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PROJECT RENEWAL, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Information (Together with Independent Auditors' Report)

Years Ended June 30, 2025 and 2024



PROJECT RENEWAL, INC. AND AFFILIATES

**Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Project Renewal, Inc. and Affiliates
New York, NY

Opinion

We have audited the consolidated financial statements of Project Renewal, Inc. and Affiliates (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, 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 financial position of the Corporation as of June 30, 2025 and 2024, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation 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 the 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 Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Corporation'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 Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating information (shown on pages 26 - 29), as of and for the years ended June 30, 2025 and 2024, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, the change in net assets, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
December 19, 2025

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents (Notes 2E and 22)	\$ 9,873,168	\$ 4,636,524
Investments (Notes 2F and 6)	296,479	261,240
Accounts and grants receivable, net (Notes 2G, 2J and 7)	43,003,478	41,500,325
Contributions receivable, net (Notes 2J and 8)	3,382,880	2,303,682
Rent receivable, net	201,741	377,981
Prepaid expenses	2,537,147	1,255,559
Security deposits and other assets	226,142	1,635,002
Mortgage receivable (Note 12)	12,500,000	12,500,000
Restricted cash (Notes 2E and 4)	3,180,256	3,339,658
Assets held for others (Note 5)	77,405	105,186
Investments in rental property, net (Notes 2I and 9)	20,313,426	21,395,179
Lease right-of-use assets - operating (Notes 2L and 20)	18,765,393	25,052,802
Lease right-of-use assets - finance (Notes 2L and 20)	427,021	359,387
Property, equipment and leasehold improvements, net (Notes 2I and 10)	297,872,294	222,256,865
TOTAL ASSETS	\$ 412,656,830	\$ 336,979,390
LIABILITIES		
Accounts payable and accrued expenses (Notes 2K, 5 and 21B)	\$ 43,630,765	\$ 39,732,891
Accrued salaries and related liabilities (Note 18)	2,628,312	2,458,227
Accrued interest (Note 13)	7,478,343	6,658,684
Due to affiliates, net (Note 11)	3,954,157	4,859,363
Deferred revenue / due to funding source (Note 2J)	21,211,990	14,798,504
Deferred developer's fee revenue	733,255	740,432
Loans payable, net (Note 13)	272,939,717	197,323,085
Paycheck Protection Program loan (Note 14)	261,394	606,846
Lease liability- operating (Notes 2L and 20)	24,780,216	31,459,725
Lease liability - finance (Notes 2L and 20)	450,506	371,896
Enforcement note payable (Note 12)	12,500,000	12,500,000
TOTAL LIABILITIES	390,568,655	311,509,653
COMMITMENTS AND CONTINGENCIES (Note 21)		
NET ASSETS (Notes 2D and 16)		
Without donor restrictions:		
Operating	4,634,841	6,692,409
Non-controlling interest (Notes 2M and 19)	12,995,275	15,359,707
Total without donor restrictions	17,630,116	22,052,116
With donor restrictions (Notes 2D and 16)	4,458,059	3,417,621
TOTAL NET ASSETS	22,088,175	25,469,737
TOTAL LIABILITIES AND NET ASSETS	\$ 412,656,830	\$ 336,979,390

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	2025 Total	Without Donor Restrictions	With Donor Restrictions	2024 Total
REVENUES AND SUPPORT:						
Government grants (Note 2K)	\$ 103,998,478	\$ -	\$ 103,998,478	\$ 99,813,247	\$ -	\$ 99,813,247
Third-party revenue (Note 2K)	5,317,810	-	5,317,810	4,986,384	-	4,986,384
Social purpose ventures (Notes 2K and 17)	9,180,624	-	9,180,624	7,016,887	-	7,016,887
Rental income (Note 2K)	5,107,215	-	5,107,215	5,182,078	-	5,182,078
Special events (net of direct expenses of \$230,186 and \$214,128 for 2025 and 2024, respectively)	1,401,337	-	1,401,337	2,433,796	-	2,433,796
Contributions	780,003	3,416,425	4,196,428	655,277	1,488,285	2,143,562
Developer fee income	204,670	-	204,670	2,427,378	-	2,427,378
Miscellaneous income	2,009,169	-	2,009,169	1,790,379	-	1,790,379
Net assets released from restrictions (Notes 2D and 16)	2,375,987	(2,375,987)	-	2,732,263	(2,732,263)	-
TOTAL REVENUES AND SUPPORT	130,375,293	1,040,438	131,415,731	127,037,689	(1,243,978)	125,793,711
EXPENSES (Note 2N):						
Program Services:						
Outreach	364,024	-	364,024	396,822	-	396,822
Treatment and transitional housing	79,321,927	-	79,321,927	73,883,232	-	73,883,232
Medical services	9,827,191	-	9,827,191	10,640,062	-	10,640,062
Employment services	10,577,018	-	10,577,018	10,132,866	-	10,132,866
Permanent housing	18,524,422	-	18,524,422	17,623,176	-	17,623,176
Total program services	118,614,582	-	118,614,582	112,676,158	-	112,676,158
Supporting Services:						
Management and general	15,004,568	-	15,004,568	16,163,006	-	16,163,006
Fundraising	1,429,467	-	1,429,467	1,388,279	-	1,388,279
Total supporting services	16,434,035	-	16,434,035	17,551,285	-	17,551,285
TOTAL EXPENSES	135,048,617	-	135,048,617	130,227,443	-	130,227,443
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	(4,673,324)	1,040,438	(3,632,886)	(3,189,754)	(1,243,978)	(4,433,732)
Capital contributions from non-controlling limited partners	251,324	-	251,324	2,655,634	-	2,655,634
CHANGES IN NET ASSETS	(4,422,000)	1,040,438	(3,381,562)	(534,120)	(1,243,978)	(1,778,098)
Net assets - beginning of year	22,052,116	3,417,621	25,469,737	22,586,236	4,661,599	27,247,835
NET ASSETS - END OF YEAR	\$ 17,630,116	\$ 4,458,059	\$ 22,088,175	\$ 22,052,116	\$ 3,417,621	\$ 25,469,737

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 2024)

	Program Services					Supporting Services				Total 2025	Total 2024
	Outreach	Treatment and Transitional Housing	Medical Services	Employment Services	Permanent Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 257,189	\$ 28,845,074	\$ 6,163,335	\$ 4,658,741	\$ 4,835,319	\$ 44,759,658	\$ 7,618,126	\$ 687,406	\$ 8,305,532	\$ 53,065,190	\$ 51,860,681
Payroll taxes and benefits (Note 18)	65,548	7,351,506	1,570,799	1,181,028	1,232,320	11,401,201	2,107,430	176,917	2,284,347	13,685,548	13,096,318
Total salaries and related costs	<u>322,737</u>	<u>36,196,580</u>	<u>7,734,134</u>	<u>5,839,769</u>	<u>6,067,639</u>	<u>56,160,859</u>	<u>9,725,556</u>	<u>864,323</u>	<u>10,589,879</u>	<u>66,750,738</u>	<u>64,956,999</u>
Food and kitchen supplies	-	2,737,143	2,411	2,978,121	71,798	5,789,473	82,613	21,481	104,094	5,893,567	5,562,843
Client supplies	1,489	1,725,781	276,067	142,773	240,376	2,386,486	8,327	-	8,327	2,394,813	2,448,917
Lab fees	-	3,941	158,004	-	-	161,945	-	-	-	161,945	87,667
Office rent and occupancy expense (Note 20)	21,093	14,052,778	137,786	391,733	3,489,843	18,093,233	588,446	-	588,446	18,681,679	17,396,263
Utilities	1,598	1,371,151	10,382	26,971	1,001,676	2,411,778	62,556	-	62,556	2,474,334	2,283,988
Facility maintenance	-	2,939,406	38,981	11,259	668,240	3,657,886	118,357	-	118,357	3,776,243	3,297,552
Telephone	381	288,958	58,383	28,574	61,336	437,632	131,699	4,296	135,995	573,627	524,880
Office expense	-	1,380,887	270,942	75,858	164,919	1,892,606	1,412,192	66,150	1,478,342	3,370,948	3,475,713
Staff travel	-	43,581	19,091	15,315	4,375	82,362	153,308	4,192	157,500	239,862	249,344
Printing	-	1,190	-	15	-	1,205	2,725	22,521	25,246	26,451	25,532
Professional fees	-	81,987	176,673	258,490	201,243	718,393	882,159	650,710	1,532,869	2,251,262	2,344,345
Security fees	-	12,690,018	-	-	221,150	12,911,168	-	-	-	12,911,168	13,571,518
Temporary help	-	219,001	150,678	158,795	-	528,474	4,998	-	4,998	533,472	774,103
Vehicle expense	7,348	126,113	325,391	280,160	-	739,012	177,191	-	177,191	916,203	809,653
Insurance	9,378	1,615,873	406,713	225,530	765,954	3,023,448	256,024	-	256,024	3,279,472	3,347,442
Recruiting	-	-	-	-	-	-	123,149	-	123,149	123,149	174,364
Bad debt expense	-	833,633	-	92,783	164,242	1,090,658	357,410	25,980	383,390	1,474,048	1,196,454
Data processing	-	-	-	7,048	-	7,048	628,627	-	628,627	635,675	905,016
Interest expense	-	2,202,698	-	-	1,858,555	4,061,253	49,411	-	49,411	4,110,664	2,410,964
Depreciation and amortization	-	811,208	61,555	43,824	3,543,076	4,459,663	239,820	-	239,820	4,699,483	4,598,014
Total OTPS	<u>41,287</u>	<u>43,125,347</u>	<u>2,093,057</u>	<u>4,737,249</u>	<u>12,456,783</u>	<u>62,453,723</u>	<u>5,279,012</u>	<u>795,330</u>	<u>6,074,342</u>	<u>68,528,065</u>	<u>65,484,572</u>
Direct costs of fundraising events	-	-	-	-	-	-	-	(230,186)	(230,186)	(230,186)	(214,128)
TOTAL EXPENSES	<u>\$ 364,024</u>	<u>\$ 79,321,927</u>	<u>\$ 9,827,191</u>	<u>\$ 10,577,018</u>	<u>\$ 18,524,422</u>	<u>\$ 118,614,582</u>	<u>\$ 15,004,568</u>	<u>\$ 1,429,467</u>	<u>\$ 16,434,035</u>	<u>\$ 135,048,617</u>	<u>\$ 130,227,443</u>

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services				Total 2024
	Outreach	Treatment and Transitional Housing	Medical Services	Employment Services	Permanent Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 277,990	\$ 28,234,862	\$ 6,306,115	\$ 4,364,921	\$ 4,616,640	\$ 43,800,528	\$ 7,337,232	\$ 722,921	\$ 8,060,153	\$ 51,860,681
Payroll taxes and benefits (Note 18)	69,739	7,077,458	1,581,999	1,091,622	1,158,126	10,978,944	1,935,809	181,565	2,117,374	13,096,318
Total salaries and related costs	347,729	35,312,320	7,888,114	5,456,543	5,774,766	54,779,472	9,273,041	904,486	10,177,527	64,956,999
Food and kitchen supplies	-	2,416,338	7,410	2,949,737	70,604	5,444,089	116,765	1,989	118,754	5,562,843
Client supplies	199	1,719,499	342,058	180,537	202,482	2,444,775	4,142	-	4,142	2,448,917
Lab fees	-	-	84,083	-	-	84,083	3,584	-	3,584	87,667
Office rent and occupancy expense (Note 20)	21,030	12,573,640	135,294	383,114	3,593,329	16,706,407	689,856	-	689,856	17,396,263
Utilities	2,360	1,131,041	7,664	16,390	1,077,696	2,235,151	48,837	-	48,837	2,283,988
Facility maintenance	-	2,690,058	88,072	26,508	413,882	3,218,520	79,032	-	79,032	3,297,552
Telephone	574	244,413	54,384	22,103	58,879	380,353	142,296	2,231	144,527	524,880
Office expense	19	1,233,658	423,724	191,661	263,215	2,112,277	1,325,655	37,781	1,363,436	3,475,713
Staff travel	-	31,710	30,095	13,410	3,456	78,671	168,676	1,997	170,673	249,344
Printing	-	316	102	4,107	1,491	6,016	1,460	18,056	19,516	25,532
Professional fees	-	78,403	259,577	323,110	155,561	816,651	891,827	635,867	1,527,694	2,344,345
Security fees	-	13,353,870	-	-	217,648	13,571,518	-	-	-	13,571,518
Temporary help	-	138,081	391,918	203,550	7,520	741,069	33,034	-	33,034	774,103
Vehicle expense	16,559	111,161	345,262	182,179	117	655,278	154,375	-	154,375	809,653
Insurance	8,352	1,509,949	459,211	126,217	832,922	2,936,651	410,791	-	410,791	3,347,442
Recruiting	-	-	1,000	828	-	1,828	172,536	-	172,536	174,364
Bad debt expense	-	-	-	-	-	-	1,196,454	-	1,196,454	1,196,454
Data processing	-	-	-	9,048	-	9,048	895,968	-	895,968	905,016
Interest expense	-	542,950	-	-	1,833,544	2,376,494	34,470	-	34,470	2,410,964
Depreciation and amortization	-	795,825	122,094	43,824	3,116,064	4,077,807	520,207	-	520,207	4,598,014
Total OTPS	49,093	38,570,912	2,751,948	4,676,323	11,848,410	57,896,686	6,889,965	697,921	7,587,886	65,484,572
Direct costs of fundraising events	-	-	-	-	-	-	-	(214,128)	(214,128)	(214,128)
TOTAL EXPENSES	\$ 396,822	\$ 73,883,232	\$ 10,640,062	\$ 10,132,866	\$ 17,623,176	\$ 112,676,158	\$ 16,163,006	\$ 1,388,279	\$ 17,551,285	\$ 130,227,443

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (3,381,562)	\$ (1,778,098)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,699,483	4,598,014
Amortization of debt issuance costs	24,764	20,150
Bad debt expense	1,474,048	1,196,454
Capital contributions	(251,324)	(2,655,634)
Unrealized gain on investments	(35,239)	(58,197)
Lease right-of-use assets - operating	6,287,409	6,914,388
Lease right-of-use assets - finance	(67,634)	(120,997)
	8,749,945	8,116,080
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Restricted cash		
Accounts and grants receivable	(2,977,201)	(11,097,022)
Contributions receivable	(1,079,198)	(696,919)
Rent receivable	176,240	(54,131)
Prepaid expenses	(1,281,588)	(184,767)
Security deposits and other assets	1,408,860	(1,281,556)
Assets held for others	27,781	(4,145)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,897,874	5,959,329
Accrued expenses - construction in progress	(1,874,140)	1,768,389
Accrued salaries and related liabilities	170,085	200,190
Accrued interest	819,659	1,638,439
Deferred revenue / due to funding source	6,413,486	(127,231)
Due to / from affiliates	(905,206)	1,245,552
Deferred developer's fee revenue	(7,177)	-
Lease liability- operating	(6,679,509)	(7,273,466)
Lease liability - finance	78,610	127,856
	6,938,521	(1,663,402)
Net Cash Provided by (Used in) Provided by Operating Activities	6,938,521	(1,663,402)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(101,333)	(354,544)
Capital contributions	251,324	2,655,634
Investment in rental property	(281,588)	(1,343,035)
	(131,597)	958,055
Net Cash Used in Investing Activities	(131,597)	958,055
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of from debt issuance	1,443,572	-
Repayment of loans	(3,173,254)	(1,798,923)
	(1,729,682)	(1,798,923)
Net Cash Provided by (Used in) Financing Activities	(1,729,682)	(1,798,923)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	5,077,242	(2,504,270)
Cash and cash equivalents and restricted cash - beginning of year	7,976,182	10,480,452
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 13,053,424	\$ 7,976,182
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 664,873	\$ 997,461
Loan principal repayment - non-cash	\$ (518,292)	\$ (497,258)
Loan principal borrowings - non-cash	\$ 77,494,390	\$ 73,425,249
Property and equipment - non-cash	\$ (78,951,571)	\$ (79,023,059)

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES

Project Renewal, Inc. and Affiliates operate facilities in New York State that offer a variety of services in accessible settings to homeless and formerly homeless people suffering from mental illness, alcoholism and substance abuse. Project Renewal, Inc. receives substantial grant awards from various Federal, New York State and City agencies. The consolidated financial statements include Project Renewal, Inc. and the following entities, collectively referred to as the "Corporation":

- A. Project Renewal Housing Development Fund Corporation ("PRI HDFC"), whose sole member is Project Renewal, Inc., provides housing for low-income persons with mental illness and/or chemical dependency in the Bronx, New York, called the Fletcher Place Residence (the "Project").
- B. Washington OMH Corporation ("Washington OMH GP") is the general partner of Washington Fletcher OMH LP. ("Washington Fletcher"), a limited partnership controlled by Washington OMH GP. Washington OMH GP has a 0.01% interest in Washington Fletcher. Washington Fletcher owns investments in real property and the provision of low-income housing through the construction, renovation, rehabilitation, operation and leasing of an apartment complex. The apartment complex is an 80-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Occupancy commenced in December 2011.
- C. Bronx Boulevard Housing Development Fund Corporation ("Bronx Boulevard HDFC"), whose sole member is Project Renewal, Inc., is developing housing for men with mental illness.
- D. PRI Villa Avenue GP, Inc. ("PRI Villa Avenue GP"), the general partner of PRI Villa Avenue L.P., a limited partnership controlled by PRI Villa Avenue GP., has a 0.01% interest in PRI Villa Avenue L.P. PRI Villa Avenue L.P. owns investments in real property and the provision of low-income housing through the construction and operation of an apartment complex. The apartment complex is a 56-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Construction was completed in August 2015 and occupancy commenced in October 2015.
- E. PRI Villa Avenue Housing Development Fund Corporation ("PRI Villa HDFC"), whose sole member is Project Renewal, Inc., developed housing for low-income persons with substance and mental illness in the Bronx, New York, called Villa Avenue Residence.
- F. 10 Minerva Place GP, Inc. ("10 Minerva Place GP"), the general partner of 10 Minerva Place LP, Inc., is a limited partnership controlled by 10 Minerva Place GP. 10 Minerva Place GP, Inc. has a 0.01% interest in 10 Minerva Place LP. 10 Minerva Place LP owns investments in real property and the provision of low-income housing through construction and the operation of a 13-story residential building, located in the Bronx, New York. The residential building has approximately 120 dwelling units. This project was placed in service in January 2022.
- G. 2880 Jerome Avenue GP, Inc. ("2880 Jerome Avenue") the general partner of 2880 Jerome Avenue LP, Inc. is a limited partnership controlled by 2880 Jerome Avenue. 2880 Jerome Avenue has a 0.01% interest in 2880 Jerome Avenue LP, Inc. 2880 Jerome Avenue LP owns investments in real estate property and the provision of low-income housing through construction and the operation of a 17-story residential building, located in the Bronx, New York. The residential building will have approximately 116 dwelling units. Construction is in the pre-development stages.
- H. New Providence Housing Development Fund Company ("New Providence HDFC"), whose sole member is Project Renewal, Inc., is redeveloping existing buildings in the Turtle Bay-East Midtown neighborhood of New York City into supportive housing and shelter space. Construction is in the pre-development stages.
- I. West 59th Shelter Housing Development Fund Company ("W59th HDFC"), whose sole member is Project Renewal, Inc., was formed to acquire the former Manhattan News Network (MNN) building at 537 West 59th Street and redevelop it into a 200-bed shelter for single women. Demolition of the existing building has commenced, and the new building is expected to be completed by the end of 2025.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – CORPORATION AND NATURE OF ACTIVITIES (Continued)

- J. Greenpoint Hospital Shelter HDFC (“Greenpoint HDFC”), whose sole member is Project Renewal, Inc., was formed to acquire a site in Brooklyn, NY for the purpose of constructing a purpose-built shelter that will be called the Barbara Kleiman Residence (aka Greenpoint Hospital Shelter). On December 16, 2022, Greenpoint HDFC closed on the acquisition. Construction has started and is expected to last until October 2025.

Entities shown in items A through J above are further referred to as (“Housing Affiliates”).

Other related entities which are not included:

- a. Project Renewal Fund Inc. (“PRF”) a not-for-profit entity that is the sole member of Project Renewal, Inc. and other non-profit entities.
- b. The Corporation shares certain common facilities and management personnel with Manhattan Bowery Management Corporation (“MBMC”), a not-for-profit entity. PRF is the sole member of MBMC.
- c. MRG Partners, L.P. (“MRG”), operates the Geffner House (formerly the Holland House), a low-income rental housing project. The general partner is Starting Homes, Inc., a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.
- d. St. Nicholas House L.P. (“St. Nicholas”) operates the St. Nicholas House project for occupancy by low-income tenants. The general partner is St. Nicholas House GP Corporation, a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.
- e. North Star Housing, Inc. (“NSH”), a not-for-profit entity develops and manages affordable housing. PRF is the sole member of NSH.
- f. New Holland Hotel HDFC, a not for profit entity manages a low-income housing project. PRF is the sole member of Holland Hotel HDFC.

Project Renewal, Inc., PRI HDFC, Bronx Boulevard HDFC, PRI Villa HDFC, New Providence HDFC, West 59th Shelter HDFC and Green Point HDFC are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the “Code”) and from state and local taxes under comparable laws. Washington OMH GP, PRI Villa Avenue GP, 10 Minerva Place GP, Inc. and HDFC and 2880 Jerome Avenue, are for-profit Corporations subject to federal income tax and applicable state and local taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The Corporation’s 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 (“U.S. GAAP”). All significant intercompany transactions have been eliminated during consolidation.
- B. ***Principles of Consolidation*** – These financial statements are prepared on a consolidated basis and include the activities as of and for the years ended June 30, 2025 and 2024 of entities controlled by Project Renewal, Inc. through its sole membership in not-for-profit entities or its controlling interest in for-profit entities. The assets, liabilities, and net assets of Washington Fletcher, PRI Villa Avenue L.P., 10 Minerva Place L.P. and 2880 Jerome Avenue, LP. have been consolidated into Washington OMH GP, PRI Villa Avenue GP, 10 Minerva Place GP and 2880 Jerome Avenue, respectively, due to the controlling influence the general partners have over the limited partnerships.
- C. ***Use of Estimates*** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Net Assets** – The Corporation maintains its net assets in accordance with the following:

Without Donor Restrictions - represents resources available for support of the Corporation's operations over which the Board of Trustees has discretionary control and non-controlling limited partners cumulative capital contribution and the limited partners' interest in profits of the limited partnerships (See Note 2M).

With Donor Restrictions - represents assets that are subject to donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are released from donor restrictions by incurring expenses, thereby satisfying the restricted purposes of providing program services as specified by the donors. Unconditional promises to give that are due in future periods to support the current-period activities are reported as unrestricted support.

E. **Cash and Cash Equivalents and Restricted Cash** – Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase, except restricted cash held for reserves on construction projects.

The following table provides a reconciliation of cash and cash equivalents and restricted cash 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:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Cash and cash equivalents	\$ 9,873,168	\$ 4,636,524
Restricted cash	<u>3,180,256</u>	<u>3,339,658</u>
Total in the consolidated statements of cash flows	<u>\$ 13,053,424</u>	<u>\$ 7,976,182</u>

F. **Investments and Fair Value Measurements** – Investments are reported at fair value. Investment income consisting of interest, dividends, realized and unrealized gains or losses is classified as operating revenue and is available to support operations. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability 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 prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

G. **Allowance for Credit Losses** – Management considers accounts receivable to be uncollectable when it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms. The collectability evaluation is based on a combination of factors, such as management's assessment of the aged basis, creditworthiness of customers, current economic conditions and historical experience. Accounts receivable consists of amounts due for services, social purpose ventures, and third party management fees. As of June 30, 2025 and 2024, the Corporation determined an allowance for credit losses of \$2,990,486 and \$1,922,176, respectively was necessary for credit losses for accounts receivable. There were write-offs in the amount of \$405,738 and \$286,084 for the years ended June 30, 2025 and 2024, respectively. The allowance for credit losses reflects management's estimate of lifetime credit losses inherent in fee for accounts receivable. An analysis of the allowance for credit losses for the years ended June 30 follows:

	<u>2025</u>	<u>2024</u>
Beginning of the year	\$ 1,922,176	\$ 1,011,806
Provision for credit losses	1,474,048	1,196,454
Write offs	<u>(405,738)</u>	<u>(286,084)</u>
End of year	<u>\$ 2,990,486</u>	<u>\$ 1,922,176</u>

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. ***Impairment of Long-Lived Assets*** – The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended June 30, 2025 and 2024.
- I. ***Property and Equipment and Investments in Rental Property*** – Property and equipment and investments in rental property are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Corporation capitalizes all owned property and equipment having a useful life of greater than one year and a cost of \$5,000 or more. There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and/or the contractual agreement specifies that title to these assets, rests with the funding sources rather than the Corporation.
- J. ***Revenue Recognition*** – Principal support for the programs operated by the Corporation is derived directly from various federal, state and local governmental agencies. Laws and regulations governing Medicaid and Medicare programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid and Medicare programs. There are occasions when funding source reimbursements for prior years are adjusted in the current period. The Corporation records receivables and revenue when earned based on established rates or contracts for services provided. Revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing the contracted services. Generally, the Corporation bills the government entities, third-party payors and individuals after the services are performed or when the Corporation has completed its portion of the contract.

Government grants are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958). Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. There are instances when the Corporation receives advances from the governmental funding sources and/or foundations. Such advances are recorded as deferred revenue / due to funding source in the accompanying consolidated statements of financial position.

For the years ended June 30, 2025 and 2024, the Corporation received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$447 million and \$160 million, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

Third-party revenues are derived from services provided under contracts with national social insurance programs and managed care organizations where the Corporation is reimbursed by an entity other than the beneficiary of the services provided. The revenue is recognized when it is earned.

Social purpose ventures revenues are derived from programs designed to end the cycle of homelessness by preparing formerly homeless individuals to succeed in culinary and food preparation industries. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants are operating leases with terms between one and two years.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Corporation in accordance with the contract. Revenue for performance obligations is satisfied at a point in time at which services are provided. The Corporation believes 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. The Corporation measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606-10-50-1 4(a), *Revenue from Contracts with Customers* 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 performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

The Corporation determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-party revenue and social purpose ventures revenue for the years ended June 30 is as follows:

	2025	2024
Managed Care	\$ 5,317,810	\$ 4,986,384
Social Purpose Venture Revenue	9,180,624	7,016,887

The beginning and ending third party and social purpose venture balances were as follows:

	June 30, 2025	June 30, 2024	June 30, 2023
Service fees receivable, net	\$ 4,747,450	\$ 4,465,581	\$ 4,285,990

Over the last three years, the Corporation did not receive any refundable advances related to service fee revenue

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18, *Revenue from Contracts with Customers* and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contract Costs

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

- K. **Contract Disallowances** – The contractual agreements with various funding sources include provisions for claims and program audits in subsequent years. These audits may result in disallowance and repayment of costs previously reimbursed by the funding sources. Management estimates potential disallowances based on past experiences. Accordingly, management has established a contingency reserve to cover the cost of future disallowances, if any. As of both June 30, 2025 and 2024, the contingency reserve amounted to approximately \$247,600, and is reflected in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- L. **Operating Leases** – The Corporation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the consolidated statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. The Agency does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.
- M. **Non-Controlling Limited Partners’ Interests** – Capital contributions from non-controlling limited partners in the consolidated statements of activities represent the capital contributions of the Limited Partnerships allocated to limited partners for that period. Non-controlling limited partners’ interests in the consolidated statements of financial position represent the cumulative capital contributions and the limited partners’ interest in profits or losses of the Limited Partnerships.
- N. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and insurance which are allocated on a square footage basis, as well as salaries, wages and benefits, payroll taxes, professional services, information technology and other expenses, which are allocated mainly on the basis of estimates of time and effort. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.
- O. **Reclassifications** – Certain line items in the June 30, 2024 consolidated financial statements have been reclassified to conform to the June 30, 2024 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2025.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and a line of credit that provides funding for operations and capital expenditures as needed. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation expects and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, include the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 9,873,168	\$ 4,636,524
Investments	296,479	261,240
Accounts and grants receivable	43,003,478	41,500,325
Contributions receivable due within one year	2,005,480	1,823,615
Rent receivable	<u>201,741</u>	<u>377,981</u>
Total	55,380,346	48,599,685
Less those unavailable for general expenditures within one year		
Net assets with donor restrictions	<u>(4,458,059)</u>	<u>(3,417,621)</u>
Total	<u>\$ 50,922,287</u>	<u>\$ 45,182,064</u>

To help manage unanticipated liquidity needs, the Corporation has a line of credit of \$10,000,000 which can be drawn upon as needed (see Note 15). In addition, the Corporation has access to certain Limited Partnerships’ financial assets.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 – RESTRICTED CASH

The Corporation receives funding for PRI Villa Avenue L.P., which is to be used for the operating and replacement reserves of the construction project (Note 13). The funds are related to debt agreements and were deposited into an escrow account held by the New York City Housing Development Corporation. At June 30, 2025 and 2024, the remaining balances amounted to \$462,060 and \$667,783, respectively.

In addition, at June 30, 2025 and 2024, the Corporation had \$2,718,196 and \$2,671,875, respectively, held in escrow accounts for real estate tax, insurance payments and operating reserves.

NOTE 5 – ASSETS HELD FOR OTHERS

Assets held for others consist of custodial and other funds required to be maintained in separate accounts for other organizations. The corresponding liability is reflected in accounts payable and accrued expenses.

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; 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: Valuations based on 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 Corporation 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 (or other parties such as counterparty in a swap) in its assessment of fair value.

Investments in the consolidated statements of financial position consisted of common stock, are stated at fair value as of June 30, 2025 and 2024, are valued using market prices in active markets in Level 1, and amounted to \$296,479 and \$261,240, respectively.

Investments are subject to market volatility that could substantially change their value in the near term.

Investment activity included in miscellaneous income in the accompanying consolidated statements of activities consisted of the following for the years ended June 30:

	2025	2024
Unrealized gain on investment	\$ 35,239	\$ 58,197

NOTE 7 – ACCOUNTS AND GRANTS RECEIVABLE, NET

Accounts and grants receivable consisted of the following as of June 30.

	2025	2024
Accounts receivable	\$ 4,747,450	\$ 4,465,581
Grants receivable		
Federal	727,123	914,275
New York State	885,016	749,722
New York City	39,634,375	37,292,923
Total	45,993,964	43,422,501
Less: Allowance for credit losses	(2,990,486)	(1,922,176)
Accounts and grants receivable, net	\$ 43,003,478	\$ 41,500,325

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – ACCOUNTS AND GRANTS RECEIVABLE, NET (Continued)

Accounts receivable mostly represent amounts due to the Corporation from other not-for-profit agencies and private companies for services provided by one of the Corporation's social purpose ventures. As of June 30, 2025 and 2024, approximately 61% and 84% of grants receivable due from New York City were due from a single agency.

NOTE 8 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Receivables due within one year	\$ 2,005,480	\$ 1,823,615
Receivables due in one to five years	<u>1,564,000</u>	<u>666,667</u>
	3,569,480	2,490,282
Less: Allowance for credit losses	<u>(186,600)</u>	<u>(186,600)</u>
Contributions receivable, net	<u>\$ 3,382,880</u>	<u>\$ 2,303,682</u>

NOTE 9 – INVESTMENTS IN RENTAL PROPERTY, NET

Investments in rental property, net consist of the following as of June 30, 2025:

	<u>Washington OMH GP</u>	<u>PRI Villa Avenue GP</u>	<u>Total</u>
Land and land improvements	\$ 1,235,040	\$ 1,325,000	\$ 2,560,040
Building and building improvements	20,508,991	13,534,396	34,043,387
Construction-in-progress	32,226	275,442	307,668
Equipment	-	432,076	432,076
Furniture and fixtures	<u>548,600</u>	<u>157,139</u>	<u>705,739</u>
Total	22,324,857	15,724,053	38,048,910
Less: accumulated depreciation	<u>(12,299,664)</u>	<u>(5,435,820)</u>	<u>(17,735,484)</u>
Investment in rental property, net	<u>\$ 10,025,193</u>	<u>\$ 10,288,233</u>	<u>\$ 20,313,426</u>

Investments in rental property, net consist of the following as of June 30, 2024:

	<u>Washington OMH GP</u>	<u>PRI Villa Avenue GP</u>	<u>Total</u>
Land and land improvements	\$ 1,235,040	\$ 1,325,000	\$ 2,560,040
Building and building improvements	20,508,991	13,534,396	34,043,387
Construction-in-progress	-	26,080	26,080
Equipment	-	432,076	432,076
Furniture and fixtures	<u>548,600</u>	<u>157,139</u>	<u>705,739</u>
Total	22,292,631	15,474,691	37,767,322
Less: accumulated depreciation	<u>(11,428,483)</u>	<u>(4,943,660)</u>	<u>(16,372,143)</u>
Investment in rental property, net	<u>\$ 10,864,148</u>	<u>\$ 10,531,031</u>	<u>\$ 21,395,179</u>

Depreciation expense for real property for the years ended June 30, 2025 and 2024 amounted to \$1,363,341 and \$1,370,116, respectively. Estimated useful lives of assets in investments in rental property follow the same lives as property, equipment and leasehold improvements (see Note 10).

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements, net consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Land	\$ 23,916,250	\$ 23,916,250	
Buildings	143,567,791	84,334,902	25-30 Years
Equipment	5,303,153	5,101,975	4-7 Years
Automobiles	2,967,186	3,066,767	5-7 Years
Building and leasehold improvements	8,293,897	8,293,897	7-15 Years
Construction-in-progress	<u>142,163,553</u>	<u>122,546,468</u>	
Total	326,211,830	247,260,259	
Accumulated depreciation and amortization	<u>(28,339,536)</u>	<u>(25,003,394)</u>	
Property, equipment and leasehold improvements, net	<u>\$ 297,872,294</u>	<u>\$ 222,256,865</u>	

Depreciation expense for property plant, and equipment for the years ended June 30, 2025 and 2024 amounted to \$3,336,142 and \$3,227,898, respectively.

As of June 30, 2025 and 2024, construction-in-progress primarily consisted of costs related to construction work being done at New Providence Supportive HDFC / New Providence Housing Owner LLC, West 59th Shelter HDFC, and Greenpoint Shelter HDFC. New Providence total estimated costs are \$117,109,331 and it is expected to be completed by August 2026. West 59th Street HDFC total estimated costs are \$74,951,581 and it is expected to be completed by November 2025. Greenpoint Shelter HDFC total estimated development costs are \$66,460,312 and is expected to be completed by November 2025.

NOTE 11 – RELATED-PARTY TRANSACTIONS

The Corporation conducts transactions with certain related and other affiliated organizations. A description of these transactions follows:

- A. For each of the years ended June 30, 2025 and 2024, the Corporation charged MBMC rent of \$96,000, and management fees of \$200,000.
- B. During each of the years ended June 30, 2025 and 2024, NSH charged the Corporation \$447,457 for rental expense.

Amounts due (to)/from affiliates are non-interest bearing, payable on demand and consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
MBMC	\$ (524,753)	\$ (618,570)
NSH	(430,441)	(429,465)
MRG	-	(2,591,515)
Holland Hotel	(1,921,520)	-
St. Nicholas	<u>(431,548)</u>	<u>(573,918)</u>
Total	(3,308,262)	(4,213,468)
Allowance	<u>(645,895)</u>	<u>(645,895)</u>
Total due to affiliates, net	<u>\$ (3,954,157)</u>	<u>\$ (4,859,363)</u>

NOTE 12 – MORTGAGE RECEIVABLE AND ENFORCEMENT NOTE PAYABLE

The Corporation is the sponsor of the Geffner House Project, which is operated and owned by MRG. The Corporation has a \$12,500,000 mortgage note receivable from MRG as of both June 30, 2025 and 2024, as a result of transferring land to the Geffner House property for use in the Project.

This mortgage receivable is subordinated to a \$12,500,000 enforcement note held by the City of New York. The enforcement note may be forgiven if the Corporation operates certain social service programs at the Geffner House site during the term of the agreement. The enforcement note shall not bear interest and matures on December 30, 2026. Once the enforcement note is satisfied, the mortgage receivable shall be forgiven.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE

Loans payable consisted of the following at June 30:

	2025	2024
A. Washington OMH GP		
New York State Housing Finance Agency (HFA)	\$ 8,137,198	\$ 10,965,000
New York State Homeless Housing and Assistance Corporation (HHAC)	4,238,094	4,238,094
B. Bronx Boulevard HDFC		
The Community Preservation Corporation (CPC)	6,093,968	6,612,260
C. PRI Villa Avenue GP, Inc.		
New York City Department of Housing Preservation and Development (HPD)	4,475,000	4,475,000
NYS Office of Temporary and Disability Assistance (OTDA)	3,231,500	3,231,500
D. PRI Villa HDFC / 2880 Jerome Avenue Corporation for Supportive Housing	5,999,800	5,998,165
New York City Department of Housing Preservation and Development	11,271,032	6,783,418
NYS HFA	40,851,052	31,026,425
E. 10 Minerva Place L.P., Inc.		
New York City Housing Development Corporation (HDC)	19,980,414	19,968,460
New York State Homeless Housing and Assistance Corporation (HHAC)	6,841,812	6,841,812
New York City Department of Housing Preservation and Development (HPD)	8,850,000	8,850,000
F. Project Renewal, Inc.		
Fund for the City of New York	1,443,572	-
G. New Providence HDFC		
New York City Housing Development Corporation (HDC)	17,469,971	6,156,842
New York City Department of Housing Preservation and Development (HPD)	4,423,524	728,878
UMB Bank, N.A	15,265,126	5,197,544
H. West 59 th Shelter HDFC		
Nuveen Alternatives Advisors LLC	64,643,198	47,062,512
I. Greenpoint HDFC		
UMB BANK, N.A	<u>50,106,905</u>	<u>29,594,388</u>
Subtotal	273,322,166	197,730,298
Less: unamortized debt issuance costs	<u>(382,449)</u>	<u>(407,213)</u>
Total loans payable, net	<u>\$272,939,717</u>	<u>\$197,323,085</u>

A. Washington OMH GP

Construction on the Fletcher Street Project is being financed using the proceeds provided to PRI HDFC of (1) a construction / permanent mortgage loan from the New York State Housing Finance Agency ("HFA") in the amount not to exceed \$14,250,000 to be financed with funds from the proceeds of tax exempt Affordable Housing Revenue Bonds 2009 Series B Bonds, (2) a subordinate loan from HFA in the approximate principal amount of \$200,000 (together with (1) the "HFA Loan"), (3) a building and project loan from New York State Homeless Housing and Assistance Corporation in the principal amount of \$4,632,300 ("HHAC Loan"), and (4) an equity investment in the amount of \$8,132,569 made in connection with the sale of Federal low-income housing tax credits generated by the Project.

As a condition of the HFA Loan, Washington Fletcher secured an irrevocable standby letter of credit from JP Morgan Chase Bank, N.A. Also, as a condition of the HFA Loan, Washington Fletcher was required to enter into an agreement with HFA that regulates the rents and income of eligible occupants of the Project for a period of at least 30 years.

The construction loan portion of the financing was converted to permanent financing and the letter of credit from JP Morgan Chase Bank, N.A. for the Project was released on October 12, 2012.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE (Continued)

The project is eligible to receive certain operating subsidies from Washington OMH GP for management and operation of the Project and provide special services to tenants. In addition, the Corporation is eligible for debt service subsidies for payments on the HFA loan.

As of both June 30, 2025 and 2024, HFA advanced \$7,937,178, of which \$10,765,000 is outstanding on the construction/permanent mortgage loan and \$200,000 is outstanding on the subordinate loan. The HFA mortgage loan bears interest of 2% per year and is payable on July 1, 2041. The HFA subordinate loan bears interest of 1% per year and has a maturity date of July 1, 2041. Total interest expense accrued at June 30, 2025 and 2024 for both loans was \$2,948,930 and \$2,733,630, respectively.

As of June 30, 2025 and 2024, HHAC advanced \$4,238,094 to the Corporation. The HHAC loan bears interest of 1% per year and is payable on December 1, 2041. Total interest expense accrued at June 30, 2025 and 2024 was \$700,279 and \$655,894, respectively.

Washington Fletcher has entered into a commitment with PRI HDFC to receive a loan of \$759,205. The loan has a stated interest rate of 3.5% per annum with the entire principal balance and accrued interest due on September 30, 2039. No amounts have been advanced as of June 30, 2025 and 2024.

B. Bronx Boulevard HDFC

Construction on the Bronx Boulevard project was financed by JP Morgan Chase Bank, N.A. and Contact Fund loans for \$10,222,649 and \$404,747, respectively. The interest rate is 2.75% per annum plus the adjusted London Interbank Offered Rate "LIBOR" rate for JP Morgan Chase Bank, N.A. and 1.75% plus prime rate for GE Contact Fund. Both loans matured on May 3, 2014. The Corporation obtained a six-month extension for both loans, with a new maturity date of November 3, 2014.

In October 2014, the Corporation refinanced its loans with JP Morgan Chase Bank, N.A. and GE Contact Fund with The Community Preservation Corporation. The new loan has a principal balance of \$10,627,396 and matures on November 1, 2034. The loan has an interest rate of 4.15% per annum, and requires monthly payments of \$77,230, of which \$65,243 is for principal and interest and \$11,987 is for insurance escrow and taxes. At June 30, 2025 and 2024, the outstanding loan balance was \$6,093,968 and \$6,612,260, respectively, and the escrow balance was \$791,790 and \$696,665, respectively. Interest expense amounted to \$264,624 and \$285,657 for the years ended June 30, 2025 and 2024, respectively.

C. PRI Villa Avenue GP

Construction on the PRI Villa Avenue project was financed by (1) New York City Department of Housing Preservation and Development (NYC HPD) in the amount of \$4,475,000, (2) New York State Office of Temporary & Disability Assistance in the amount of \$3,250,000, and (3) an equity investment in the amount of \$8,344,280 made in connection with the sale of Federal low-income housing tax credits generated by the project.

As of both June 30, 2025 and 2024, the NYC HPD advanced \$4,475,000 to the Corporation. When the conditions outlined in the Building and Project Loan Contract are met, the construction loan will be converted to a permanent mortgage with a maturity date of 60 years from the date of the conversion. The loan is non-interest bearing until the conversion date, at which time interest begins to accrue at a rate of 2.5% per annum through the maturity date. The loan has not yet been converted and the maturity date has been extended to March 21, 2078. As of June 30, 2025 and 2024, there was no accrued interest on this loan.

As of both June 30, 2025 and 2024, New York State Office of Temporary & Disability Assistance advanced \$3,231,500 to the Corporation. The loan accrues interest at a rate of 4.5% per annum. No payments of principal are due on the loan until maturity on October 28, 2075. As of June 30, 2025 and 2024, the Corporation accrued interest of \$2,404,911 and \$2,147,698, respectively, of which \$206,443 was capitalized in 2016 prior to the completion of the Project.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE (Continued)

D. PRI Villa Ave HDFC / 2880 Jerome Avenue

On July 30, 2015, the Corporation closed on the acquisition of two adjoining sites in the Bedford Park area of the Bronx, New York: Minerva Place and Jerome Avenue (collectively "Bedford Green House"). The acquisitions were financed by a Pre-development and Acquisition loan from the Corporation for Supportive Housing. Bedford Green House offers over 200 units of supportive and affordable housing for families and singles. Phase I Minerva Place was completed and the loan was repaid.

On October 19, 2022, the Corporation closed on construction to permanent financing for Bedford Green House Phase II. During construction, the Project is being financed using the proceeds provided to 2880 Jerome LP (borrower and nominee owner) and 2880 Jerome Ave HDFC (fee owner) of (1) a construction / permanent mortgage loan from the New York City Housing Finance Agency ("HFA Loan") in the amount not to exceed \$34,900,000 to be financed with funds from the proceeds of tax exempt bonds from New York City Housing Finance Agency (HFA), (2) a subordinate loan from HFA SHOP in the principal amount of \$6,902,040 ("HFA Subordinate Loan"), (3) a building and project loan from New York City Department of Housing Preservation and Development in the principal amount of \$11,271,032 ("HPD Loan"), (4) a subordinate loan from New York State Homeless Housing and Assistance Corporation ("HHAC Loan") in the principal amount of \$6,000,000, (5) an equity investment by Richman Group in the amount of \$4,398,168 made in connection with the sale of Federal low-income housing tax credits generated by the Project and (6) deferred developer fees and reserves. The construction loan amounted to \$3,320,724 as of June 30, 2022.

During the years ended 2025 and 2024, Housing Finance Agency Tax Exempt Bonds advanced \$40,851,052 and \$31,026,425, respectively. The loan bears interest at a rate of 3.80% and 5.25% for the years ended June 30, 2025 and 2024, respectively.

During fiscal years 2025 and 2024 HHAC advanced \$5,999,800 and \$5,998,165, respectively to the Corporation. The HHAC Loan bears interest of 3.14% and payments of interest and principal are deferred until the end of the 40th year of the contract compliance period, which is estimated to be 2067.

During fiscal years 2025 and 2024 HHAC advanced \$11,271,032 and \$6,783,418, respectively to the Corporation. The HHAC Loan bears interest of 3.14% and payments of interest and principal are deferred until the end of the 40th year of the contract compliance period, which is estimated to be 2067.

E. 10 Minerva Place GP

New York City Housing Development Corporation

First mortgage

On March 23, 2023, the loan converted to a permanent amortizing loan in the amount of \$13,210,000. The loan's term ends on November 1, 2060. The loan bears interest at a fixed rate equal to 5.725% per annum. As of June 30, 2025 and 2024, the principal balance of the loan amounted to \$12,761,900 and \$12,869,908, respectively. Interest payments for the years ended June 30, 2025 and 2024 amounted to \$730,619 and \$739,993, respectively.

Second mortgage

On March 23, 2023, the Partnership amended the permanent loan in the principal amount of \$6,962,552 with HDC from the proceeds of funds made available under HDC's Extremely Low & Low-Income Affordability ("ELLA") program. The loan has a maturity date of November 1, 2060. During the loan term interest will accrue on the outstanding principal amount at the rate of 2.65% per annum. Monthly interest-only payments at the rate of 1.00% per annum are due and payable monthly, and the balance of the interest shall accrue, compounded monthly. Upon maturity of the loan, all outstanding principal and accrued, but unpaid interest on the loan will be due and payable. As of June 30, 2025 and 2024, the principal of the loan was \$7,218,514 and \$7,098,552, respectively. Interest payments for the years ended June 30, 2025 and 2024 amounted to \$191,282 and \$186,427, respectively.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE (Continued)

New York City Department of Housing Preservation and Development

On March 23, 2023, the Partnership entered into a permanent loan agreement with NYC HPD in the principal amount of \$8,850,000 from the proceeds of funds made available under HPD's Supportive Housing Loan program and the HOME Program. The loan is co-terminus with the HDC mortgages listed above. During its term the loan will bear interest at a fixed rate equal to 2.65% per annum. Payments on the loan during the permanent phase will be deferred in their entirety until the maturity, at which time all outstanding principal and accrued, but unpaid interest will be due and payable. Interest expense for the years ended June 30, 2025 and 2024 amounted to \$234,528 and \$234,528, respectively.

New York State Homeless Housing and Assistance Corporation Loan

On July 29, 2017, the Partnership entered into a construction and permanent loan agreement with New York State Homeless Housing and Assistance Corporation ("HHAC"). On June 3, 2022 the Partnership entered into an additional Project Loan Note with HHAC for \$620,000, bringing total HHAC funds up to \$6,842,012. The co-third priority loan is in the amount of \$6,841,812 with simple interest accruing at the rate of 1.0% per annum commencing on March 23, 2023. Payments on the loan during the permanent phase will be deferred in their entirety until the maturity, at which time all outstanding principal and accrued, but unpaid interest will be due and payable. Interest expense for the years ended June 30, 2025 and 2024, amounted to \$68,418 and \$68,418, respectively.

F. Project Renewal, Inc - Fund for the City of New York

In June 2025, the Corporation entered into a short-term loan agreement with the Fund for the City of New York ("the Fund") to provide interim financing for operating expenses pending receipt of contract reimbursements from the New York City Department of Homeless Services ("DHS"). Loan proceeds were advanced in multiple installments. The loan is non-revolving and is required to be repaid in full upon the Corporation's receipt of DHS funds or upon demand by the Fund, whichever occurs first. As of June 30, 2025 the outstanding balance on the loan was \$1,443,572.

G. New Providence HDFC

New York City Housing Development Corporation

First mortgage

New Providence Supportive HDFC entered into a Nominee Agreement with New Providence Housing Owner LLC to finance the residential project. The residential component of the building is financed by 4% Low Income Housing Tax Credit equity of \$33,538,232, and tax exempt bonds issued by NYC HDC of \$33,900,000. During the years ended June 30, 2025 and 2024, the Corporation was advanced \$12,450,967 and \$5,171,831, respectively on its loan with NYC HDC. As of June 30, 2025 and 2024, the principal balance of the loan was \$12,450,967 and \$5,171,831, respectively.

Second mortgage

New Providence HDFC received a loan of \$7,725,000 in 2024 from NYC HDC. During the years ended June 30, 2025 and 2024, the Corporation was advanced \$4,033,793 and \$985,011, respectively on its loan with NYC HDC. As of June 30, 2025 and 2024, the principal balance of the loan was \$5,018,804 and \$985,011, respectively.

New York City Department of Housing Preservation and Development

First mortgage

New Providence HDFC received a loan of \$16,994,323 in 2024 from HPD. During the years ended June 30, 2025, the Corporation was advanced \$3,694,646 and \$479,078, respectively on its loan with NYC HPD. As of June 30, 2025 and 2024, the principal balance of the loan was \$4,173,724 and \$479,078, respectively.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE (Continued)

Second mortgage

New Providence HDFC received a loan of approximately \$250,000 in 2024 from NYC HDC. During the year ended June 30, 2024, the Corporation was advanced \$249,800 on its loan with NYC HPD. As of June 30, 2025 and 2024, the principal balance of the loan was \$249,800.

UMB Bank, NA

On December 21, 2023, New Providence Supportive HDFC closed on the acquisition of the New Providence site in Manhattan, NY for the purpose of constructing 131 units of supportive housing, a 171 bed purpose built shelter for women with a mental health diagnosis, and a healthcare clinic.

During the construction period, New Providence Shelter HDFC will lease the shelter component of the building from New Providence Supportive HDFC through an interim lease. After construction loan closing, a residential condo unit and a shelter condo unit will be formed. At the completion of the construction, expected in August 2026, the Supportive HDFC will convey the shelter condo unit to the Shelter HDFC. The interim lease will be terminated.

The New Providence Shelter HDFC entered into a loan of \$44,029,257 from UMB Bank, NA as Trustee of the shelter. The loan will finance the construction of the shelter including the health care clinic. The construction period of the loan is expected to last until September 1, 2026, at which point the loan will start a 30-year self-amortizing permanent term with monthly payments for principal and interest. These payments are secured through a NYC DSS rent contract, which is registered with NYC. As of June 30, 2025 and 2024, the principal balance of the loan was \$15,265,126 and \$5,197,545, respectively.

H. West 59th Shelter HDFC

On February 17, 2022, the Corporation closed on the acquisition of a site in New York, NY for the purpose of constructing a purpose-built shelter that will be called the W 59th Street Shelter. The acquisition was financed by a loan from Nuveen Alternatives Advisors LLC (Nuveen). The facility will offer 200 transitional housing beds for single women. The Corporation owns the building and serves as co-developer with Hudson Companies. As of June 30, 2025 and 2024, the principal balance of the loan was \$64,643,198 and \$47,062,512, respectively.

I. Greenpoint HDFC

On December 16, 2022, Greenpoint Hospital Shelter HDFC closed on the acquisition of a site in Brooklyn, NY for the purpose of constructing a purpose-built shelter that will be called the Barbara Kleiman Residence (aka Greenpoint Hospital Shelter). The facility will offer 200 transitional housing beds for single adult men. The acquisition and subsequent construction is financed by a loan from UMB BANK, N.A., as Trustee of the Greenpoint (Brooklyn, NY) Contract-Backed Pass-Through Trust. The HDFC owns the building and serves as co-developer with Hudson Companies. The construction period of the loan is expected to last until October 12, 2025, at which point the loan will start a 30-year self-amortizing permanent term with monthly payments for principal and interest. These payments are secured through a NYC DSS rent contract, which was registered with NYC. As of June 30, 2025 and 2024, the principal balance of the loan amounted to \$50,106,905 and \$29,594,388, respectively.

The loan payable balances reported in the accompanying consolidated statements of financial position are presented net of the unamortized balance of debt issuance costs of \$382,449 and \$407,213 as of June 30, 2025 and 2024, respectively. Amortization of these costs is calculated by the straight-line method, which approximates the effective interest method.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – LOANS PAYABLE (Continued)

Future annual principal payments are as follows for the five years ending after June 30, 2025 and thereafter:

2026	\$ 174,970,130
2027	37,842,763
2028	715,076
2029	747,435
2030	781,286
Thereafter	<u>58,265,476</u>
Subtotal	273,322,166
Less: unamortized debt issuance costs	<u>(382,449)</u>
Total	<u>\$ 272,939,717</u>

Principal and interest payments pertaining to outstanding loans payable, excluding the recoverable grant, are not cash payments made by the Corporation. Those payments are the responsibility of each government agency as the Corporation meets the obligations of the respective contract.

NOTE 14 – PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the 24-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Corporation’s employees. The Corporation applied for this loan in March 2021, through an SBA authorized lender, Capital One, and has been approved and funded by the lender in the amount of \$8,263,870.

The Corporation is guided by ASC Topic 470, “Debt.” Based on the guidance in ASC 470, the loan would remain recorded as a liability until it is in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, the Corporation will reduce the liability by the amount forgiven and record a gain on extinguishment. On March 15, 2022, the Corporation received partial forgiveness of the PPP loan in the amount of \$6,971,035, and the outstanding balance is being repaid in accordance with the loan terms. The outstanding balance amounted to \$261,394 and \$606,846 as of June 30, 2025 and 2024, respectively.

NOTE 15 – BANK LINE OF CREDIT

The Corporation has a \$10,000,000 line of credit with a financial institution expiring on March 31, 2026. Interest payments on all borrowings are due monthly. Interest is charged at the financial institution’s prime rate (7.50% at March 31, 2025) plus 1%. The line of credit is collateralized by grants and contributions receivable. As of June 30, 2025 and December 19, 2025 there was no outstanding balance on the line of credit.

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes on June 30:

	<u>2025</u>	<u>2024</u>
Treatment and transitional housing	\$ 1500	\$ 4,984
Medical	872,465	1,157,074
Employment services	1,960,456	646,242
Permanent housing	<u>1,623,638</u>	<u>1,609,321</u>
	<u>\$ 4,458,059</u>	<u>\$ 3,417,621</u>

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from restrictions during the years ended June 30 by incurring expenses satisfying the restricted purposes as follows:

	2025	2024
Treatment and transitional housing	\$ 16,984	\$ 21,316
Medical	459,609	1,026,990
Employment services	1,631,119	1,333,402
Permanent housing	268,275	350,555
	\$ 2,375,987	\$ 2,732,263

NOTE 17 – SOCIAL PURPOSE VENTURE

The Corporation's Culinary Arts Training Programs offers six months of classroom and internship training in the food service industry to low-income and formerly homeless adults. Students learn basic cooking theory and food preparation in the teaching kitchen. For the years ended June 30, 2025 and 2024, the Corporation's Culinary Arts Training Program I received \$0 and \$65,512, respectively, from the New York State Education Department.

NOTE 18 – PENSION PLANS

The Corporation has a defined contribution pension plan under Section 401(a) of the Code. The Corporation may make discretionary contributions to the plan for eligible employees. There were no pension contributions or expenses for the years ended June 30, 2025 and 2024.

In addition, the Corporation has a defined contribution plan under Section 403(b) of the Code. The Corporation made matching contributions amounting to \$556,383 and 468,438 to this plan for the years ended June 30, 2025 and 2024, respectively.

NOTE 19 – CHANGE IN NON-CONTROLLING LIMITED PARTNERS' INTERESTS

The Corporation has controlling interests in various entities which are consolidated in the accompanying financial statements. In connection with these investments, The corporation has recognized the related controlling non-controlling limited partners' ownership interests as of June 30, 2025 and 2024 as follows:

	Total	Controlling Interest	Non-Controlling Interest
Balance, June 30, 2023	\$ 16,394,119	\$ (2,203)	\$ 16,396,322
Net loss	(3,691,268)	(369)	(3,690,899)
Capital contributions	2,656,856	-	2,656,856
Balance, June 30, 2024	\$ 15,359,707	\$ (2,572)	\$ 15,362,279
Net loss	(2,615,756)	(262)	(2,615,494)
Capital contributions	251,324	-	251,324
Balance, June 30, 2025	\$ 12,995,275	\$ (2,834)	\$ 12,998,109

NOTE 20 – RIGHT-OF-USE ASSET AND LIABILITY

The Corporation leases office space, copiers, and vehicles under operating lease arrangements through July 2037. The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Corporation has elected to use the risk-free rate for all classes of leased assets. Historical par rates from the U.S. Department of the Treasury were used to proxy the risk-free rate for each lease depending on its duration and start. The weighted-average discount rate is based on applicable risk-free rate selected for each lease. The Corporation has elected the short-term exemption to not recognize the asset and liability for all pre-existing operating leases with a remaining term of 12 months or less and for new leases with a term of 12 months or less.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 20 – RIGHT-OF-USE ASSET AND LIABILITY (Continued)

Weighted-average remaining lease term in years:

	<u>2025</u>	<u>2024</u>
Operating Leases	9.46	9.07
Finance Leases	3.07	1.66

Weighted-average discount rate:

	<u>2025</u>	<u>2024</u>
Operating Leases	3.03%	3.02%
Finance Leases	5.67%	3.63%

As of June 30, 2025 and 2024, the operating lease right-of-use assets balance totaled \$18,765,393 and \$25,052,802, respectively, and operating liabilities totaled \$24,780,216 and \$31,459,725, respectively, as shown in the consolidated statements of financial position. The finance lease right-of-use asset balance totaled \$427,021 and \$359,387, respectively, and the finance lease liabilities totaled \$450,506 and \$371,896, respectively.

Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2025 and thereafter are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2026	\$ 4,247,015	\$ 158,861	\$ 4,405,876
2027	2,918,226	150,588	3,068,814
2028	2,947,144	118,104	3,065,248
2029	2,643,308	77,857	2,721,165
2030	2,506,728	14,520	2,521,248
Thereafter	<u>13,306,013</u>	<u>-</u>	<u>13,306,013</u>
Total lease payments	28,568,434	519,930	29,088,364
Less: Present value discount	<u>(3,788,218)</u>	<u>(69,424)</u>	<u>(3,857,642)</u>
Lease obligation	<u>\$ 24,780,216</u>	<u>\$ 450,506</u>	<u>\$ 25,230,722</u>

NOTE 21 – COMMITMENTS AND CONTINGENCIES

- A. The Corporation is a defendant in several lawsuits that have arisen in the ordinary course of business. It is management's belief that any settlements that arise from these suits will be within the limits of the Corporation's insurance policies. Therefore, no provision has been made in the accompanying consolidated financial statements.
- B. Management has determined that a portion of its billing to the New York State Office of Medicaid may have been incorrect and overstated in fiscal years 2017 and prior. If found to be accurate, this overstatement may result in monies being returned to New York State. During FY 2025, the Agency remitted the outstanding \$192,000 balance due to the New York State Office of Medicaid. As of June 30, 2025 and 2024, approximately \$0 and \$192,000, respectively, was recorded as due to the New York State Office of Medicaid. The prior-year amount is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.
- C. The Corporation believes it has no uncertain tax positions as of June 30, 2025 and 2024, in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- D. Due to the federal government's review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. The Corporation is monitoring policy developments and may need to explore alternative funding sources to mitigate potential impacts.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 22 – CONCENTRATIONS

Cash and cash equivalents and restricted cash that potentially subject the Corporation to a concentration of credit risk include cash accounts with three banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits of \$250,000 by approximately \$8,400,000 and \$4,408,000 as of June 30, 2025 and 2024, respectively.

NOTE 23 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events after the date of the consolidated statement of financial position through December 19, 2025, the date the consolidated financial statements were available to be issued.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	Green Point HDFC	New Providence	West 59th Shelter HDFC	Eliminations	Total 2025	Total 2024
ASSETS														
Cash and cash equivalents	\$ 8,537,597	\$ -	\$ 54,837	\$ 103,849	\$ 5,142	\$ 715,567	\$ 423,091	\$ 27,334	\$ -	\$ 5,751	\$ -	\$ -	\$ 9,873,168	\$ 4,636,524
Investments	296,479	-	-	-	-	-	-	-	-	-	-	-	296,479	261,240
Accounts and grants receivable, net	44,311,513	-	337,096	-	-	59,395	-	4,068	-	-	-	(1,708,594)	43,003,478	41,500,325
Contributions receivable, net	3,382,880	-	-	-	-	-	-	-	-	-	-	-	3,382,880	2,303,682
Development fee receivable	786,750	-	-	-	-	-	-	-	-	-	-	(786,750)	-	-
Rent receivable, net	-	-	-	-	-	-	201,741	-	-	-	-	-	201,741	377,981
Due from affiliates, net	1,648,904	-	1,856	1,290,916	-	1,258,657	36,462	54,348	59	-	1,197	(4,292,399)	-	-
Prepaid expenses	1,168,335	-	-	-	-	-	1,368,812	-	-	-	-	-	2,537,147	1,255,559
Security deposits and other assets	192,212	-	1,306	4,285	-	28,339	-	-	-	-	-	-	226,142	1,635,002
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	-	-	-	(15,203,094)	12,500,000	12,500,000
Restricted cash	-	-	1,149,907	791,790	-	462,060	776,499	-	-	-	-	-	3,180,256	3,339,658
Assets held for others	77,405	-	-	-	-	-	-	-	-	-	-	-	77,405	105,186
Investments in rental property, net	-	-	10,025,193	-	-	10,288,233	-	-	-	-	-	-	20,313,426	21,395,179
Lease right-of-use assets - operating (Notes 2O and 20)	18,765,393	-	-	-	-	-	-	-	-	-	-	-	18,765,393	25,052,802
Lease right-of-use assets - finance (Notes 2O and 20)	427,021	-	-	-	-	-	-	-	-	-	-	-	427,021	359,387
Property, equipment and leasehold improvements, net	6,378,664	-	-	5,553,794	-	-	64,181,573	61,027,034	50,932,116	44,725,665	65,323,448	(250,000)	297,872,294	222,256,865
TOTAL ASSETS	\$ 98,473,153	\$ 15,203,094	\$ 11,570,195	\$ 7,744,634	\$ 5,142	\$ 12,812,251	\$ 66,988,178	\$ 61,112,784	\$ 50,932,175	\$ 44,731,416	\$ 65,324,645	\$ (22,240,837)	\$ 412,656,830	\$ 336,979,390
LIABILITIES														
Accounts payable and accrued expenses	\$ 21,930,367	\$ -	\$ 68,540	\$ 70,000	\$ -	\$ 100,486	\$ 13,918,565	\$ 182,262	\$ 825,270	\$ 5,853,828	\$ 681,447	\$ -	\$ 43,630,765	\$ 39,732,891
Accrued salaries and related liabilities	2,628,312	-	-	-	-	-	-	-	-	-	-	-	2,628,312	2,458,227
Accrued interest	-	-	3,649,209	-	-	2,404,991	1,424,143	-	-	-	-	-	7,478,343	6,658,684
Due to affiliates, net	4,953,095	1,856	2,008,080	-	5,150	62,282	1,169,141	36,462	-	10,490	-	(4,292,399)	3,954,157	4,859,363
Deferred revenue / due to funding source	20,717,444	-	211,020	251,670	-	31,856	-	-	-	-	-	-	21,211,990	14,798,504
Deferred developer's fee revenue	786,750	-	733,255	-	-	-	-	-	-	-	-	(786,750)	733,255	740,432
Loans payable, net	1,443,572	15,203,094	12,056,651	6,093,968	-	7,642,692	37,380,820	58,121,884	50,106,905	37,158,621	64,643,198	(16,911,688)	272,939,717	197,323,085
Paycheck Protection Program Loan	261,394	-	-	-	-	-	-	-	-	-	-	-	261,394	606,846
Lease liability- operating (Notes 2O and 20)	24,780,216	-	-	-	-	-	-	-	-	-	-	-	24,780,216	31,459,725
Lease liability - finance (Notes 2O and 20)	450,506	-	-	-	-	-	-	-	-	-	-	-	450,506	371,896
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	-	-	-	12,500,000	12,500,000
TOTAL LIABILITIES	90,451,656	15,204,950	18,726,755	6,415,638	5,150	10,242,307	53,892,669	58,340,608	50,932,175	43,022,939	65,324,645	(21,990,837)	390,568,655	311,509,653
NET ASSETS														
Without donor restrictions:														
Operating	3,563,438	(1,856)	(4,268)	1,328,996	(8)	(2,972)	1,511	-	-	-	-	(250,000)	4,634,841	6,692,409
Non-controlling interest	-	-	(7,152,292)	-	-	2,572,916	13,093,998	2,772,176	-	1,708,477	-	-	12,995,275	15,359,707
Total without donor restrictions	3,563,438	(1,856)	(7,156,560)	1,328,996	(8)	2,569,944	13,095,509	2,772,176	-	1,708,477	-	(250,000)	17,630,116	22,052,116
With donor restrictions	4,458,059	-	-	-	-	-	-	-	-	-	-	-	4,458,059	3,417,621
TOTAL NET ASSETS (DEFICIT)	8,021,497	(1,856)	(7,156,560)	1,328,996	(8)	2,569,944	13,095,509	2,772,176	-	1,708,477	-	(250,000)	22,088,175	25,469,737
TOTAL LIABILITIES AND NET ASSETS	\$ 98,473,153	\$ 15,203,094	\$ 11,570,195	\$ 7,744,634	\$ 5,142	\$ 12,812,251	\$ 66,988,178	\$ 61,112,784	\$ 50,932,175	\$ 44,731,416	\$ 65,324,645	\$ (22,240,837)	\$ 412,656,830	\$ 336,979,390

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2024

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	Green Point HDFC	New Providence	West 59th Shelter HDFC	Eliminations	Total 2024
ASSETS													
Cash and cash equivalents	\$ 3,743,524	\$ -	\$ 10,351	\$ 83,805	\$ 5,142	\$ 505,670	\$ 214,704	\$ 67,697	\$ -	\$ 5,631	\$ -	\$ -	\$ 4,636,524
Investments	261,240	-	-	-	-	-	-	-	-	-	-	-	261,240
Accounts and grants receivable, net	43,407,450	-	6,850	-	-	44,619	-	-	-	-	-	(1,958,594)	41,500,325
Contributions receivable, net	2,303,682	-	-	-	-	-	-	-	-	-	-	-	2,303,682
Development fee receivable	786,750	-	-	-	-	-	-	-	-	-	-	(786,750)	-
Rent receivable, net	-	-	218,533	-	-	25,267	134,181	-	-	-	-	-	377,981
Due from affiliates, net	635,263	-	1,856	1,310,960	-	1,367,551	39,062	5,150	-	-	-	(3,359,842)	-
Prepaid expenses	1,255,559	-	-	-	-	-	-	-	-	-	-	-	1,255,559
Security deposits and other assets	192,461	-	2,306	4,285	-	30,286	1,405,664	-	-	-	-	-	1,635,002
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	-	-	-	(15,203,094)	12,500,000
Restricted cash	-	-	1,061,040	696,665	-	667,374	914,579	-	-	-	-	-	3,339,658
Assets held for others	105,186	-	-	-	-	-	-	-	-	-	-	-	105,186
Investments in rental property, net	-	-	10,864,148	-	-	10,531,031	-	-	-	-	-	-	21,395,179
Lease right-of-use assets - operating	25,052,802	-	-	-	-	-	-	-	-	-	-	-	25,052,802
Lease right-of-use assets - finance	359,387	-	-	-	-	-	-	-	-	-	-	-	359,387
Property, equipment and leasehold improvements, net	6,929,800	-	-	5,853,025	-	-	66,371,801	50,203,714	31,181,727	13,540,417	48,426,381	(250,000)	222,256,865
TOTAL ASSETS	\$ 97,533,104	\$ 15,203,094	\$ 12,165,084	\$ 7,948,740	\$ 5,142	\$ 13,171,798	\$ 69,079,991	\$ 50,276,561	\$ 31,181,727	\$ 13,546,048	\$ 48,426,381	\$ (21,558,280)	\$ 336,979,390
LIABILITIES													
Accounts payable and accrued expenses	\$ 20,033,067	\$ -	\$ 12,662	\$ 70,000	\$ -	\$ 165,696	\$ 13,807,066	\$ 2,693,192	\$ 1,587,339	\$ -	\$ 1,363,869	\$ -	\$ 39,732,891
Accrued salaries and related liabilities	2,458,227	-	-	-	-	-	-	-	-	-	-	-	2,458,227
Accrued interest	-	-	3,389,524	-	-	2,147,698	1,121,462	-	-	-	-	-	6,658,684
Due to affiliates, net	5,628,795	1,856	1,693,466	-	5,150	60,183	509,927	314,198	-	5,630	-	(3,359,842)	4,859,363
Retainage payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue / due to funding source	14,326,102	-	211,849	260,553	-	-	-	-	-	-	-	-	14,798,504
Deferred developer's fee revenue	786,750	-	740,432	-	-	-	-	-	-	-	-	(786,750)	740,432
Deferred rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans payable, net	-	15,203,094	14,862,587	6,612,260	-	7,639,794	37,618,865	43,808,008	29,594,388	12,083,265	47,062,512	(17,161,688)	197,323,085
Paycheck Protection Program Loan	606,846	-	-	-	-	-	-	-	-	-	-	-	606,846
Lease liability - operating	31,459,725	-	-	-	-	-	-	-	-	-	-	-	31,459,725
Lease liability - finance	371,896	-	-	-	-	-	-	-	-	-	-	-	371,896
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	-	-	-	12,500,000
TOTAL LIABILITIES	88,171,408	15,204,950	20,910,520	6,942,813	5,150	10,013,371	53,057,320	46,815,398	31,181,727	12,088,895	48,426,381	(21,308,280)	311,509,653
NET ASSETS													
Without donor restrictions:													
Operating	5,944,075	(1,856)	(4,268)	1,005,927	(8)	(2,972)	1,511	-	-	-	-	(250,000)	6,692,409
Non-controlling interest	-	-	(8,741,168)	-	-	3,161,399	16,021,160	3,461,163	-	1,457,153	-	-	15,359,707
Total without donor restrictions	5,944,075	(1,856)	(8,745,436)	1,005,927	(8)	3,158,427	16,022,671	3,461,163	-	1,457,153	-	(250,000)	22,052,116
With donor restrictions	3,417,621	-	-	-	-	-	-	-	-	-	-	-	3,417,621
TOTAL NET ASSETS (DEFICIT)	9,361,696	(1,856)	(8,745,436)	1,005,927	(8)	3,158,427	16,022,671	3,461,163	-	1,457,153	-	(250,000)	25,469,737
TOTAL LIABILITIES AND NET ASSETS	\$ 97,533,104	\$ 15,203,094	\$ 12,165,084	\$ 7,948,740	\$ 5,142	\$ 13,171,798	\$ 69,079,991	\$ 50,276,561	\$ 31,181,727	\$ 13,546,048	\$ 48,426,381	\$ (21,558,280)	\$ 336,979,390

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	Project Renewal, Inc.		Total PRI	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	Green Point HDFC	New Providence	West 59th Shelter HDFC	Eliminations	Total 2025	Total 2024
	Without Donor Restrictions	With Donor Restrictions														
REVENUES AND SUPPORT:																
Government grants	\$ 101,515,519	\$ -	\$ 101,515,519	\$ -	\$ 4,997,964	\$ 971,875	\$ -	\$ 1,259,793	\$ 1,682,807	\$ 226,411	\$ -	\$ -	\$ -	\$ (6,655,891)	\$ 103,998,478	\$ 99,813,247
Third-party revenue	5,317,810	-	5,317,810	-	-	-	-	-	-	-	-	-	-	-	5,317,810	4,986,384
Social purpose ventures	9,180,624	-	9,180,624	-	-	-	-	-	-	-	-	-	-	-	9,180,624	7,016,887
Rental income	1,949,589	-	1,949,589	-	531,471	-	-	990,911	2,180,950	221,207	-	-	-	(766,913)	5,107,215	5,182,078
Special events	1,401,337	-	1,401,337	-	-	-	-	-	-	-	-	-	-	-	1,401,337	2,433,796
Contributions	780,003	3,416,425	4,196,428	-	-	-	-	-	-	-	-	-	-	-	4,196,428	2,143,562
Developer fee income	204,670	-	204,670	-	-	-	-	-	-	-	-	-	-	-	204,670	2,427,378
Miscellaneous income	1,822,996	-	1,822,996	-	121,165	-	-	5,753	59,255	-	-	-	-	-	2,009,169	1,790,379
Net assets released from restrictions	2,375,987	(2,375,987)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	124,548,535	1,040,438	125,588,973	-	5,650,600	971,875	-	2,256,457	3,923,012	447,618	-	-	-	(7,422,804)	131,415,731	125,793,711
EXPENSES:																
Program Services:																
Outreach	364,024	-	364,024	-	-	-	-	-	-	-	-	-	-	-	364,024	396,822
Treatment and transitional housing	78,782,035	-	78,782,035	-	-	648,806	-	2,844,940	-	-	-	-	-	(2,953,854)	79,321,927	73,883,232
Medical services	9,827,191	-	9,827,191	-	-	-	-	-	-	-	-	-	-	-	9,827,191	10,640,062
Employment services	10,577,018	-	10,577,018	-	-	-	-	-	-	-	-	-	-	-	10,577,018	10,132,866
Permanent housing	10,944,869	-	10,944,869	-	4,061,724	-	-	-	6,850,174	1,136,605	-	-	-	(4,468,950)	18,524,422	17,623,176
Total program services	110,495,137	-	110,495,137	-	4,061,724	648,806	-	2,844,940	6,850,174	1,136,605	-	-	-	(7,422,804)	118,614,582	112,676,158
Supporting Services:																
Management and general	15,004,568	-	15,004,568	-	-	-	-	-	-	-	-	-	-	-	15,004,568	16,163,006
Fundraising	1,429,467	-	1,429,467	-	-	-	-	-	-	-	-	-	-	-	1,429,467	1,388,279
Total supporting services	16,434,035	-	16,434,035	-	-	-	-	-	-	-	-	-	-	-	16,434,035	17,551,285
TOTAL EXPENSES	126,929,172	-	126,929,172	-	4,061,724	648,806	-	2,844,940	6,850,174	1,136,605	-	-	-	(7,422,804)	135,048,617	130,227,443
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	(2,380,637)	1,040,438	(1,340,199)	-	1,588,876	323,069	-	(588,483)	(2,927,162)	(688,987)	-	-	-	-	(3,632,886)	(4,433,732)
Capital contributions from non-controlling limited partners	-	-	-	-	-	-	-	-	-	-	251,324	-	-	-	251,324	2,655,634
CHANGES IN NET ASSETS (DEFICIT)	(2,380,637)	1,040,438	(1,340,199)	-	1,588,876	323,069	-	(588,483)	(2,927,162)	(688,987)	251,324	-	-	-	(3,381,562)	(1,778,098)
Net assets (deficit) - beginning of year	5,944,075	3,417,621	9,361,696	(1,856)	(8,745,436)	1,005,927	(8)	3,158,427	16,022,671	3,461,163	-	1,457,153	-	(250,000)	25,469,737	27,247,835
NET ASSETS (DEFICIT) - END OF YEAR	\$ 3,563,438	\$ 4,458,059	\$ 8,021,497	\$ (1,856)	\$ (7,156,560)	\$ 1,328,996	\$ (8)	\$ 2,569,944	\$ 13,095,509	\$ 2,772,176	\$ -	\$ 1,708,477	\$ -	\$ (250,000)	\$ 22,088,175	\$ 25,469,737

See independent auditors' report.

**PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Renewal, Inc.</u>														
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total PRI</u>	<u>PRI HDFC</u>	<u>Washington OMH GP</u>	<u>Bronx Boulevard HDFC</u>	<u>PRI Villa HDFC</u>	<u>PRI Villa Avenue GP</u>	<u>10 Minerva Place GP and HDFC</u>	<u>Green Point HDFC</u>	<u>2880 Jerome Avenue</u>	<u>New Providence</u>	<u>West 59th Shelter HDFC</u>	<u>Eliminations</u>	<u>Total 2024</u>
REVENUES AND SUPPORT:															
Government grants	\$ 100,105,553	\$ -	\$ 100,105,553	\$ -	\$ 2,117,516	\$ 971,875	\$ -	\$ 1,162,789	\$ 1,426,879	\$ -	\$ -	\$ -	\$ -	\$ (5,971,365)	\$ 99,813,247
Third-party revenue	4,986,384	-	4,986,384	-	-	-	-	-	-	-	-	-	-	-	4,986,384
Social purpose ventures	7,016,887	-	7,016,887	-	-	-	-	-	-	-	-	-	-	-	7,016,887
Rental income	1,935,066	-	1,935,066	-	500,105	-	-	901,753	2,400,615	-	-	-	-	(555,461)	5,182,078
Special events	2,433,796	-	2,433,796	-	-	-	-	-	-	-	-	-	-	-	2,433,796
Contributions	655,277	1,488,285	2,143,562	-	-	-	-	-	-	-	-	-	-	-	2,143,562
Developer fee income	2,427,378	-	2,427,378	-	-	-	-	-	-	-	-	-	-	-	2,427,378
Miscellaneous income	750,993	-	750,993	-	118,467	-	-	8,210	912,709	-	-	-	-	-	1,790,379
Net assets released from restrictions	2,732,263	(2,732,263)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	<u>123,043,597</u>	<u>(1,243,978)</u>	<u>121,799,619</u>	<u>-</u>	<u>2,736,088</u>	<u>971,875</u>	<u>-</u>	<u>2,072,752</u>	<u>4,740,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,526,826)</u>	<u>125,793,711</u>
EXPENSES:															
Program Services:															
Outreach	396,822	-	396,822	-	-	-	-	-	-	-	-	-	-	-	396,822
Treatment and transitional housing	73,554,228	-	73,554,228	-	-	630,564	-	2,493,679	-	-	-	-	-	(2,795,239)	73,883,232
Medical services	10,640,062	-	10,640,062	-	-	-	-	-	-	-	-	-	-	-	10,640,062
Employment services	10,132,866	-	10,132,866	-	-	-	-	-	-	-	-	-	-	-	10,132,866
Permanent housing	10,608,130	-	10,608,130	-	3,828,008	-	-	-	6,918,625	-	-	-	-	(3,731,587)	17,623,176
Total program services	<u>105,332,108</u>	<u>-</u>	<u>105,332,108</u>	<u>-</u>	<u>3,828,008</u>	<u>630,564</u>	<u>-</u>	<u>2,493,679</u>	<u>6,918,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,526,826)</u>	<u>112,676,158</u>
Supporting Services:															
Management and general	16,163,006	-	16,163,006	-	-	-	-	-	-	-	-	-	-	-	16,163,006
Fundraising	1,388,279	-	1,388,279	-	-	-	-	-	-	-	-	-	-	-	1,388,279
Total supporting services	<u>17,551,285</u>	<u>-</u>	<u>17,551,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,551,285</u>
TOTAL EXPENSES	<u>122,883,393</u>	<u>-</u>	<u>122,883,393</u>	<u>-</u>	<u>3,828,008</u>	<u>630,564</u>	<u>-</u>	<u>2,493,679</u>	<u>6,918,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,526,826)</u>	<u>130,227,443</u>
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	160,204	(1,243,978)	(1,083,774)	-	(1,091,920)	341,311	-	(420,927)	(2,178,422)	-	-	-	-	-	(4,433,732)
Capital contributions from non-controlling limited partners	-	-	-	-	-	-	-	-	1,198,481	-	-	1,457,153	-	-	2,655,634
CHANGES IN NET ASSETS (DEFICIT)	160,204	(1,243,978)	(1,083,774)	-	(1,091,920)	341,311	-	(420,927)	(979,941)	-	-	1,457,153	-	-	(1,778,098)
Net assets (deficit) - beginning of year	5,783,871	4,661,599	10,445,470	(1,856)	(7,653,516)	664,616	(8)	3,579,354	17,002,612	-	3,461,163	-	-	(250,000)	27,247,835
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 5,944,075</u>	<u>\$ 3,417,621</u>	<u>\$ 9,361,696</u>	<u>\$ (1,856)</u>	<u>\$ (8,745,436)</u>	<u>\$ 1,005,927</u>	<u>\$ (8)</u>	<u>\$ 3,158,427</u>	<u>\$ 16,022,671</u>	<u>\$ -</u>	<u>\$ 3,461,163</u>	<u>\$ 1,457,153</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 25,469,737</u>