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

Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2023 and 2022

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

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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.

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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the 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.

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 available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, 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 supplementary consolidating information included in the accompanying statements on pages 43 and 44 are 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.

CohnReznick LLP

New York, New York
March 21, 2024

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, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents	$ 9,693,489	$ 20,734,155
Patient services receivable, net	8,548,380	2,895,038
Pharmacy and other receivables	3,334,259	3,650,528
Grants and contracts receivable	5,160,285	5,646,230
Prepaid expenses and other current assets	946,428	798,355
Inventory	1,288,878	1,129,404
Total current assets	28,971,719	34,853,710
Restricted cash and cash equivalents	5,250,000	5,250,000
Cash restricted for endowment	48,015	6,651
Investments	1,957,350	1,825,557
Debt service reserve	435,897	497,163
Notes receivable	10,789,600	10,789,600
Property and equipment, net	24,523,445	26,621,188
Operating lease assets	14,972,345	16,380,579
Security deposits	527,914	522,608
Total	$ 87,476,285	$ 96,747,056

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, 2023 and 2022

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable and accrued expenses	$ 4,862,522	$ 5,012,849
Accrued compensation	3,657,251	3,018,865
Note payable, current maturities	110,369	486,148
Current portion of operating lease liabilities	1,429,346	983,830
Current portion of finance lease liabilities	33,845	32,062
Due to third parties	8,893,096	3,219,184
Total current liabilities	18,986,429	12,752,938
Long-term liabilities		
Note payable, less current maturities	24,358,537	24,437,751
Operating lease liabilities, net of current portion	15,763,843	17,193,187
Finance lease liabilities, net of current portion	15,497	49,341
Total long-term liabilities	40,137,877	41,680,279
Total liabilities	59,124,306	54,433,217
Commitments and contingencies	-	-
Net assets		
Without donor restrictions		
Without donor restrictions	20,432,216	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	25,682,216	40,444,480
With donor restrictions	2,669,763	1,869,359
Total net assets	28,351,979	42,313,839
Total	$ 87,476,285	$ 96,747,056

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, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue						
Patient services revenue (net of contractual allowances and discounts)	$ 27,099,247	$ -	$ 27,099,247	$ 24,674,382	$ -	$ 24,674,382
Pharmacy revenue	64,733,449	-	64,733,449	63,017,833	-	63,017,833
DHHS grants	5,043,748	-	5,043,748	5,973,365	-	5,973,365
Contract services and other grants	8,178,127	-	8,178,127	8,425,737	-	8,425,737
Fundraising and contributions	3,084,362	929,025	4,013,387	1,583,229	22,500	1,605,729
Revenue from PPP loan forgiveness	-	-	-	6,020,325	-	6,020,325
Other	585,258	-	585,258	753,556	-	753,556
Released from restrictions	252,753	(252,753)	-	309,435	(309,435)	-
Total revenue	108,976,944	676,272	109,653,216	110,757,862	(286,935)	110,470,927
Expenses						
Salaries and related benefits	53,134,853	-	53,134,853	43,002,474	-	43,002,474
Other than personnel services	67,643,551	-	67,643,551	60,795,801	-	60,795,801
Interest	640,465	-	640,465	884,469	-	884,469
Total expenses	121,418,869	-	121,418,869	104,682,744	-	104,682,744
Operating income (loss) prior to depreciation and amortization and nonoperating revenue	(12,441,925)	676,272	(11,765,653)	6,075,118	(286,935)	5,788,183
Depreciation and amortization	2,684,072	-	2,684,072	2,608,083	-	2,608,083
Operating income (loss) prior to nonoperating revenue	(15,125,997)	676,272	(14,449,725)	3,467,035	(286,935)	3,180,100
Nonoperating revenue						
Unrealized and realized gains (losses) from endowment	-	124,132	124,132	-	(278,888)	(278,888)
Contract services and other grants for capital additions	363,733	-	363,733	-	-	-
Total nonoperating revenue	363,733	124,132	487,865	-	(278,888)	(278,888)
Changes in net assets	(14,762,264)	800,404	(13,961,860)	3,467,035	(565,823)	2,901,212
Net assets, beginning	40,444,480	1,869,359	42,313,839	36,977,445	2,435,182	39,412,627
Net assets, end	$ 25,682,216	$ 2,669,763	$ 28,351,979	$ 40,444,480	$ 1,869,359	$ 42,313,839

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, 2023

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 23,907,001	$ 12,943,223	$ 656,808	$ 37,507,032
Employee benefits	9,961,180	5,392,973	273,668	15,627,821
Consultants and contractual services	883,971	3,376,099	66,762	4,326,832
Professional fees	135,374	774,262	34,969	944,605
Consumable supplies	1,850,419	230,344	266	2,081,029
Laboratory and radiology	84,162	-	-	84,162
Pharmaceuticals	53,566,369	-	-	53,566,369
Occupancy	2,125,573	375,102	-	2,500,675
Insurance	38,868	228,805	-	267,673
Equipment rental and maintenance	46,361	52,922	-	99,283
Telephone	1,666,070	938,723	9,058	2,613,851
Printing, publications and postage	4,145	31,064	40,836	76,045
Travel, conference and meeting	49,338	84,028	2,876	136,242
Dues and subscriptions	30,850	232,601	355	263,806
Health promotion	67,011	201,227	358	268,596
Interest	544,395	96,070	-	640,465
Other	125,596	84,694	204,093	414,383
Total	95,086,683	25,042,137	1,290,049	121,418,869
Depreciation and amortization	2,281,461	402,611	-	2,684,072
Total functional expenses	$ 97,368,144	$ 25,444,748	$ 1,290,049	$ 124,102,941

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	78,269	166,925
Interest	707,575	176,894	-	884,469
Other	253,250	95,276	103,319	451,845
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

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, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from patient services	$ 26,832,665	$ 27,166,129
Cash received from pharmacy	65,049,718	62,538,229
Cash received from grants and contract services	14,071,553	14,197,985
Cash received from fundraising and contributions	4,013,387	1,826,841
Cash received from other	585,258	1,035,959
Cash paid to employees	(52,496,467)	(43,755,733)
Cash paid to vendors	(67,449,147)	(58,354,892)
Cash paid for interest	(552,779)	(1,074,733)
Net cash (used in) provided by operating activities	(9,945,812)	3,579,785
Cash flows from investing activities		
Purchases of property and equipment	(532,370)	(895,836)
Sale of investments	53,811	-
Purchase of investments	(61,472)	(500,000)
Net cash used in investing activities	(540,031)	(1,395,836)
Cash flows from financing activities		
Proceeds from note payable	81,833	250,000
Repayments of financing lease liabilities	(32,046)	(39,272)
Repayments of note payable	(356,052)	(2,028,806)
Payments for deferred financing costs	(207,194)	37,743
Net cash used in financing activities	(513,459)	(1,780,335)
Net (decrease) increase in cash and cash equivalents and restricted cash and cash equivalents	(10,999,302)	403,614
Cash and cash equivalents and restricted cash and cash equivalents, beginning	25,990,806	25,587,192
Cash and cash equivalents and restricted cash and cash equivalents, end	$ 14,991,504	$ 25,990,806

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, 2023 and 2022

	2023	2022
Reconciliation of change in net assets to net cash (used in) provided by operating activities		
Change in net assets	$ (13,961,860)	$ 2,901,212
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	2,684,072	2,608,083
Deferred rent	-	302,981
Nonoperating revenue	(363,733)	-
Revenue from forgiveness of debt	-	(6,020,325)
Realized loss on investments	6,382	-
Unrealized (gain) loss on investments	(130,514)	282,403
Operating lease assets	1,408,234	-
Operating lease liabilities	(983,843)	-
Amortization of deferred financing cost	87,686	(190,264)
Changes in operating assets and liabilities		
Patient services receivable	(5,653,342)	2,263,060
Pharmacy and other receivables	316,269	(479,604)
Grants and contracts receivable	849,678	(201,117)
Pledge contribution receivable	-	500,000
Prepaid expenses and other current assets	(148,073)	898,624
Inventory	(159,474)	(77,951)
Security deposits	(5,306)	342,211
Accounts payable and accrued expenses	(204,286)	(361,621)
Accrued compensation	638,386	(753,259)
Due to third party	5,673,912	1,565,352
Net cash (used in) provided by operating activities	$ (9,945,812)	$ 3,579,785
Supplemental disclosures of noncash investing and financing activities		
Capital acquisitions included in accounts payable and accrued expenses	$ 53,959	$ 90,000
Gain on PPP loan forgiveness	$ -	$ 6,020,325
Notes payable splitter and loan modification	$ 8,773,757	$ -

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.

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, 2023 and 2022.

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, 2023 and 2022 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 statements 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, 2023 and 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 two 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 is 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, 2023 and 2022. 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 $64,733,449 and $63,017,833 for the years ended June 30, 2023 and 2022, respectively, and pharmacy and other receivables of $3,334,259 and $3,650,528 as of June 30, 2023 and 2022, respectively. Pharmacy and other receivables as of July 1, 2021 amounted to $3,170,924.

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. For the year ended June 30, 2023, the Organization recognized a reduction in its patient revenue from the New York State Medicaid Managed Care Wraparound amounting to $3,393,871 arising from a change in the transaction price. Additionally, for the year ended June 30, 2023, the Organization recognized a reduction in its patient revenue from Medicaid Managed Care amounting to $1,573,000 and from the New York State Medicaid Managed Care Wraparound amounting to $1,176,551 as a settlement with third-party payor for retroactive adjustments arising from audits. For the year ended June 30, 2022, adjustments arising from a change in transaction price were not significant; meanwhile, the Organization recognized $2,073,352 as a reduction in patient revenue from the New York State Medicaid Managed Care Wraparound as a settlement with third-party payor for retroactive adjustments arising from audits.

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, 2023 and 2022, 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, 2023 and 2022, amounted to the following:

	2023	2022
Charity care	$ 11,129,383	$ 5,832,008
Community benefit	$ 17,787,306	$ 15,996,156

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 consolidated 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, 2023, the Organization has received grants and contracts from governmental entities, accounted for as either exchange transactions or conditional contributions, in the aggregate amount of $4,470,175 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 (loss) prior to nonoperating revenue as the performance indicator. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include contracts services and other grants for capital additions, increases in contributions with donor restrictions and returns on investments with donor restrictions or unrealized and realized gains from endowments. The Center differentiates its operating activities through the use of income from operations as an intermediate measure of operations. For this purpose, nonoperating items such as contract services and other grants for capital additions, increases in contributions with donor restrictions and returns on investments with donor restrictions or unrealized and realized gains from endowments are excluded from the income from operations in the consolidated statements of activities and changes in net assets.

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 statements 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, 2023 and 2022, 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 consolidated financial statements. The Center's federal and state information returns prior to fiscal year 2020 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, 2023.

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 March 21, 2024, 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, 2023 and 2022:

	2023	2022
Financial assets at year-end		
Cash	$ 9,693,489	$ 20,734,155
Patient services receivable, net	8,548,380	2,895,038
Pharmacy and other receivables	3,334,259	3,650,528
Grants and contracts receivable	5,160,285	5,646,230
Restricted cash and cash equivalents	5,250,000	5,250,000
Cash restricted for endowment	48,015	6,651
Investments	1,957,350	1,825,557
Subtotal	33,991,778	40,008,159
Less amounts not available to be used within one year		
Restricted cash and cash equivalents	5,250,000	5,250,000
Cash restricted for endowment	48,015	6,651
Investments with donor restrictions	1,957,350	1,825,557
Financial assets available to meet general expenditures over the next 12 months	$ 26,736,413	$ 32,925,951

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:

	2023	2022
Cash and cash equivalents	$ 9,693,489	$ 20,734,155
Restricted cash and cash equivalents	5,250,000	5,250,000
Cash restricted for endowment	48,015	6,651
Total	$ 14,991,504	$ 25,990,806

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, 2023 and 2022 is as follows:

	2023	2022
Medicaid	$ 6,318,538	$ 7,608,465
Medicaid managed care	2,062,665	4,251,737
Medicare	525,554	737,728
Private insurance	1,686,381	1,649,740
Self-pay	149,699	112,892
Total	10,742,837	14,360,562
New York State Uncompensated Care	1,574,800	1,204,243
New York State Medicaid Managed Care Wraparound	10,573,314	9,109,577
NYRx Reinvestment Payment	4,208,296	-
Total	$ 27,099,247	$ 24,674,382

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:

	2023	2022
Medicaid	$ 1,943,704	$ 706,269
Medicare	98,309	146,870
Private insurance	184,358	168,175
Self-pay	28,658	10,000
Managed care	1,720,079	1,455,196
New York State Uncompensated Care	364,976	408,528
NYRx Reinvestment Payment	4,208,296	-
Total	$ 8,548,380	$ 2,895,038

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, 2023 and June 30, 2022 based on patient-specific impairment events.

Patient services receivable, net as of July 1, 2021 amounted to $5,158,098.

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.

In 2023, the Organization recognized an amount due back to a third-party payor amounting to $1,573,000. Additionally, the Organization recognized $4,570,422 of amount payable to Medicaid due to a change in the rate applied to certain Medicaid visits. The related liability for these transactions is included in due to third party in the consolidated statements of financial position as of June 30, 2023. See Note 13.

Note 6 - Grants and contracts receivable

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

	2023	2022
New York State Department of Health	$ 259,585	$ 652,500
New York City Department of Health and Mental Hygiene	1,423,042	1,619,590
Lutheran Medical Center	303,148	179,509
Public Health Solutions	797,367	773,311
U.S. Department of Health and Human Services	1,323,261	1,771,667
Health Research, Inc.	100,217	71,398
Other	953,665	578,255
Total	$ 5,160,285	$ 5,646,230

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, 2023 and 2022, 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 on June 30, 2023 and 2022 was $10,789,600 (see Note 11).

Note 8 - Property and equipment, net

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

	2023	2022
Land	$ 1,000,000	$ 1,000,000
Building and building improvements	16,137,705	16,093,849
Furniture and equipment	26,130,453	25,979,557
Sub-total	43,268,158	43,073,406
Less accumulated depreciation and amortization	22,435,967	19,751,893
Total, net	20,832,191	23,321,513
Construction-in-progress	3,691,254	3,299,675
Property, plant and equipment, net	$ 24,523,445	$ 26,621,188

Furniture and equipment includes finance lease right-of-use assets for machinery and equipment of $239,275 for both 2023 and 2022. 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, 2023 and 2022, the Center incurred interest of $776,276 and $1,009,258, of which $135,811 and $124,789 was capitalized in 2023 and 2022, respectively.

Note 9 - Investments

A summary of investments for the Organization as of June 30, 2023 and 2022 are as follows:

	Year ended June 30, 2023		
	Cost	Net unrealized gain (loss)	Fair value
Exchange traded funds	$ 469,047	$ 41,953	$ 511,000
Mutual funds	1,353,441	(172,223)	1,181,218
Equities	234,676	28,488	263,164
Sub-total	2,057,164	(101,782)	1,955,382
Accrued dividends	1,968	-	1,968
Total	$ 2,059,132	$ (101,782)	$ 1,957,350

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

Investment returns - net are included under other revenues in the consolidated statements 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, 2023.

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, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
Exchange traded funds	$ 511,000	$ -	$ -	$ 511,000
Mutual funds	1,181,218	-	-	1,181,218
Equities	263,164	-	-	263,164
Sub-total	$ 1,955,382	$ -	$ -	1,955,382
Accrued dividends				1,968
Total				$ 1,957,350

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

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, 2023 and 2022.

See Note 16 on related notes about the endowment.

Note 10 - Note payable

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

	2023	2022
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
Self-Help Loan - On December 20, 2021, CHP entered into a loan with principal amount of $250,000; monthly payments consisting of principal and interest commenced on January 1, 2023. Interest rate per annum was at 5.03%. The loan was payable over 20 years with a final payment of all unpaid principal and interest due on December 1, 2032. During 2023, the Center paid off the entire principal amount of the loan.	-	250,000
PCDC Term Note - On January 30, 2023, the Center entered into a term loan agreement with PCDC for a maximum principal amount of $5,226,242 which matures January 30, 2033. The Center drew down $81,833 of the said principal amount in 2023. Interest is set at 3% annually. Monthly interest-only payments commence on March 1, 2023, and on the first day of each succeeding month thereafter. Starting March 1, 2024, payments for the principal amount shall commence to fully amortize the outstanding principal balance over an amortization period of 25 years. A final payment of all outstanding principal and accrued and unpaid interest shall be due and payable on January 30, 2033. The loan is secured by the property at 356 West 18th Street, New York, NY which has a carrying value as of June 30, 2023 amounting to $6,270,134.	81,833	-
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 $6,270,134 as of June 30, 2023, 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 has a carrying value of $9,147,982 as of June 30, 2023. 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. Effective December 27, 2022, the Center entered into a note splitter and loan modification agreement with PCDC. Under the agreement, the outstanding balance on the $10,000,000 loan with PCDC which amounted to $8,773,757.70 as of December 27, 2022 was split into 2 promissory notes, Note A and Note B.	-	8,968,512

(continued)

	2023	2022
PCDC Term Note A - On December 27, 2022, the Center entered into a term note agreement with a face value of $4,023,757 maturing on December 27, 2032. Annual interest is set at 4%. Monthly interest payments are due beginning February 1, 2023. Starting February 1, 2024, month principal payments sufficient to fully amortize the outstanding principal balance over an amortization period of 30 years. A final payment of all outstanding principal and accrued unpaid interest shall be due and payable on December 27, 2032. The Note is secured by a second mortgage on the 356 West 8th property of the Center and a first mortgage on the subleasehold in the 40 Flatbush property, which had a net carrying value of $6,270,134 and $9,147,982, respectively, as of June 30, 2023.	4,023,757	-
PCDC Term Note B - On December 27, 2022, CHP entered into a term note agreement with a face value of $4,750,000 maturing on December 27, 2032. The initial note rate shall be 4.47% and on the first Business Day after the fifth anniversary of the loan origination date, the note rate shall increase, at Lender's sole election, one and 00/100 percent (1.00%) over the prior period's note rate. Monthly interest payments are due beginning February 1, 2023. Starting February 1, 2024, month principal payments sufficient to fully amortize the outstanding principal balance over an amortization period of 30 years. A final payment of all outstanding principal and accrued unpaid interest shall be due and payable on December 27, 2032. The Note is secured by a second mortgage on the 356 West 8th property of the Center and a first mortgage on the subleasehold in the 40 Flatbush property, which had a net carrying value of $6,270,134 and $9,147,982, respectively, as of June 30, 2023.	4,750,000	-
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

(continued)

	2023	2022
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	25,315,590	25,678,512
Less current maturities	(110,369)	(486,148)
Less unamortized deferred financing costs	(846,684)	(754,613)
Long-term portion	$ 24,358,537	$ 24,437,751

The aggregate amount of principal payments of long-term debt in each of the five years subsequent to 2023 and thereafter is as follows:

2024	$ 110,369
2025	228,362
2026	238,394
2027	8,008,868
2028	1,259,805
Thereafter	15,469,792
Total	$ 25,315,590

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 is 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 seven and a half 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 were 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. Effective December 27, 2022, the Center entered into a note splitter and loan modification agreement with PCDC. Under the agreement, the outstanding balance on the Term Loan with PCDC which amounted to $8,773,757.70 as of December 27, 2022 was split into two promissory notes, Notes A and Note B. See Note 10 for more details on Notes A and B.

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 $40,199 and $49,002 and the CSH reserve account amounted to $134,366 and $186,829 as of June 30, 2023 and June 30, 2022, 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 $846,684, 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:

2024	$ 1,308,000
2025	1,332,000
2026	1,380,000
2027	2,028,000
2028	2,052,000
Thereafter	23,580,000
Total	$ 31,680,000

For the years ended June 30, 2023 and 2022, CLSI recognized rental income and Callen-Lorde recorded rent expense under the sub-lease agreement amounting to $1,757,852 and $1,738,340, 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 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, Callen-Lorde had a receivable from CLSI and CLSI had a payable to Callen-Lorde amounting to $73,000, arising from various inter-company transactions. The amount was eliminated in the consolidated statements of financial position. There was no intercompany receivable or payable outstanding as of June 30, 2023.

Note 13 - Due to third parties

As of June 30, 2023, due to third parties include $5,887,112 owed back to Medicaid (see Note 5), $1,573,000 due back to another third-party payor (see Note 5) and $1,432,984 owed to a vendor operating and managing the 340B program. As of June 30, 2022, due to third parties include $2,073,352 owed to Medicaid (see Note 5) and $1,145,832 to a vendor operating and managing the 340B program.

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, 2024, 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 3.634% 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 5.09% as of June 30, 2023). There were no amounts outstanding on the line of credit at June 30, 2023 or 2022.

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, 2023 and 2022:

	Statement of Financial Position Classification	June 30, 2023	June 30, 2022
Right-of-use assets			
Operating leases	Operating lease assets	$ 14,972,345	$ 16,380,579
Finance leases	Property, plant and equipment, net	-	-
Total leased assets		$ 14,972,345	$ 16,380,579
Lease liabilities			
Current			
Operating leases	Current portion of operating lease liabilities	$ 1,429,346	$ 983,830
Finance leases	Current portion of finance lease liabilities	33,845	32,062
Noncurrent			
Operating leases	Noncurrent operating lease liabilities	15,763,843	17,193,187
Finance leases	Noncurrent finance lease liabilities	15,497	49,341
Total lease liabilities		$ 17,242,531	$ 18,258,420

The components of the Organization's lease cost for the years ended June 30, 2023 and 2022 are as follows:

	Statement of Financial Position Classification	June 30, 2023	June 30, 2022
Operating lease cost, net			
Rent expense	Other than personnel services expense	$ 3,763,080	$ 3,760,007
Short term leases	Other than personnel services expense	91,061	312,009
Net operating lease cost		3,854,141	4,072,016
Finance lease cost			
Amortization expense	Depreciation and amortization	32,046	37,401
Interest expense	Interest expense, net	2,360	5,946
Total finance lease cost		34,406	43,347
Elimination of intercompany lease cost		(1,757,852)	(1,738,340)
Total lease cost, net		$ 2,130,695	$ 2,377,023

(a) The rental costs of short-term and operating leases are included in occupancy costs in the consolidated statements of functional expenses for the years ended June 30, 2023 and 2022.

(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 statements 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, 2023:

Year ended June 30, 2023	Operating leases	Finance leases
Weighted Avg. Remaining Term Operating Leases (Months)	180	17
Weighted Avg. Remaining Term Operating Leases (Years)	15	1
Weighted Avg. Annual Discount Rate Operating Leases	3.25%	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 five years.

Annual maturity analysis for the Organization's lease liabilities for the five years following June 30, 2023 and thereafter is as follows:

Calendar year	Operating leases	Finance leases	Total
2024	$ 3,273,954	$ 35,976	$ 3,309,930
2025	2,861,642	15,882	2,877,524
2026	3,035,633	157	3,035,790
2027	3,188,173	-	3,188,173
2028	3,235,376	-	3,235,376
Thereafter	37,901,352	-	37,901,352
Total lease payments	53,496,130	52,015	53,548,145
Less interest on lease liabilities	12,026,258	2,673	12,028,931
Total lease liability	41,469,872	49,342	41,519,214
Less current portion of total lease liability	1,956,156	33,845	1,990,001
Noncurrent portion of total lease liability	$ 39,513,716	$ 15,497	$ 39,529,213

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, 2023 and 2022 are as follows:

	With donor restrictions Perpetual in nature Year ended	
	June 30, 2023	June 30, 2022
Endowment net assets, beginning of year	$ 1,832,208	$ 2,111,096
Additions	49,025	-
Realized and unrealized investment income	124,132	(278,888)
Appropriation of endowment assets for expenditures and other costs	-	-
	$ 2,005,365	$ 1,832,208

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:

	2023	2022
Booth Ferris Foundation - To support planning and program development in LGBTQ+ clinical education	$ 84,107	$ -
Ira W. De Camp Foundation - Callen-Lorde CHC Foundation planning	175,000	-
Affinity Legacy, Inc. - TGH Health Education Project	255,291	-
The New York Community Trust:		
Employee Assistance Program	-	14,651
Stabilization of CHP, leading community clinic for people with, or at risk of, HIV AIDS.	150,000	-
Various donors for Community Health Awards 2022	-	22,500
	664,398	37,151
Keith Haring LGBTQ+ Health Equity Endowment Fund	2,005,365	1,832,208
Total	$ 2,669,763	$ 1,869,359

Note 18 - Contract services and other grants revenue

Contract services and other grants revenue consist of the following for the years ended June 30, 2023 and 2022:

	2023	2022
New York State Department of Health	$ 1,276,886	$ 1,262,352
New York City Department of Health and Mental Hygiene	1,423,042	1,425,215
Lutheran Medical Center		
Community Health Center Program	1,967,445	2,449,171
Public Health Solutions	2,426,526	2,317,675
Health Research, Inc.	429,242	285,782
New York State Office of Mental Health	250,826	-
Delivery System Reform Incentive Payment ("DSRIP")	-	124,111
Other	404,160	561,431
Total operating	8,178,127	8,425,737
Nonoperating		
City of New York Department of Design and Construction:		
Capital Grant	363,733	-
Total	$ 8,541,860	$ 8,425,737

Note 19 - DHHS grants

For the years ended June 30, 2023 and 2022, Callen-Lorde received the following grants from the DHHS:

Grant number	Grant period	Total Grant	2023 Revenue	2022 Revenue
6 H76HA00636-22-01	05/01/21 - 04/30/22	361,955	$ -	$ 326,674
6 H12HA24871-08-05	08/01/19 - 07/31/22	953,061	58,114	58,114
6 H76HA00636-23-03	05/01/22 - 04/30/23	505,855	450,575	55,280
6 H76HA00636-24-00	05/01/23 - 04/30/24	505,855	68,519	-
5 H12HA24871-09-01	08/01/21 - 07/31/22	327,919	21,647	306,272
6 H12HA24871-10-02	08/01/22 - 07/31/23	349,194	254,300	-
6 P06HA47288-01-02	09/01/22 - 08/31/23	150,000	120,855	-
1 T9BHP45333-01-02	12/01/21 - 11/30/23	500,000	180,950	67,448
6 H79SM083218-02M003	05/01/21 - 07/15/22	1,779,832	58,493	1,818,026
1 H79T1084070-01	09/30/21 - 09/29/22	989,822	104,932	263,212
6H79TI084070-02M001	09/30/22 - 09/29/23	1,615,934	866,138	-
6 H79SM087075-01M001	09/30/22 - 09/29/23	1,000,000	664,276	-
6 NU62PS924783-01-04	06/30/22 - 06/29/23	581,155	520,108	-
6 H80CS29017-08-06	06/01/22 - 05/31/23	1,066,200	1,066,200	-
6 H80CS29017-09-02	06/01/23 - 05/31/24	1,442,800	139,136	-
4 H8GCS48297-01-01	12/1/2022 - 5/31/2023	159,957	140,787	-
3 H8FCS40758-01-01	04/01/21 - 03/31/23	991,510	328,718	536,412
6 H80CS29017-07-02	06/01/21 - 05/31/22	1,024,450	-	1,012,931
6 H80CS29017-07-06	06/01/21 - 05/31/22	1,489,433	-	603,466
Sub Total			5,043,748	5,047,835
Provider Relief Fund			-	925,530
Total			$ 5,043,748	$ 5,973,365

Note 20 - Fundraising and contributions revenue

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

	2023		2022	
Fundraising	$ 2,594,687	**	$ 1,158,229	
Contributions	1,418,700	*	447,500	*
	$ 4,013,387		$ 1,605,729	

* Includes contributions with donor restrictions amounting to $880,000 and $307,500 for 2023 and 2022, respectively. See Note 17 for more details.

** Net of cost of direct benefits to donors amounting to $149,600 for 2023.

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 in the aggregate by the stop-loss insurance policy coverage. Callen-Lorde has recorded $901,000 and $571,500 of claims liability in relation to the medical and prescription insurance as of June 30, 2023 and June 30, 2022, 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.

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, 2023 and 2022, Callen-Lorde made $251,087 and $604,098 safe harbor matching contributions, respectively. For 2023 and 2022, the contributions were for participating union employees.

Note 23 - Concentration of source or supply of labor

As of June 30, 2023, 275 or approximately 59% 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, 2023

	Community Health Project, Inc.	Callen-Lorde Support, Inc.	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 9,560,992	$ 132,497	$ -	$ 9,693,489
Patient services receivable, net	8,548,380	-	-	8,548,380
Pharmacy and other receivables	3,334,259	-	-	3,334,259
Grants and contracts receivable	5,160,285	-	-	5,160,285
Prepaid expenses and other current assets	946,428	-	-	946,428
Inventory	1,288,878	-	-	1,288,878
Total current assets	28,839,222	132,497	-	28,971,719
Restricted cash and cash equivalents	5,250,000	-	-	5,250,000
Cash restricted for endowment	48,015	-	-	48,015
Investments	1,957,350	-	-	1,957,350
Debt service reserve	261,332	174,565	-	435,897
Notes receivable	10,789,600	-	-	10,789,600
Prepaid rent	-	4,433,289	(4,433,289)	-
Property and equipment, net	15,158,701	9,364,744	-	24,523,445
Operating lease assets	21,340,932	13,474,807	(19,843,394)	14,972,345
Security deposits	257,306	270,608	-	527,914
Total assets	$ 83,902,458	$ 27,850,510	$ (24,276,683)	$ 87,476,285
Liabilities and Net Assets (Deficit)				
Current liabilities				
Accounts payable and accrued expenses	$ 4,862,522	$ -	$ -	$ 4,862,522
Accrued compensation	3,657,251	-	-	3,657,251
Note payable, current maturities	110,369	-	-	110,369
Current portion of operating lease liabilities	1,356,768	599,387	(526,809)	1,429,346
Current portion of finance lease liabilities	33,845	-	-	33,845
Due to third parties	8,893,096	-	-	8,893,096
Total current liabilities	18,913,851	599,387	(526,809)	18,986,429
Long-term liabilities				
Note payable, less current maturities	9,511,866	14,846,671	-	24,358,537
Operating lease liabilities, net of current portion	24,646,724	14,866,993	(23,749,874)	15,763,843
Finance lease liabilities, net of current portion	15,497	-	-	15,497
Total long-term liabilities	34,174,087	29,713,664	(23,749,874)	40,137,877
Total liabilities	53,087,938	30,313,051	(24,276,683)	59,124,306
Commitments and contingencies				
Net assets (deficit)				
Without donor restrictions				
Without donor restrictions	22,894,757	(2,462,541)	-	20,432,216
Without donor restrictions - board-designated reserve for capital projects and special projects	5,250,000	-	-	5,250,000
Total without donor restrictions	28,144,757	(2,462,541)	-	25,682,216
With donor restrictions	2,669,763	-	-	2,669,763
Total net assets (deficit)	30,814,520	(2,462,541)	-	28,351,979
Total	$ 83,902,458	$ 27,850,510	$ (24,276,683)	$ 87,476,285

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, 2023

	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)	$ 27,099,247	$ -	$ 27,099,247	$ -	$ -	$ 27,099,247	$ -	$ 27,099,247
Pharmacy revenue	64,733,449	-	64,733,449	-	-	64,733,449	-	64,733,449
DHHS grants	5,043,748	-	5,043,748	-	-	5,043,748	-	5,043,748
Contract services and other grants	8,178,127	-	8,178,127	-	-	8,178,127	-	8,178,127
Fundraising and contributions of cash and other financial assets	3,084,362	929,025	4,013,387	-	-	3,084,362	929,025	4,013,387
Other	673,281	-	673,281	1,758,560	(1,846,583)	585,258	-	585,258
Released from restrictions	252,753	(252,753)	-	-	-	252,753	(252,753)	-
Total revenue	109,064,967	676,272	109,741,239	1,758,560	(1,846,583)	108,976,944	676,272	109,653,216
Expenses								
Salaries and related benefits	53,134,853	-	53,134,853	-	-	53,134,853	-	53,134,853
Other than personnel services	68,176,904	-	68,176,904	1,313,230	(1,846,583)	67,643,551	-	67,643,551
Interest	435,237	-	435,237	205,228	-	640,465	-	640,465
Total expenses	121,746,994	-	121,746,994	1,518,458	(1,846,583)	121,418,869	-	121,418,869
Operating income (loss) prior to depreciation and amortization and nonoperating revenue	(12,682,027)	676,272	(12,005,755)	240,102	-	(12,441,925)	676,272	(11,765,653)
Depreciation and amortization	2,047,472	-	2,047,472	636,600	-	2,684,072	-	2,684,072
Operating income (loss) prior to nonoperating revenue	(14,729,499)	676,272	(14,053,227)	(396,498)	-	(15,125,997)	676,272	(14,449,725)
Nonoperating revenue								
Unrealized and realized gains from endowment	-	124,132	124,132	-	-	-	124,132	124,132
Contract services and other grants for capital additions	363,733	-	363,733	-	-	363,733	-	363,733
Total nonoperating revenue	363,733.00	124,132	487,865	-	-	363,733	124,132	487,865
Changes in net assets (deficit)	(14,365,766)	800,404	(13,565,362)	(396,498)	-	(14,762,264)	800,404	(13,961,860)
Net assets (deficit), beginning	42,510,523	1,869,359	44,379,882	(2,066,043)	-	40,444,480	1,869,359	42,313,839
Net assets (deficit), end	$ 28,144,757	$ 2,669,763	$ 30,814,520	$ (2,462,541)	$ -	$ 25,682,216	$ 2,669,763	$ 28,351,979

See Independent Auditor's Report.

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