at adoption and a decrease of $151,570 in capital lease liabilities, which amount was reclassified to finance lease liabilities at adoption. The adoption of Topic 842 did not have a material impact on the Organization's change in net assets for the year ended June 30, 2021.

The Organization presents its right of use assets and lease liabilities for operating leases separately on its consolidated statement of financial position. Further, the Organization includes its right of use assets for finance leases within property, plant and equipment and the corresponding finance lease liabilities in its consolidated statement of financial position. See Note 8 regarding the Organizations right of use assets for finance leases and Note 15 regarding its right of use assets for operating and finance lease liabilities.

Classification of net assets
The Organization classifies its net assets into two categories, which are described as follows:

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Organization and an outside party other than a donor or grantor.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

Cash and cash equivalents
All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization's bank deposits exceeded Federal Deposit Insurance Corporation limits at various times during the years ended June 30, 2022 and 2021.

Grants and contracts receivable
Grants and contracts receivable consists of costs under the grant and contract agreements which were incurred prior to year-end for which payment has not been received. Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. The Organization regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization considers all grants and contracts as collectible.

Fair value of financial instruments
The Organization's material financial instruments at June 30, 2022 and 2021 for which disclosure of estimated fair value is required by certain accounting standards consists of cash and cash equivalents, patient services receivable, pharmacy receivable, grants and contracts receivable, investments, accounts payable and accrued expenses, accrued compensation, and due to third party. The fair values of cash and cash equivalents, patient services receivable, pharmacy receivable, grants and contracts receivable, receivables from unrelated party, accounts payable and accrued expenses and accrued compensation are equal to their carrying value because of their liquidity and short-term maturity.

Management believes that as a result of the relationship between the Organization and the third party, there is no practical method that can be used to determine the fair value of due to third party and that the amount is not material to the consolidated financial statements.

Investments
Investments are reported at their fair values based on quoted prices in active markets in the consolidated statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains and losses are reported as increases or decreases in net assets without donor restrictions in the reporting period in which the income and gains and losses are recognized.

The Organization's investment transactions are made based on its existing investment policy. The Center invests in a portfolio that contains common shares of publicly traded companies or equities, corporate bonds, government securities, cash and money funds, mutual funds and exchange traded funds. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Endowment
The Organization follows the provisions of the Not-for-Profit Entities Topic of FASB Accounting Standards codification ("ASC") 958, related to enhanced disclosures for endowment funds.

In furtherance of the Organization's mission, the overall goal of the endowment fund is to provide a stable source of financial support and liquidity. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Applicable law requires that all endowment funds be classified as net assets with donor restriction. In the endowment, these comprise two types of funds: (1) funds that have donor restrictions requiring that they be maintained in perpetuity and (2) funds that do not have donor restrictions as to the term for which such funds must be maintained prior to their appropriation for spending and which can be appropriated for spending by specific action of the Organization's board of directors. In the latter instance, where there is no such explicit donor restriction within the gift instrument, the Organization has determined that it will prudently classify the original value of the gift and any subsequent gifts made under the same instrument as subject to donor restriction given the totality of the circumstances of the gift. Accumulated earnings on the endowment are also classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization.

Inventory
Inventory, consisting of supplies and drugs, is stated at the lower of cost (first-in, first-out basis) or market.

Restricted cash and cash equivalents
The Organization has cash and cash equivalents, the use of which has been limited by the board of directors for special and expansion projects. As of June 30, 2021, restricted cash and cash equivalents also included the amount of cash proceeds from a term loan which is restricted for the purpose of funding a construction project. See Note 11. As of June 30, 2022, the entire balance of restricted cash and cash equivalents pertain to board-designated funds of $5,250,000 which is limited for special and expansion projects.

Property and equipment
Property and equipment are stated at cost, or, if donated, at the fair value at the date of donation. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets, ranging from 2 to 40 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less. The Organization capitalizes all purchases of property and equipment in excess of $5,000.

Construction-in-progress is recorded at cost. The Organization capitalizes construction, insurance and other costs during the period of construction. Depreciation is recorded when construction is substantially complete and the assets are placed in service.

Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are included in changes in net assets.

Property and equipment also include the carrying value of right of use asset for financing and operating leases. See section on Leases.

According to federal regulations, any equipment items obtained through federal funds are subject to a lien by the federal government. Provided that the Organization maintains its tax-exempt status, and the equipment is used for its intended purpose, the Organization is not required to reimburse the federal government. If the stated requirements are not met, the Organization would be obligated to the federal government in an amount equal to the fair value of the equipment.

Leases

The Organization leases equipment and building space used in its operations under various operating leases with rental periods running through December 2026 and thereafter. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Organization has elected to use the risk-free rate as the appropriate discount rate.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Rental payments on the Organization's leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts. The measurement of these lease payments are based on the rate in effect at lease commencement, and are therefore included in the measurement of the lease liabilities.

Equipment leases have lease terms that generally range from less than one year to five years. Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts, are included in the measurement of lease payments, and are included in the measurement of lease liabilities.

The Organization also leases building space for operations whereby the leases are cancellable at any time, and do not provide purchase options. The Organization has elected to not recognize a lease liability and right-of-use asset for these short-term leases.

Impairment of long-lived assets
The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Organization compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset's carrying value and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. The Organization does not believe that any material impairment currently exists related to its long-lived assets.

Deferred financing costs
Deferred financing costs consist of various expenses the Organization incurred in obtaining long-term financing. These costs are accounted for as a reduction in the related outstanding debt and are amortized using the effective interest rate method. Amortization expenses are included in interest expense.

Pharmacy receivable and revenue
The Organization participates in Section 340B of the Public Health Service Act ("PHS Act"), Limitation on Prices of Drugs Purchased by Covered Entities. Participation in this program allows the Organization to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Pharmacy revenue is generated through the pharmacy and 340B program that the Organization operates through its agreement with a third party for the years ended June 30, 2022 and 2021. Under this program, the Organization uses the third party as its agent for the purpose of operating and managing the pharmacy and providing pharmacy services.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the Organization's pharmacy patients and customers and the Organization does not believe it is required to provide additional goods or services related to that sale. The Organization recognized pharmacy revenue of $63,017,833 and $62,624,020 for the years ended June 30, 2022 and 2021, respectively, and pharmacy and other receivables of $3,650,528 and $3,170,924 as of June 30, 2022 and 2021, respectively. Pharmacy and other receivables as of July 1, 2020 amounted to $4,580,127.

Because all of its performance obligations relate to pharmacy sales contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization's performance obligations in relation to pharmacy revenue consist primarily of pharmacy sales that occur as the patient purchases the goods, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Net patient services revenue and receivables

Patient care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in our outpatient centers. The Organization measures the performance obligation from the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization's performance obligations consist primarily of outpatient services that occur within one day of a patient's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per visit or per covered member.

Medicare - Outpatient services are paid using prospectively determined rates.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2022 and 2021.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended June 30, 2022 and 2021, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

The Organization is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Organization renders services to patients who are financially unable to pay for healthcare. The Organization provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size.

The Organization maintains records to identify and monitor the level of sliding fee discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records an explicit concession to uninsured patients in the period the services are provided based on historical experience.

Community benefit represents the cost of services for Medicaid, Medicare, and other public patients for which the Organization is not reimbursed.

Based on the cost of patient services, charity care and community benefit for the years ended June 30 amounted to the following:

	2022	2021
Charity Care	$ 5,832,008	$ 5,396,189
Community Benefit	$ 15,996,156	$ 18,479,051

Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Grants and contracts revenue

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with Accounting Standards Update 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider.

Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Grants and contract transactions where the resource provider does not receive commensurate value are accounted for as a contribution.

Contributions

Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

At June 30, 2022, the Organization has received grants and contracts from governmental entities, accounted for as either exchange transactions or conditional contributions, in the aggregate amount of $7,409,742 that have not been recorded in the accompanying consolidated financial statements. These grants and contracts require the Organization to complete certain performance obligations during specified periods. If such performance obligations are not provided during the specified periods, the governmental entities are not obligated to expend the funds allotted under the contracts.

Performance indicator
The consolidated statements of activities and changes in net assets include operating income prior to nonoperating revenue as the performance indicator. Changes in net assets which are excluded from the performance indicator include contracts services and other grants for capital additions.

Interest earned on federal funds
Interest earned on federal funds is recorded as a payable to the United States Public Health Service (the "PHS") in compliance with the regulations of the United States Office of Management and Budget.

Functional expenses
The cost of providing the various services and other activities has been summarized on a functional basis in the consolidated statement of functional expenses. Expenses are charged to program or general and administrative based on a combination of specific identification and allocation basis determined by management. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation bases such as time and effort, full time equivalent, and square footage.

Tax status
The Center was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CLSI is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of June 30, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Center's federal and state information returns prior to fiscal year 2019 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. CLSI has no unrecognized tax benefits at June 30, 2022.

The Organization recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the consolidated statements of financial position.

Subsequent events
The Organization has evaluated subsequent events through February 23, 2023, which is the date the consolidated financial statements were available to be issued.

Note 3 - Availability and liquidity

The following represents the Organization's financial assets at June 30, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash	$ 20,734,155	$ 20,097,611
Patient services receivable, net	2,895,038	5,158,098
Pharmacy and other receivables	3,650,528	3,170,924
Grants and contracts receivable	5,646,230	5,445,113
Restricted cash and cash equivalents	5,250,000	5,486,445
Cash restricted for endowment	6,651	3,136
Investments	1,825,557	1,607,960
Subtotal	40,008,159	40,969,287
Less amounts not available to be used within one year		
Restricted cash and cash equivalents	5,250,000	5,486,445
Cash restricted for endowment	6,651	3,136
Investments with donor restrictions	1,825,557	1,607,960
Financial assets available to meet general expenditures over the next 12 months	$ 32,925,951	$ 33,871,746

The Organization routinely monitors the availability of resources required to meet contractual commitments and its general operating needs and strives to maintain liquid financial assets sufficient to cover 30 days of cash flow needs. The Organization also has a $10 million line of credit which can be utilized for operations.

Note 4 - Cash and cash equivalents and restricted cash and cash equivalents

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	2022	2021
Cash and cash equivalents	$ 20,734,155	$ 20,097,611
Restricted cash and cash equivalents	5,250,000	5,486,445
Cash restricted for endowment	6,651	3,136
Total	$ 25,990,806	$ 25,587,192

Note 5 - Net patient services revenue and net patient receivables

The composition of patient care service revenue by primary payor for the years ended June 30 is as follows:

	2022	2021
Medicaid	$ 7,608,465	$ 4,477,585
Medicaid managed care	4,251,737	4,460,018
Medicare	737,728	709,901
Private insurance	1,649,740	1,342,086
Self-pay	112,892	34,515
Total	14,360,562	11,024,105
New York State Uncompensated Care	1,204,243	1,000,201
New York State Medicaid Managed Care Wraparound	9,109,577	5,895,301
Total	$ 24,674,382	$ 17,919,607

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor. Patient receivables consist of amounts due from government programs, commercial insurance companies, other group insurance programs, and private pay patients. Net patient services receivable, consist of the following at June 30:

	2022	2021
Medicaid	$ 706,269	$ 2,909,498
Medicare	146,870	206,131
Private insurance	168,175	175,423
Self-pay	10,000	9,516
Managed care	1,455,196	1,584,919
New York State Uncompensated Care	408,528	272,611
Total	$ 2,895,038	$ 5,158,098

The Organization's concentration of credit risk relating to patient services receivables primarily relates to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts remain outstanding. The Organization did not recognize any patient receivable impairment or bad debt for the years ended June 30, 2022 and June 30, 2021 based on patient-specific impairment events.

Patient services receivable, net as of July 1, 2020 amounted to $1,891,044.

As of June 30, 2021, the Organization recognized a Medicaid takeback liability amounting to $228,687 which is included in accounts payable and accrued expenses in the consolidated state of financial position.

In 2022, the Organization recognized an amount due back to Medicaid amounting to $2,073,352 to pay for an error in the rate applied to certain Medicaid visits; the related liability is included in due to third party in the consolidated statement of financial position as of June 30, 2022. See Note 13.

Note 6 - Grants and contracts receivable

Grants and contracts receivable consists of the following at June 30:

	2022	2021
New York State Department of Health	$ 652,500	$ 536,148
New York City Department of Health and Mental Hygiene	1,619,590	1,005,565
Lutheran Medical Center	179,509	499,921
Public Health Solutions	773,311	1,201,206
U.S. Department of Health and Human Services	1,771,667	354,316
Health Research, Inc.	71,398	48,382
Other	578,255	1,799,575
Total	$ 5,646,230	$ 5,445,113

Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. The Organization regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific grantor's ability to pay and current economic trends. The Organization writes off grants and contracts receivable against the allowance when a balance is determined to be uncollectible. As of June 30, 2022 and 2021, there was no allowance for doubtful accounts for grants and contracts receivable.

Note 7 - Notes receivable

On December 14, 2018, Callen-Lorde made a loan (the "Leverage Loan") to Chase NMTC CL Investment Fund, LLC (the "Investment Fund") amounting to $10,789,600, with a maturity date of March 31, 2044, bearing interest rate of 1.272%. From the loan effective date until June 30, 2026, the principal balance of the Leverage Loan shall accrue interest at 1.272% payable in quarterly installments on the 10th day of each March, June, September and December of each year. Beginning on July 1, 2026, both the principal and interest shall be payable quarterly on the 10th day of each March, June, September and December until maturity date. The notes receivable balance at June 30, 2022 and 2021 was $10,789,600 (see Note 11).

Note 8 - Property and equipment, net

Property and equipment, net, consists of the following at June 30:

	2022	2021
Land	$ 1,000,000	$ 1,000,000
Building and building improvements	16,093,849	16,093,849
Furniture and equipment	25,979,557	25,435,131
Construction-in-progress	3,299,675	2,858,264
Total	46,373,081	45,387,244
Less accumulated depreciation and amortization	19,751,893	17,143,809
Property, plant and equipment, net	$ 26,621,188	$ 28,243,435

Furniture and equipment includes finance lease right of use assets for machinery and equipment of $239,275 for both 2022 and 2021. See Note 15 regarding the Organization's leases.

In the event the DHHS grants are terminated, the DHHS reserves the right to transfer all property and equipment purchased with grant funds to the PHS or third parties.

For the years ended June 30, 2022 and 2021, the Center incurred interest of $1,009,258 and $1,058,432, of which $124,789 and $116,946 was capitalized in 2022 and 2021, respectively.

Note 9 - Investments

A summary of investments for the Organization as of June 30, 2022 and 2021, are as follows:

Year ended June 30, 2022			
	Cost	Net unrealized loss	Fair Value
Exchange traded funds	$ 469,047	$ (27,169)	$ 441,878
Mutual funds	594,068	(101,102)	492,966
Equities	237,123	(16,683)	220,440
Bonds	755,708	(86,975)	668,733
Sub-total	2,055,946	(231,929)	1,824,017
Accrued dividends	1,540	-	1,540
Total	$ 2,057,486	$ (231,929)	$ 1,825,557

	Year ended June 30, 2021		
	Cost	Net unrealized gains/loss	Fair Value
Exchange traded funds	$ 362,406	$ 39,183	$ 401,589
Mutual funds	406,296	36,559	442,855
Equities	177,743	23,662	201,405
Bonds	566,748	(5,227)	561,521
Sub-total	1,513,193	94,177	1,607,370
Accrued dividends	590	-	590
Total	$ 1,513,783	$ 94,177	$ 1,607,960

Investment returns - net are included under other revenues in the consolidated statement of activities and change in net assets.

The Organization values its financial assets on a recurring basis based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The following is a description of the valuation methodology used for investments at fair value. There have been no changes in the methodologies used during the year ended June 30, 2022.

The fair value of corporate bonds is estimated using recently executed transactions or market price quotations (where observable). The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are classified as Level 2 in the fair value hierarchy.

Investments in equities, exchange traded funds, and mutual funds are valued using market prices on active markets and valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments as of June 30:

As of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments				
Bonds	$ -	$ 668,733	$ -	$ 668,733
Equities	220,440	-	-	220,440
Exchange traded funds	441,878	-	-	441,878
Mutual fund	492,966	-	-	492,966
Sub-total	$ 1,155,284	$ 668,733	$ -	1,824,017
Accrued dividends				1,540
Total				$ 1,825,557

As of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments				
Bonds	$ -	$ 561,520	$ -	$ 561,520
Equities	201,405	-	-	201,405
Exchange traded funds	401,589	-	-	401,589
Mutual fund	442,856	-	-	442,856
Sub-total	$ 1,045,850	$ 561,520	$ -	1,607,370
Accrued dividends				590
Total				$ 1,607,960

The Organization's policy is to recognize transfers into and transfers out of a level as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers among the three levels for the years ended June 30, 2022 and 2021.

See Note 16 on related notes about the endowment.

Note 10 - Note payable

Long-term debt consists of the following at June 30:

	2022	2021
DASNY Loan - On September 14, 1995, the Center obtained permanent financing for its facility. On that date, the Center entered into a ground lease and a construction disbursement agreement with the Dormitory Authority of the State of New York ("DASNY"). DASNY's disbursements to the Center under these agreements, which were financed through DASNY's issuance of bonds, totaled $7,630,000. Under these agreements, the Center makes lease payments to DASNY in amounts equal to the principal and interest payments required under the bonds through April 1, 2023. On August 26, 2010, the DASNY bonds were refinanced through the issuance of new DASNY bonds. Under the new bonds, the Center's security deposit for the lease, held by DASNY through its intermediary was reduced to $261,251, which is included in the statements of financial position under security deposits. Also, the monthly amortization amounts (for principal and interest) were reduced with an average interest rate over the remaining term of the debt expected to be 3.56%. In 2022, the DASNY loan was fully paid by the Center.	$ -	$ 867,399
Buck Foundation Loan - On December 12, 2018, the Center entered into a loan with a face value of $1,000,000, maturing on October 30, 2027 and having an interest of 0% per annum on unpaid balance from closing date to the last day of the 5th year of the loan and 3 percentage points below the prime rate as published by Bank of America per annum, compounded annually, from the 1st day of the 6th year of the loan to the date the loan is repaid. The loan is secured by a certain mortgage and assignment of leases and rents in the principal sum of $1,000,000.	1,000,000	1,000,000

	2022	2021
U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") Loan - On April 28, 2020, the Center obtained a $6,020,325 PPP loan with an interest rate of 1%. No interest payment is required on the loan for the first ten months following the date of the loan; however, interest shall continue to accrue during those first ten months and shall be paid in equal monthly installments during the remaining fourteen months of the loan. Payments of the principal and interest on the unpaid principal balance shall be made monthly on the seventh month from the date of the loan through the 24-month from the date of the loan. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. Under the PPP, SBA will forgive loans if certain conditions are met by the debtor. In October 2021, the PPP loan was forgiven in full by the SBA.	-	6,020,325
PCDC Building Loan - On December 14, 2019, CHP entered into a building loan agreement with a face value of $1,069,048. Monthly interest-only payments shall be payable during the time of the construction of the project funded by the term loan, not to exceed 24 months. The outstanding principal balance was paid in full by the Center on December 14, 2021.	-	1,069,048
Commencing on January 1, 2023, and thereafter on the first day of each month, Borrower shall make payments of principal and interest in monthly installments based on the Interest Rate, per annum of 5.03%, and based upon an amortization schedule of twenty years, with a final payment of all unpaid principal and interest thereon due on the Maturity Date.of December 2032.	250,000	-
PCDC Term Loan - On December 14, 2018, CHP entered into a term loan agreement with a face amount of $10,000,000, maturing on June 14, 2026, and with an interest set at the greater of the current prime rate plus 150 basis points or 6.5%, to be reset every three years, subject to a 1% cap and a floor of 6.5% at each reset. The loan is secured by a second mortgage on the property at 356 West 18th Street, which has a carrying value of $7,274,283 as of June 30, 2021, and a first mortgage on CHP's subleasehold in the 3rd floor of the property located in 40 Flatbush Extension (aka Chapel Street), Brooklyn, NY, which is still in construction as of June 30, 2021, having a carrying value of $12,983,485. Monthly interest-only payments shall be payable during the time of the construction of the project funded by the term loan, not to exceed 12 months. After the interest-only period, monthly payments of principal and interest on the amount outstanding based on a loan amortization period of 15 years.	8,968,512	9,415,012

	2022	2021
PCDC Health Opportunities Fund XXIV - New Markets Tax Credit ("NMTC") Loans - On December 14, 2018, CLSI entered into three NMTC loan agreements all maturing on December 31, 2048, with interest set at 1.15% per annum. Interest is payable quarterly on the 1st day of March, June, September, and December. Commencing on September 1, 2026 through the maturity date, the principal and interest shall be paid quarterly on the 1st day of March, June, September and December. The loans are secured by a certain building loan mortgage, assignment of leases and rents, security agreement encumbering the real property and personality and all other rights, interests, and benefits of every kind and character CLSI has and will acquire in the future under the project funded by the loan.		
Loan A - with a face amount of $5,042,117	5,042,117	5,042,117
Loan B - with a face amount of $352,683	352,683	352,683
Loan C - with a face amount of $2,365,200	2,365,200	2,365,200
Catalyst CDE - NMTC Loans - On December 14, 2018, CLSI entered into three NMTC loan agreements all maturing on December 31, 2048 and having an interest rate of 1.15% per annum. Interest shall be due payable quarterly on the 1st day of March, June, September, and December. Commencing on September 1, 2026 through the maturity date, the principal and interest shall be paid quarterly on the 1st day of March, June, September and December. The loans are secured by a certain building loan mortgage, assignment of leases and rents, security agreement encumbering the real property and personality and all other rights, interests, and benefits of every kind and character CLSI has and will acquire in the future under the project funded by the loan.		
Loan A - with a face amount of $5,042,117	5,042,117	5,042,117
Loan B - with a face amount of $352,683	352,683	352,683
Loan C - with a face amount of $2,305,200	2,305,200	2,305,200
Total	25,678,512	33,831,784
Less current maturities	(486,148)	(7,010,396)
Less unamortized deferred financing costs	(754,613)	(894,735)
Long-term portion	$ 24,437,751	$ 25,926,653

The aggregate amount of principal payments of long-term debt in each of the five years subsequent to 2022 and thereafter is as follows:

2023	$ 486,148
2024	528,549
2025	563,633
2026	15,223,831
2027	1,023,531
Thereafter	7,852,820
Total	$ 25,678,512

The Organization is required to comply with certain covenants under its various loans.

Debt issuance costs are reported in the consolidated statements of financial position as a direct reduction from the face amount of the related debt. The amortization of debt issuance costs are reported as interest expense in the consolidated statements of activities and changes in net assets.

Note 11 - New Markets Tax Credit transactions

On December 14, 2018 (the "closing date"), CLSI entered into a NMTC financing agreement with various entities for the purpose of receiving financing to renovate and develop a leased property located in 40 Flatbush Avenue Extension (aka 25 Chapel Street) Brooklyn, NY (the "Flatbush Avenue Property") which will be leased for use as a community health center providing primary care and other services (the "Qualified Purpose"). The NMTC structure consists of NMTC investors and other lenders that provide qualified equity investments ("QEI") to designated community development entities ("CDEs"), who, in turn, provide debt financing to qualified active low-income community businesses ("QALICB"). A NMTC program permits taxpayers, who have made quality equity investments in CDEs, to receive a credit against their federal income taxes.

On the closing date, PCDC ("Lender") and Callen-Lorde (as "Borrower"), entered into a Building Loan Agreement (the "Term Loan") through which PCDC made a $10,000,000 loan to Callen-Lorde, maturing within 7½ years from the closing date, with an interest equal to the greater of the current prime rate + 150 bps or 6.5%, to be reset every three years, subject to a 1% cap and a floor of 6.5% at each reset. Interest rate shall be calculated on a 30/360 basis. The loan shall be paid interest-only for the first 12 months and then principal and interest shall be paid on the 13th month up to the maturity date. The proceeds from the loan was utilized by Callen-Lorde to make a leverage loan to be used indirectly to finance the Qualified Purpose. The loan is secured by a second mortgage on Callen-Lorde's 356 West 18th Street Property in New York, New York and a first mortgage on Callen-Lorde's subleasehold interest in the Flatbush Avenue Property. The Term Loan required a debt service reserve fund to be held by PCDC in an interest-bearing account equivalent to three months' debt service based on monthly principal and interest payments or $261,332; a commitment fee equal to 1.5% of the loan or $150,000; and $33,000 loan legal fees. The debt service reserve is reflected in the consolidated statements of financial position.

On closing date, Callen-Lorde made the Leverage Loan to Chase NMTC CL Investment Fund, LLC (the "Investment Fund") amounting to $10,789,600 (see Note 7). Meanwhile, pursuant to an operating agreement, NMTC investor Chase Community Equity LLC ("Equity Investor") made a capital contribution (the "Equity Investment") to the Investment Fund amounting to $5,210,400. The Investment Fund used the combined proceeds of the Leverage Loan and the Equity Investment to make a QEI of $8 million each into two CDEs: PCDC Health Opportunities Fund XXIV LLC (the "PCDC CDE") and Catalyst CDE-15, LLC (the "CSH CDE"), in exchange for a 99.99% ownership in each CDE.

The CDEs used substantially all of the funds provided by the QEI to make six separate loans to CLSI with a total face value of $15,460,000, for the abovementioned qualified purpose (see Note 9).

As stipulated in the project Loan and Security Agreement between CLSI and the two CDEs, CLSI transferred $160,000 to a PCDC reserve account and $369,111 to a CSH reserve account. The PCDC reserve account amounted to $49,002 and $57,521 and the CSH reserve account amounted to $186,829 and $239,808 as of June 30, 2022 and June 30, 2021, respectively, and are both included in the debt service reserve in the consolidated statements of financial position. CLSI recognized deferred financing costs in relation to the CDE loans amounting to $739,023, which is recognized as a deduction from the related notes payable in the consolidated statements of financial position.

Callen-Lorde has entered into a Guaranty of Payment, Performance, and Completion agreement with PCDC CDE and CSH CDE and have guaranteed payment and performance of all obligations (except for payment of principal under the loan) and the completion of the improvements that will make the project free of any mechanics liens or other liens for the provision of labor, materials, or other goods or services to the project.

This structure will stay in effect for a period of seven years, until December 1, 2024, when the NMTC period expires. Built within the agreements is a put/call option for the Equity Investor to sell and Callen-Lorde to buy 100% of the Equity Investor's ownership of the Investment Fund at a purchase price in an amount equal to the sum of $1,000. If Callen-Lorde exercises the put option, Callen-Lorde will then become owner of the Investment Fund and will then indirectly own $15,460,000 worth of QLICI notes to CLSI. Callen-Lorde may forgive such debt with no tax consequences to itself and CLSI because they are both tax-exempt entities.

Note 12 - Related party transactions

As part of the NMTC arrangement, CLSI sub-leased the Flatbush Avenue Property to Callen-Lorde for 20 years ending December 31, 2038. The future annual rent payment commitments are as follows:

2023	$ 936,000
2024	1,308,000
2025	1,332,000
2026	1,380,000
2027	2,028,000
Thereafter	25,632,000
Total	$ 32,616,000

For the years ended June 30, 2022 and 2021, CLSI recognized rental income and Callen-Lorde recorded rent expense under the sub-lease agreement amounting to $1,738,340 and $1,777,365, respectively. The corresponding revenue and expense were eliminated during consolidation.

The Flatbush Avenue Property was initially leased by Callen-Lorde based on a lease agreement dated February 14, 2017. Such agreement was later on amended on July 27, 2018 and December 14, 2018. On December 14, 2018, Callen-Lorde assigned its interest on the lease to CLSI through an Assignment and Assumption of Lease Agreement. CLSI then sub-leased the property back to Callen-Lorde as abovementioned.

On November 14, 2018, CLSI and Callen-Lorde entered into an equipment lease agreement through which, Callen-Lorde shall lease from CLSI various furnishings, fixtures, equipment and other personal property from November 14, 2018 through July 31, 2022 for a monthly rent of $4,167. For the years ended June 30, 2022 and 2021, Callen-Lorde recognized rental income and CLSI recognized rent expense amounting to $25,002 and $20,836, respectively, in relation to the equipment lease. The corresponding revenue and expense were eliminated during consolidation.

On closing date, CLSI and Callen-Lorde entered into a Construction and Development Management Agreement through which CLSI engaged Callen-Lorde to be the development and construction manager of the project until its substantial completion.

As of June 30, 2022 and 2021, Callen-Lorde had a receivable from CLSI and CLSI had a payable to Callen-Lorde amounting to $73,000 and $221,954, respectively, arising from various inter-company transactions. The amount was eliminated in the consolidated statements of financial position.

Note 13 - Due to third parties

As of June 30, 2022, amounts due to third parties include $2,073,352 owed back to Medicaid (see Note 5) and $1,145,832 owed to a vendor operating and managing the 340B program. As of June 30, 2021, amounts due to third party pertain to amounts owed to a vendor operating and managing the 340B program amounting to $1,653,832.

Note 14 - Line of credit

The Center has a revolving line of credit available in the amount of $10,000,000, which is due and payable by June 1, 2023, the date the agreement expires. The line of credit is secured by the Center's inventories, equipment and other general intangible assets. The line of credit has an interest rate set at the 2.874% plus the adjusted Secured Overnight Financing Rate (SOFR) plus the sum of the applicable margin under Regulation D of the Board of Governors of the Federal Reserve System (or 4.374% as of June 30, 2022). There were no amounts outstanding on the line of credit at June 30, 2022 or 2021.

Note 15 - Leases

The following provides information about the Organization’s right of use assets and lease liabilities for its operating and finance leases as of June 30, 2022 and 2021:

	Statement of Financial Position Classification	June 30, 2022	June 30, 2021
Right of Use Assets			
Operating leases	Operating lease assets	$ 16,380,579	$ 17,739,650
Finance leases	Property, plant and equipment, net	-	-
Total leased assets		$ 16,380,579	$ 17,739,650
Lease Liabilities			
Current			
Operating leases	Curent portion of operating lease liabilities	$ 983,830	$ 1,071,059
Finance leases	Current portion of finance lease liabilities	32,062	37,415
Noncurrent			
Operating leases	Noncurrent operating lease liabilities	17,193,187	18,163,905
Finance leases	Noncurrent finance lease liabilities	49,341	81,403
Total lease liabilities		$ 18,258,420	$ 19,353,782

The components of the Organization's lease cost for the years ended June 30, 2022 and 2021, are as follows:

	Statement of Financial Position Classification	June 30, 2022	June 30, 2021
Operating lease cost, net			
Rent expense	Other than personnel services expense	$ 3,760,007	$ 3,913,436
Short term leases	Other than personnel services expense	312,009	352,313
Net operating lease cost		4,072,016	4,265,749
Finance lease cost			
Amortization expense	Depreciation and amortization	37,401	47,466
Interest expense	Interest expense, net	5,946	7,317
Total finance lease cost		43,347	54,783
Elimination of intercompany lease cost		(1,738,340)	(1,777,365)
Total lease cost, net		$ 2,377,023	$ 2,543,167

(a) The rental costs of short-term and operating leases are included in occupancy costs in the consolidated statement of functional expenses for the years ended June 30, 2022, and 2021.

(b) Amortization of finance lease right of use assets and interest on finance lease liabilities are included in depreciation and amortization and interest expense in the Organization's consolidated statement of activities and changes in net assets.

Weighted average remaining leases term and weighted average incremental borrowing rate for the Organization's leases as of June 30, 2022:

Year ended June 30, 2022	Operating leases	Finance leases
Weighted Avg. Remaining Term Operating Leases (Months)	184	29
Weighted Avg. Remaining Term Operating Leases (Years)	15	2
Weighted Avg. Annual Discount Rate Operating Leases	3.17%	6.00%

The Organization has elected to use risk-free rates as the discount rate for all its leases. The Organization uses rates on US government securities for periods comparable with lease terms as risk-free rates.

The Organization's capital lease liabilities have effective interest rates ranging from 6% to 15% and mature in 5 years.

Annual maturity analysis for the Organization's lease liabilities for the five years following June 30, 2022 and thereafter is as follows:

Calendar year	Operating leases	Finance leases	Total
2023	$ 2,497,313	$ 35,976	$ 2,533,289
2024	3,273,954	35,976	3,309,930
2025	2,861,642	15,882	2,877,524
2026	2,783,531	158	2,783,689
2027	3,188,173	-	3,188,173
Thereafter	42,201,176	-	42,201,176
Total lease payments	56,805,789	87,992	56,893,781
Less interest on lease liabilities	13,391,908	6,501	13,398,409
Total lease liability	43,413,881	81,491	43,495,372
Less current portion of total lease liability	1,128,298	32,046	1,160,344
Noncurrent portion of total lease liability	$ 42,285,583	$ 49,445	$ 42,335,028

Note 16 - Endowment

Interpretation of relevant law

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") was enacted in September 2010. The Organization has interpreted NYPMIFA as requiring the preservation of the original gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the board of directors considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization

- The investment policies of the Organization
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the Organization

Spending policy, return objectives and risk parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable steam of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide, in priority order: 1) safety of principal, 2) liquidity for operating needs, 3) diversification of risk, and 4) maximization of yield.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy designed to provide a reasonable level of annual distributions to general operating funds and to provide for the long-term preservation of its endowment funds.

The investment strategy of the Organization is based on a disciplined, consistent and diversified approach utilizing multiple asset classes under the following asset categories: return-seeking assets, risk-mitigating assets and diversifying assets. The intent is to accommodate and consider diverse strategies deemed reasonable and prudent.

Invested assets are managed in a socially responsible manner with the goal of protecting principal while generating income appropriate to conservative investment strategy with strict fiscal principles.

Changes in the endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	With donor restrictions Perpetual in nature Year ended	
	June 30, 2022	June 30, 2021
Endowment net assets, beginning of year	$ 2,111,096	$ -
Additions	-	2,000,000
Realized and unrealized investment income	(278,888)	111,096
Appropriation of endowment assets for expenditures and other costs	-	-
	$ 1,832,208	$ 2,111,096

Note 17 - Net assets with donor restrictions

The Organization receives contributions from various funders designated for program-specific purposes. Unspent donor-restricted funds as of June 30 are as follows:

	2022	2021
Altman Foundation	$ -	$ 50,000
H. Van Ameringen	-	65,000
TD Bank: TD Charitable Foundation	-	18,687
The New York Community Trust:		
Employee Assistance Program	14,651	150,000
Brooklyn Construction Project	-	7,899
Various donors for Community Health Awards 2022	22,500	32,500
	37,151	324,086
Keith Haring LGBTQ+ Health Equity Endowment Fund	1,832,208	2,111,096
Total	$ 1,869,359	$ 2,435,182

Note 18 - Contract services and other grants revenue

Contract services and other grants revenue consist of the following for the years ended June 30:

	2022	2021
New York State Department of Health	$ 1,262,352	$ 1,350,588
New York City Department of Health and Mental Hygiene	1,425,215	1,005,565
Lutheran Medical Center		
Community Health Center Program	2,449,171	766,259
Public Health Solutions	2,317,675	2,209,226
Health Research, Inc.	285,782	321,671
Delivery System Reform Incentive Payment ("DSRIP")	124,111	431,160
Other	561,431	937,570
Total operating	8,425,737	7,022,039
Nonoperating		
Federal Communications Commission:		
COVID-19 - Telehealth Program	-	805,084
Total	$ 8,425,737	$ 7,827,123

Note 19 - DHHS grants

For the years ended June 30, 2022 and 2021, Callen-Lorde received the following grants from the DHHS:

Grant number	Grant period	Total Grant	2022 Revenue	2021 Revenue
6 H76HA00636-22-01	05/01/21 - 04/30/22	361,955	$ 326,674	$ 35,281
4 H76HA00636-21-01	05/01/20 - 04/30/21	361,955	-	346,274
6 H76HA00636-23-03	05/01/22 - 04/30/23	505,855	55,280	-
6 H7CHA37264-01-01	04/01/20 - 03/31/21	167,564	-	142,814
6 H12HA24871-08-05	08/01/19 - 07/31/22	953,061	58,114	492,560
5 H12HA24871-09-01	08/01/21 - 07/31/22	327,919	306,272	-
4 H1XHA37000-01-02	04/01/20 - 03/31/21	24,073	-	13,820
6 H79SM083218-02M003	05/01/21 - 04/30/22	1,779,832	1,818,026	1,579,331
1 H79T1084070-01	09/30/21 - 09/29/22	989,822	263,212	-
6 H80CS29017-06-07	06/01/20 - 05/31/21	1,750,322	-	1,521,917
6 H80CS29017-07-02	06/01/21 - 05/31/22	1,024,450	1,012,931	11,518
5 H80CS29017-08-01	06/01/22 - 05/31/23	1,066,200	603,466	-
1 H8DCS36572-01-00	04/01/20 - 03/31/21	539,780	-	488,626
6 H8CCS35168-01-02	03/15/20 - 03/14/21	52,287	-	19,716
1 H8ECS39024-01-00	05/01/20 - 04/30/21	131,929	-	131,929
1 H8FCS40758-01-01	04/01/21 - 03/31/23	991,510	536,412	126,371
1 T9BHP45333-01-02	12/1/21 - 11/30/2023	500,000	67,448	-
Sub Total			5,047,835	4,910,157
Provider Relief Fund			925,530	3,575,753
Total			$ 5,973,365	$ 8,485,910

Note 20 - Fundraising and contributions revenue

Fundraising and contributions revenue consists of the following for the years ended June 30:

	2022	2021
Fundraising	$ 1,158,229	$ 1,223,816
Contributions	447,500 *	824,847 *
	$ 1,605,729	$ 2,048,663

* Includes contributions with donor restrictions amounting to $22,500 and $307,500 for 2022 and 2021, respectively. See Note 17 for more details.

Note 21 - Commitments and contingencies

Callen-Lorde has contracted with various funding agencies to perform certain healthcare services and receives Medicaid and Medicare revenue from the state and federal governments. Reimbursements received under these contracts and payments under Medicaid and Medicare are subject to audit by the federal and state governments and other agencies. Upon audit, if discrepancies are discovered, Callen-Lorde could be held responsible for reimbursing the agencies for the amounts in question.

Callen-Lorde maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS-supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Center purchases professional and general liability insurance to cover medical malpractice claims in excess of the FTCA coverage. There are no known claims or incidents that may result in the assertion of additional claims arising from services provided to patients as of June 30, 2022.

Callen-Lorde provides medical and prescription insurance coverage for all eligible employees. Under the terms of the insurance policy, Callen-Lorde is at risk for covered claims submitted, not to exceed $125,000 per person per year. Callen-Lorde is indemnified for claims in excess of $1,000,000 million in the aggregate by the stop-loss insurance policy coverage. Callen-Lorde has recorded $571,500 and $975,500 of claims liability in relation to the medical and prescription insurance as of June 30, 2022 and June 30, 2021, respectively, it is included in accounts payable and accrued expenses in the consolidated statements of financial position.

Callen-Lorde and CLSI are involved in other claims and legal actions in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the Organization's financial position, results of operations or cash flows.

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulation by healthcare providers. The Organization believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amount in question.

In December 2019 and early 2020, the coronavirus that causes ("COVID-19") was reported to have surfaced globally. The spread of this virus globally has caused business disruption domestically in the United States, including the State of New York, the area in which the Organization primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while the Organization expects this matter to negatively impact the Organizations financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Note 22 - Pension plan

Callen-Lorde maintains a contributory defined contribution retirement plan covering substantially all its employees. Participants are always fully vested in their contributions to the plan and benefits are limited to plan assets. If certain requirements are met, Callen-Lorde may make matching contributions to the plan. Callen-Lorde may also make nonelective contributions and qualified nonelective contributions to the plan. Effective January 1, 2020, the plan document was amended to include safe harbor matching contributions for participating employees who are union members. For the years ended June 30, 2022 and 2021, Callen-Lorde made $604,098 and $382,643 safe harbor matching contributions, respectively. For 2022 and 2021, the contributions were for both participating union and nonunion employees.

Note 23 - Concentration of source or supply of labor

As of June 30, 2022, 221 or approximately 45% of Callen-Lorde's employees are members of the 1199SEIU United Healthcare Workers East (the "Union"). On May 27, 2022, Callen-Lorde signed a Memorandum of Agreement with the Union to extend the Collective Bargaining Agreement with the Union from January 1, 2022 to December 31, 2024. Callen-Lorde's other employees are not represented by a union.

Supplementary Information

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidating Statement of Financial Position
June 30, 2022

	Community Health Project, Inc.	Callen-Lorde Support, Inc.	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 20,660,046	$ 74,109	$ -	$ 20,734,155
Patient services receivable, net	2,895,038	-	-	2,895,038
Pharmacy and other receivables	3,650,528	-	-	3,650,528
Grants and contracts receivable	5,646,230	-	-	5,646,230
Prepaid expenses and other current assets	709,921	88,434	-	798,355
Due from Callen-Lorde Support, Inc.	73,000	-	(73,000)	-
Inventory	1,129,404	-	-	1,129,404
Total current assets	34,764,167	162,543	(73,000)	34,853,710
Restricted cash and cash equivalents	5,250,000	-	-	5,250,000
Cash restricted for endowment	6,651	-	-	6,651
Investments	1,825,557	-	-	1,825,557
Debt service reserve	261,332	235,831	-	497,163
Notes receivable	10,789,600	-	-	10,789,600
Prepaid rent	-	3,611,436	(3,611,436)	-
Property and equipment, net	16,619,844	10,001,344	-	26,621,188
Operating lease assets	23,058,885	14,131,393	(20,809,699)	16,380,579
Security deposits	257,306	265,302	-	522,608
Total assets	$ 92,833,342	$ 28,407,849	$ (24,494,135)	$ 96,747,056
Liabilities and Net Assets (Deficit)				
Current liabilities				
Accounts payable and accrued expenses	$ 5,012,849	$ -	$ -	$ 5,012,849
Accrued compensation	3,018,865	-	-	3,018,865
Note payable, current maturities	486,148	-	-	486,148
Current portion of operating lease liabilities	1,013,003	115,279	(144,452)	983,830
Current portion of finance lease liabilities	32,062	-	-	32,062
Due to third parties	3,219,184	-	-	3,219,184
Total current liabilities	12,782,111	115,279	(144,452)	12,752,938
Long-term liabilities				
Note payable, less current maturities	9,618,518	14,819,233	-	24,437,751
Due to Community Health Project, Inc.	-	73,000	(73,000)	-
Operating lease liabilities, net of current portion	26,003,490	15,466,380	(24,276,683)	17,193,187
Finance lease liabilities, net of current portion	49,341	-	-	49,341
Total long-term liabilities	35,671,349	30,358,613	(24,349,683)	41,680,279
Total liabilities	48,453,460	30,473,892	(24,494,135)	54,433,217
Commitments and contingencies				
Net assets (deficit)				
Without donor restrictions				
Without donor restrictions	37,260,523	(2,066,043)	-	35,194,480
Without donor restrictions - board-designated reserve for capital projects and special projects	5,250,000	-	-	5,250,000
Total without donor restrictions	42,510,523	(2,066,043)	-	40,444,480
With donor restrictions	1,869,359	-	-	1,869,359
Total net assets (deficit)	44,379,882	(2,066,043)	-	42,313,839
Total	$ 92,833,342	$ 28,407,849	$ (24,494,135)	$ 96,747,056

See Independent Auditor's Report.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Consolidating Statement of Activities and Changes in Net Assets (Deficit)
Year Ended June 30, 2022

	Community Health Project, Inc.					Total		
	Without donor restrictions	With donor restrictions	Total	Callen-Lorde Support, Inc.	Eliminations	Without donor restrictions	With donor restrictions	Total
Revenue								
Patient services revenue (net of contractual allowances and discounts)	$ 24,674,382	$ -	$ 24,674,382	$ -	$ -	$ 24,674,382	$ -	$ 24,674,382
Pharmacy revenue	63,017,833	-	63,017,833	-	-	63,017,833	-	63,017,833
DHHS grants	5,973,365	-	5,973,365	-	-	5,973,365	-	5,973,365
Contract services and other grants	8,425,737	-	8,425,737	-	-	8,425,737	-	8,425,737
Fundraising and contributions of cash and other financial assets	1,583,229	22,500	1,605,729	-	-	1,583,229	22,500	1,605,729
Revenue from PPP loan forgiveness	6,020,325	-	6,020,325	-	-	6,020,325	-	6,020,325
Other	818,960	(278,888)	540,072	1,763,371	(1,828,775)	753,556	(278,888)	474,668
Released from restrictions	309,435	(309,435)	-	-	-	309,435	(309,435)	-
Total revenue	110,823,266	(565,823)	110,257,443	1,763,371	(1,828,775)	110,757,862	(565,823)	110,192,039
Expenses								
Salaries and related benefits	43,002,474	-	43,002,474	-	-	43,002,474	-	43,002,474
Other than personnel services	61,324,088	-	61,324,088	1,300,488	(1,828,775)	60,795,801	-	60,795,801
Interest	678,961	-	678,961	205,508	-	884,469	-	884,469
Total expenses	105,005,523	-	105,005,523	1,505,996	(1,828,775)	104,682,744	-	104,682,744
Operating income (loss) prior to depreciation and amortization and nonoperating revenue	5,817,743	(565,823)	5,251,920	257,375	-	6,075,118	(565,823)	5,509,295
Depreciation and amortization	1,971,483	-	1,971,483	636,600	-	2,608,083	-	2,608,083
Changes in net assets (deficit)	3,846,260	(565,823)	3,280,437	(379,225)	-	3,467,035	(565,823)	2,901,212
Net assets (deficit), beginning	38,664,263	2,435,182	41,099,445	(1,686,818)	-	36,977,445	2,435,182	39,412,627
Net assets (deficit), end	$ 42,510,523	$ 1,869,359	$ 44,379,882	$ (2,066,043)	$ -	$ 40,444,480	$ 1,869,359	$ 42,313,839

See Independent Auditor's Report.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:				
Direct Programs				
Health Center Program Cluster				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	$ -	$ 348,937
COVID-19 - Health Center Program (Community Health Centers, Migrant Health Center, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	-	536,412
Grants for New and Expanded Services under the Health Care Center Program	93.527	N/A	-	1,267,460
Sub-total Health Center Program Cluster			-	2,152,809
Passed through Sunset Park Health Council, Inc.				
Health Centers Program Cluster				
Health Care for the Homeless, and Public Housing Primary Care)	93.224	Not Available	-	565,407
COVID-19 - Health Center Program (Community Health Centers, Migrant Health Center, Health Care for the Homeless, and Public Housing Primary Care)	93.224	Not Available	-	1,883,764
Subtotal Health Center Program Cluster			-	2,449,171
Total Health Center Program Cluster			-	4,601,980
Direct Programs				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	-	381,954
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	-	3,531,744
COVID-19 - Teaching Health Center Graduate Medical Education Payment	93.530	N/A	-	67,448
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	N/A	-	21,000
Substance Abuse and Mental Health Services Administration:				
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	-	1,818,026
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	263,212
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	N/A	-	364,386
Research and Development Cluster				
Passed through Research Foundation of The City University of New York				
Mental Health Research Grants	93.242	CM00004824-01/02	-	36,568
Passed through The Trustees of Columbia University in the City of New York				
Mental Health Research Grants	93.242	1(GG017718-01)	-	9,435
Passed through Research Foundation for Mental Hygiene, Inc.				
Mental Health Research Grants	93.242	3 P30 MH043520-32S1	-	47,740
Subtotal Federal Assistance Listing Number 93.242			-	93,743
Passed through Children's Hospital of Los Angeles				
Child Health and Human Development Extramural Research	93.865	000013763-D	-	151
Passed through Johns Hopkins University				
Allergy and Infectious Diseases Research	93.855	2004464739	-	217,544

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Passed through The Trustees of Columbia University in the City of New York				
HIV Demonstration, Research, Public and Professional Education Projects	93.941	1(GG017709-01)	-	34,407
Minority Health and Health Disparities Research	93.307	3(GG014329-01)	-	22,662
Passed through the University of North Carolina at Chapel Hill				
Minority Health and Health Disparities Research	93.307	5123425	-	111,939
Subtotal Federal Assistance Listing Number 93.307			-	134,601
Total Research and Development Cluster			-	480,446
Passed through Public Health Solutions				
HIV Emergency Relief Project Grants	93.914	22-CCR-707P/23-CCR-707P	-	523,362
HIV Prevention Activities - Health Department Based	93.940	16-AHD-707	-	25,000
HIV Prevention Activities - Health Department Based	93.940	21-SBH-707PC/22-SBH-707PL	-	227,537
HIV Prevention Activities - Health Department Based	93.940	21-NCT-707PC/22-NCT-707PL	-	115,316
Subtotal Federal Assistance Listing Number 93.940			-	367,853
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B	93.686	22-BHZ-707P / 23-BHZ-707P	-	300,158
Passed through New York City Department of Health and Mental Hygiene				
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	21SD006301R0X00	-	37,234
Passed through New York State Office of Mental Health				
COVID-19 - Block Grants for Community Mental Health Services	93.958	OMH01-A2112595	-	46,000
Passed through Primary Care Development Corporation				
COVID-19 - Immunization Cooperative Agreements	93.268	N/A	-	103,125
Passed through Health Research, Inc.				
HIV Care Formula Grants	93.917	5173-07, 5173-08	-	285,782
Total Expenditures of Federal Awards - U.S. Department of Health and Human Services			-	13,193,710
Total Expenditures of Federal Awards			$ -	$ 13,193,710

See Notes to Schedule of Expenditures of Federal Awards.

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Community Health Project, Inc. (d/b/a Michael Callen-Audre Lorde Community Health Center) ("Callen-Lorde") and Callen-Lorde Support, Inc. (collectively, the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Callen-Lorde, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect cost rate

Callen-Lorde elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Assistance Listing Number 93.498

For the DHHS awards related to the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution ("PRF") program, DHHS has indicated the amounts on the schedule be reported corresponding to reporting requirements of the HRSA PRF Reporting Portal. Payments from DHHS for PRF are assigned to 'Payment Received Periods' (each, a Period) based upon the date each payment from the PRF was received. Each Period has a specified Period of Availability and timing of reporting requirements. Entities report into the HRSA PRF Reporting Portal after each Period's deadline to use the funds (i.e., after the end of the Period of Availability).

The Schedule includes $3,531,744, of which $1,546,275 relates to Period 2 funding and $1,985,469 relates to Period 3 funding received from DHHS between July 7, 2020 and January 27, 2021. Such amount was recognized as DHHS grant revenue in the consolidated financial statements for the year ended June 30, 2021.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Health Project, Inc. (d/b/a Michael Callen - Audre Lorde Community Health Center) ("Callen-Lorde" or the "Center") and Callen-Lorde Support, Inc. (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 23, 2023. The financial statements of Callen-Lorde Support, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Callen-Lorde Support, Inc.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

New York, New York
February 23, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
And Callen-Lorde Support, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Health Project, Inc.'s (d/b/a Michael Callen - Audre Lorde Community Health Center) ("Callen-Lorde" or the "Center") and Callen-Lorde Support, Inc.'s (collectively, the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

New York, New York
February 23, 2023

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Consolidated Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_yes	✓ no
• Significant deficiency(ies) identified?	_yes	✓ none reported

Noncompliance material to consolidated financial statements noted?	_yes	✓ no

Federal Awards:

Internal control over major programs:

• Material weakness(es) identified?	_yes	✓ no
• Significant deficiency(ies) identified?	_yes	✓ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_yes	✓ no

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program
	U.S. Department of Health and Human Services:
93.498	COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Community Health Project, Inc.
(d/b/a Michael Callen - Audre Lorde Community Health Center)
and Callen-Lorde Support, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	✓ yes _no

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

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