THE OSBORNE ASSOCIATION, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2023 AND 2022

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION (Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Osborne Association, Inc. and Affiliates
Bronx, NY

Opinion

We have audited the consolidated financial statements of The Osborne Association, Inc. and Affiliates (collectively, the "Association"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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 consolidated financial position of The Osborne Association, Inc. and Affiliates as of June 30, 2023 and 2022, and the changes in their net assets and their 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 Association 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.

Change in Accounting Principle

As discussed in Note 2M to the consolidated financial statements, the Association changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases,* effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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 Association's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
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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 Association'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 Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the Association as a whole. The supplementary information (shown on pages 24-29) is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations 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 supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
March 28, 2024

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash (Notes 2E, 3 and 17)	$ 1,545,232	$ 1,175,073
Restricted cash (Notes 2E, 16 and 17)	2,918,642	2,551,260
Government grants and other receivables, net (Notes 2D and 3)	20,713,571	20,479,780
Contributions receivable, net (Notes 2C, 2D, 3 and 5)	-	525,946
Investments (Notes 2F, 3 and 6)	1,225,206	1,002,110
Prepaid expenses and other assets	532,597	555,909
Advances paid to subcontractors	-	259,322
Property and equipment, net (Notes 2G and 4)	43,452,574	34,921,962
Operating lease right-of-use asset (Note 11)	8,807,240	-
Finance lease right-of-use asset (Note 11)	178,536	-
Security deposits	170,509	170,509
Beneficial interest in perpetual trust (Notes 2F, 3, 6, 7 and 14)	248,861	236,204
TOTAL ASSETS	$ 79,792,968	$ 61,878,075
LIABILITIES		
Accounts payable and accrued expenses	$ 3,399,610	$ 6,563,615
Accrued salary and vacation	745,598	821,253
Deferred rent (Note 2J)	-	377,171
Deferred revenue/refundable advances (Notes 2H and 8)	1,150,126	190,000
Operating lease liability (Note 11)	9,177,219	-
Finance lease liability (Note 11)	178,239	-
Notes and loans payable (Note 9)	9,206,552	6,182,353
Construction loans payable (Note 9)	25,145,922	19,268,700
Mortgage payable (Note 10)	2,336,845	2,540,160
TOTAL LIABILITIES	51,340,111	35,943,252
COMMITMENTS AND CONTINGENCIES (Note 12)		
NET ASSETS (Note 2B)		
Without donor restrictions		
Board Designated - Reserve Fund (Notes 3 and 15)	1,866,130	1,866,130
Board Designated - Fulton Reserve (Note 15)	890,873	890,873
Available for operations	7,110,552	7,052,623
Total net assets without donor restrictions	9,867,555	9,809,626
With donor restrictions (Notes 3, 7 and 14)	18,585,302	16,125,197
TOTAL NET ASSETS	28,452,857	25,934,823
TOTAL LIABILITIES AND NET ASSETS	$ 79,792,968	$ 61,878,075

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

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	FOR THE YEAR ENDED JUNE 30, 2023				FOR THE YEAR ENDED JUNE 30, 2022			
	Without Donor Restrictions				Without Donor Restrictions			
	Available for Operations	Board Designated	With Donor Restrictions	Total 2023	Available for Operations	Board Designated	With Donor Restrictions	Total 2022
OPERATING SUPPORT AND REVENUE:								
Public Support:								
Financial contributions and grants (Note 2C)	$ 1,546,269	$ -	$ 3,508,085	$ 5,054,354	$ 1,614,788	$ -	$ 2,281,866	$ 3,896,654
Nonfinancial contributions (Note 2K)	48,129	-	-	48,129	147,924	-	-	147,924
Net assets released from restrictions (Notes 2B and 14)	3,191,178	-	(3,191,178)	-	2,176,596	-	(2,176,596)	-
Total Public Support	4,785,576	-	316,907	5,102,483	3,939,308	-	105,270	4,044,578
Fee for Service:								
Medicaid	529,625	-	-	529,625	953,884	-	-	953,884
Janitorial	7,768,946	-	-	7,768,946	7,355,685	-	-	7,355,685
Total Fee for Service (Note 2H)	8,298,571	-	-	8,298,571	8,309,569	-	-	8,309,569
Governmental Support:								
New York State	4,165,110	-	2,130,541	6,295,651	2,686,751	-	3,744,088	6,430,839
New York City	21,171,548	-	-	21,171,548	21,511,312	-	213,656	21,724,968
Federal-direct and indirect	2,095,143	-	-	2,095,143	2,101,626	-	-	2,101,626
Total Governmental Support (Notes 2H and 9)	27,431,801	-	2,130,541	29,562,342	26,299,689	-	3,957,744	30,257,433
Transfer (from) to Board Designated - Reserve Fund (Note 15)	-	-	-	-	(766,130)	766,130	-	-
TOTAL OPERATING SUPPORT AND REVENUE	40,515,948	-	2,447,448	42,963,396	37,782,436	766,130	4,063,014	42,611,580
OPERATING EXPENSES:								
Program Services:								
Adopting healthy lifestyles	2,386,621	-	-	2,386,621	3,900,305	-	-	3,900,305
Achieving economic independence:								
Workforce development	3,661,682	-	-	3,661,682	3,184,512	-	-	3,184,512
Janitorial/maintenance services	7,472,729	-	-	7,472,729	7,303,102	-	-	7,303,102
Osborne social ventures	162,510	-	-	162,510	188,449	-	-	188,449
Reducing reliance on incarceration:								
Jail-based services	1,686,124	-	-	1,686,124	1,337,911	-	-	1,337,911
Court advocacy services	3,947,779	-	-	3,947,779	4,889,599	-	-	4,889,599
ATI 212 Program 52	272,181	-	-	272,181	175,325	-	-	175,325
Reconnecting families and strengthening communities	11,173,773	-	-	11,173,773	8,243,915	-	-	8,243,915
Fulton community reentry center	206,029	-	-	206,029	237,119	-	-	237,119
Osborne Association policy center	535,735	-	-	535,735	472,242	-	-	472,242
Total Program Services Expenses	31,505,163	-	-	31,505,163	29,932,479	-	-	29,932,479
Supporting Services:								
Management and administration	7,432,879	-	-	7,432,879	6,353,420	-	-	6,353,420
Fundraising	2,132,498	-	-	2,132,498	1,411,411	-	-	1,411,411
Total Supporting Services Expenses	9,565,377	-	-	9,565,377	7,764,831	-	-	7,764,831
TOTAL OPERATING EXPENSES (Note 2I)	41,070,540	-	-	41,070,540	37,697,310	-	-	37,697,310
OPERATING INCOME	(554,592)	-	2,447,448	1,892,856	85,126	766,130	4,063,014	4,914,270
NONOPERATING ACTIVITIES:								
Interest and dividends	12,892	-	-	12,892	8,677	-	-	8,677
Realized loss on investments	(1,560)	-	-	(1,560)	-	-	-	-
Realized gain on intangible assets	-	-	-	-	36,370	-	-	36,370
Unrealized gain (loss) in market value of investments	219,516	-	-	219,516	(175,191)	-	-	(175,191)
(Loss) gain on beneficial interest in perpetual trust	-	-	12,657	12,657	-	-	(47,223)	(47,223)
Other income	381,673	-	-	381,673	18,922	-	-	18,922
NONOPERATING INCOME (LOSS)	612,521	-	12,657	625,178	(111,222)	-	(47,223)	(158,445)
CHANGE IN NET ASSETS	57,929	-	2,460,105	2,518,034	(26,096)	766,130	4,015,791	4,755,825
NET ASSETS - BEGINNING OF YEAR	7,052,623	2,757,003	16,125,197	25,934,823	7,078,719	1,990,873	12,109,406	21,178,998
NET ASSETS- END OF YEAR	$ 7,110,552	$ 2,757,003	$ 18,585,302	$ 28,452,857	$ 7,052,623	$ 2,757,003	$ 16,125,197	$ 25,934,823

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

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	For the Year Ended June 30, 2023																
	Program Services											Supporting Services					
		Achieving Economic Independence			Reducing Reliance on Incarceration												
	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	Jail-Based Services	Court Advocacy Services	ATI 212 Program 52	Reconnecting Families and Strengthening Communities	Fulton Community Reentry Center	Osborne Association Policy Center	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Eliminations	Total 2023	Total 2022
OPERATING EXPENSES:																	
Salaries	$ 1,408,847	$ 1,649,233	$ 5,672,658	$ 118,112	$ 1,123,542	$ 1,739,922	$ 185,927	$ 5,468,376	$ 123,018	$ 347,129	$ 17,836,764	$ 3,474,606	$ 1,254,165	$ 4,728,771	$ -	$ 22,565,535	$ 19,945,647
Payroll taxes and employee benefits (Note 13)	387,453	510,420	791,907	18,458	295,554	561,691	48,472	1,466,977	37,148	87,544	4,205,624	1,055,595	335,655	1,391,250	-	5,596,874	5,158,261
Total Salaries and Related Costs	1,796,300	2,159,653	6,464,565	136,570	1,419,096	2,301,613	234,399	6,935,353	160,166	434,673	22,042,388	4,530,201	1,589,820	6,120,021	-	28,162,409	25,103,908
Occupancy (Note 11)	421,178	603,134	59,970	8,359	137,662	259,010	11,867	836,224	10,734	34,715	2,382,853	692,902	67,871	760,773	(1,240,247)	1,903,379	1,413,076
Supplies and expensed equipment (Note 2G)	61,535	57,819	155,183	428	39,515	32,835	10,606	585,491	31,129	9,930	984,471	1,033,885	27,921	1,061,806	-	2,046,277	1,735,701
Professional fees	202,379	1,004	27,950	-	-	68,005	-	101,460	-	24,509	425,307	453,172	215,414	668,586	-	1,093,893	842,521
Professional fees - subcontractors	-	981,585	-	-	-	1,025,222	-	897,561	-	-	2,904,368	-	-	-	-	2,904,368	4,819,043
Direct participant costs	20,490	204,964	3,275	2,225	14,810	141,694	987	1,308,309	-	11,839	1,708,593	4,066	-	4,066	-	1,712,659	799,187
Telephone	20,245	32,598	26,436	442	10,651	12,669	2,924	85,228	1,083	3,463	195,739	31,723	7,883	39,606	-	235,345	220,629
Repairs, maintenance and alterations	-	-	-	-	-	1,610	-	10,625	-	-	12,235	60,568	-	60,568	-	72,803	88,797
Miscellaneous	164,375	13,954	311,859	5,230	11,930	20,831	2,311	72,715	2,441	2,283	607,929	95,169	34,675	129,844	-	737,773	642,310
Insurance	49,563	88,227	420,606	8,221	37,736	51,572	7,511	165,189	-	3,951	832,576	83,318	1,527	84,845	-	917,421	781,312
Training	8,022	2,205	669	-	5,044	821	610	22,779	-	205	40,355	16,262	220	16,482	-	56,837	70,589
Travel	4,733	1,480	9,130	471	-	548	902	37,457	-	5,748	60,469	18,981	1,766	20,747	-	81,216	87,507
Auto	1,935	3,214	4,851	314	3,516	-	64	7,327	-	-	21,221	8,545	48	8,593	-	29,814	22,866
Direct mail and special events	-	-	-	250	-	-	-	-	-	-	250	-	223,536	223,536	-	223,786	95,295
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	966,163	-	966,163	(966,163)	-	-
Bad debt expense	43,168	-	-	-	-	-	-	-	-	-	43,168	-	20,594	20,594	-	63,762	368,060
Interest (Notes 10 and 12C)	78,254	6,580	5,921	-	6,164	31,349	-	125,565	476	4,419	258,728	155,019	-	155,019	-	413,747	189,972
Depreciation and amortization (Notes 4 and 11)	-	-	6,871	-	-	-	-	2,086	-	-	8,957	394,301	11,793	406,094	-	415,051	416,537
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,872,177	4,156,417	7,497,286	162,510	1,686,124	3,947,779	272,181	11,193,369	206,029	535,735	32,529,607	8,544,275	2,203,068	10,747,343	(2,206,410)	41,070,540	37,697,310
ALLOCATION OF ELIMINATIONS	(485,556)	(494,735)	(24,557)	-	-	-	-	(19,596)	-	-	(1,024,444)	(1,111,396)	(70,570)	(1,181,966)	2,206,410	-	-
TOTAL EXPENSES	$ 2,386,621	$ 3,661,682	$ 7,472,729	$ 162,510	$ 1,686,124	$ 3,947,779	$ 272,181	$ 11,173,773	$ 206,029	$ 535,735	$ 31,505,163	$ 7,432,879	$ 2,132,498	$ 9,565,377	$ -	$ 41,070,540	$ 37,697,310

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

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	For the Year Ended June 30, 2022															
	Program Services											Supporting Services				
		Achieving Economic Independence			Reducing Reliance on Incarceration											
	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	Jail-Based Services	Court Advocacy Services	ATI 212 Program 52	Reconnecting Families and Strengthening Communities	Fulton Community Reentry Center	Osborne Association Policy Center	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Eliminations	Total 2022
OPERATING EXPENSES:																
Salaries	$ 2,214,266	$ 1,526,190	$ 5,350,788	$126,612	$ 840,132	$1,319,373	$ 136,498	$ 3,808,095	$ 140,922	$ 310,366	$15,773,242	$ 3,331,120	$ 841,285	$4,172,405	$ -	$19,945,647
Payroll taxes and employee benefits (Note 13)	599,552	493,392	951,642	38,013	236,711	418,045	28,170	1,067,838	36,013	81,843	3,951,219	984,099	222,943	1,207,042	-	5,158,261
Total Salaries and Related Costs	2,813,818	2,019,582	6,302,430	164,625	1,076,843	1,737,418	164,668	4,875,933	176,935	392,209	19,724,461	4,315,219	1,064,228	5,379,447	-	25,103,908
Occupancy (Note 11)	599,676	335,804	45,828	8,000	133,026	302,545	-	716,067	1,568	29,709	2,172,223	309,569	42,865	352,434	(1,111,581)	1,413,076
Supplies and expensed equipment (Note 2G)	44,938	69,790	116,230	3,275	32,742	26,436	884	836,025	356	8,807	1,139,483	530,302	65,916	596,218	-	1,735,701
Professional fees	103,891	-	14,397	-	-	36,494	-	172,996	-	23,850	351,628	450,013	40,880	490,893	-	842,521
Professional fees - subcontractors	448,875	944,364	21,527	-	-	2,539,401	-	861,077	3,587	-	4,818,831	-	212	212	-	4,819,043
Direct participant costs	6,216	134,507	27,341	-	10,353	138,448	6,050	468,340	-	5,016	796,271	2,481	435	2,916	-	799,187
Telephone	37,991	31,523	21,981	457	10,812	10,332	865	65,168	7,414	3,271	189,814	22,371	8,444	30,815	-	220,629
Repairs, maintenance and alterations	-	2,952	91	-	450	-	-	27,558	-	-	31,051	57,746	-	57,746	-	88,797
Miscellaneous	34,817	10,883	304,697	4,866	7,255	10,129	50	47,011	4,884	3,205	427,797	172,508	42,005	214,513	-	642,310
Insurance	53,112	63,754	318,140	5,992	43,904	60,450	-	112,266	42,323	-	699,941	81,371	-	81,371	-	781,312
Training	9,806	4,025	8,598	-	10,478	3,402	1,722	29,836	-	3,200	71,067	(478)	-	(478)	-	70,589
Travel	29,400	3,039	7,576	1,234	239	3,296	1,086	17,929	-	2,533	66,332	19,654	1,521	21,175	-	87,507
Auto	-	242	1,741	-	3,505	-	-	1,929	-	-	7,417	15,449	-	15,449	-	22,866
Direct mail and special events	-	-	-	-	-	-	-	690	-	-	690	-	94,605	94,605	-	95,295
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	794,030	-	794,030	(794,030)	-
Bad debt expense	148,596	-	117,708	-	-	-	-	-	-	-	266,304	-	101,756	101,756	-	368,060
Interest	4,353	7,457	4,794	-	8,304	21,248	-	20,308	52	442	66,958	123,014	-	123,014	-	189,972
Depreciation and amortization (Note 4)	-	-	12,032	-	-	-	-	8,345	-	-	20,377	384,367	11,793	396,160	-	416,537
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	4,335,489	3,627,922	7,325,111	188,449	1,337,911	4,889,599	175,325	8,261,478	237,119	472,242	30,850,645	7,277,616	1,474,660	8,752,276	(1,905,611)	37,697,310
ALLOCATION OF ELIMINATIONS	(435,184)	(443,410)	(22,009)	-	-	-	-	(17,563)	-	-	(918,166)	(924,196)	(63,249)	(987,445)	1,905,611	-
TOTAL EXPENSES	$ 3,900,305	$ 3,184,512	$ 7,303,102	$188,449	$1,337,911	$4,889,599	$ 175,325	$ 8,243,915	$ 237,119	$ 472,242	$29,932,479	$ 6,353,420	$1,411,411	$7,764,831	$ -	$37,697,310

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

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,518,034	$ 4,755,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain) loss on beneficial interest in perpetual trust	(12,657)	47,223
Unrealized (gain) losses on investments	(219,516)	175,191
Realized losses on investments	1,560	-
Realized gain on intangible assets	-	(36,370)
Donated securities	(5,140)	(31,526)
Bad debt	63,762	368,060
Deferred rent	(377,171)	(110,358)
Depreciation and amortization	415,051	416,537
Non-cash right-of-use asset adjustment	369,979	-
Subtotal	2,753,902	5,584,582
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government grants and other receivables	(282,959)	(3,069,357)
Contributions receivable	511,352	88,443
Prepaid expenses and other assets	23,312	(77,386)
Advances paid to subcontractors	259,322	774,758
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,164,005)	1,442,359
Accrued salary and vacation	(75,655)	113,066
Deferred revenue/refundable advances	960,126	(4,044)
Net Cash Provided by Operating Activities	985,395	4,852,421
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,940,965)	(16,670,548)
Net Cash Used in Investing Activities	(8,940,965)	(16,670,548)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of principal portion of lease liability	(4,995)	-
Proceeds from notes and loans and construction loans payable	13,324,067	6,028,747
Principal payments of notes and loans and construction loans payable	(4,422,646)	(2,154,991)
Principal payments of mortgage payable	(203,315)	(195,051)
Net Cash Provided by Financing Activities	8,693,111	3,678,705
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	737,541	(8,139,422)
Cash and restricted cash - beginning of the year	3,726,333	11,865,755
CASH AND RESTRICTED CASH - END OF YEAR	$ 4,463,874	$ 3,726,333
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest, net of capitalized interest	$ 413,747	$ 189,972

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

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

The consolidated financial statements of The Osborne Association, Inc. and Affiliates, (collectively referred to as the "Association") have been prepared by consolidating: The Osborne Association, Inc. ("OA"), Osborne Treatment Services, Inc. ("OTS"), 809 Westchester LLC ("809") and Thomas Mott Osborne Memorial Fund, Inc. ("TMO"). OTS, 809 and TMO are collectively referred to as "Affiliates". OA has effective control over and has an economic interest in the Affiliates. OA, OTS and TMO are organized under the Not-for-Profit Corporation Law of New York State and have been granted an exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The sole member of 809 is OA, and the activity recorded for 809 is reported with OA.

The Association's purpose is to provide services to defendants, incarcerated people, formerly incarcerated people and their families: to provide alternatives to incarceration; to provide job training and job placement; to provide reentry services to people leaving prison and jail; and to operate an ambulatory substance use disorder program that includes outpatient and aftercare services and other public safety and public health services, throughout New York, receiving its support predominantly from federal, New York State and New York City governmental sources. 809 holds title to the Bronx building and is a disregarded entity.

Descriptions of the Association's major programs are as follows:

- **ADOPTING HEALTHY LIFESTYLES**

  El Rio is a highly structured and medically supervised intensive substance use disorder day-treatment program. It provides an alternative to incarceration or re-incarceration for individuals charged with drug-related crimes or on probation or parole and mandated to treatment by the courts or community corrections agencies.

  Wellness and Prevention provides services for people involved with the criminal justice system at-risk for, or coping with, substance use disorder, hepatitis and HIV/AIDS, or other infectious diseases. Services include HIV/AIDS counseling, peer training, testing and education, reentry, discharge, transitional planning, case management, linkage to primary care, treatment adherence, and support groups.

  Housing Placement and Assistance assists people living with HIV/AIDS to obtain and maintain transitional, supportive, and permanent housing placements following incarceration. This program supports participants in their efforts to maintain stable housing, develop the capacity to live independently, reduce risky behaviors, continue medical care, and maintain abstinence from substance abuse.

  Elder Reentry Initiative is a partnership with the New York State Department of Corrections and Community Supervision to improve discharge planning for older incarcerated individuals. Osborne case managers assess individual reentry needs and create individualized, age-appropriate discharge and case management plans. Participants are escorted and supported throughout the reentry process and receive extensive follow-up service to ensure that their needs are fulfilled as they change.

- **ACHIEVING ECONOMIC INDEPENDENCE**

  Workforce Development offers comprehensive workforce development and employment services to individuals with prior criminal justice involvement. Services include assessment, career and educational counseling, job readiness workshops, resume preparation, skills enhancement, assistance with job search and placement, social service referrals, and post-employment support. Osborne's Workforce Development unit pairs intensive preparation for individuals with an employer service model that addresses employer needs, working as a partner with employers to pair highly qualified candidates with open positions.

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **ACHIEVING ECONOMIC INDEPENDENCE (Continued)**

  Career Center ("the Center") provides men and women with criminal records with environmental and financial literacy education, and comprehensive career development, including soft skills and hard skills training that prepares them to enter and advance in sector-specific fields. The Center places participants in jobs that support their growth, their families, and the environment. The Center offers group and individual counseling to identify and address participants' needs and provide referral services. Career Coaches offer services that include family support, educational and vocational support, skill-building activities, goal-setting and civic engagement to assist participants achieve long-term economic independence.

  Training to Work provides men and women on work release the opportunity to expand their education and increase their employment skills in today's fastest-growing fields: construction, waste management, food service and other industries.

  Justice Community supports court-involved young adults (ages 18-24) in reconnecting with their families and communities to turn toward success in life. The program includes environmental and financial literacy training, career coaching, individual counseling and group support, community benefit projects, employment counseling, job placement and educational support.

  Prepare offers a range of opportunities to fathers and those who serve in father-figure roles to increase their parenting skills while strengthening their relationships. Our programs include job readiness training, internships, and employment assistance to increase economic stability for participants and their families. The program consists of the Fatherhood Initiative and Responsible Fatherhood Opportunities for Reentry and Mobility program (ReFORM) funded activities to improve employability and strengthen the participant's emotional and material support for their children.

  Arches is a partnership with the NYC Department of Probation that reduces participant involvement with the criminal justice system. Arches provides positive intervention among youth on probation by providing support groups, assisting youth in identifying negative behaviors and maladaptive patterns of thinking, and providing mentors from the same communities and with similar experiences with the criminal justice system.

  NextSTEPS is a partnership with the NYC Department of Probation focused on young people residing in or near New York City Housing Authority ("NYCHA") developments. NextSTEPS is a positive intervention for youth who may be exposed to negative behaviors and maladaptive patterns of thinking. The program provides mentors from the same communities to build positive pathways and reveal opportunities to participating youth.

  Janitorial Maintenance Services offers training and employment in the Association's custodial service business to formerly incarcerated individuals with disabilities and a history of substance use disorder. The enterprise cleans public facilities and businesses throughout New York City (for prevailing wages and benefits) and also teaches participants to use environmentally friendly materials when cleaning.

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **REDUCING RELIANCE ON INCARCERATION**

Jail-Based Services is dedicated to breaking the cycle of recidivism by providing cognitive behavioral therapy, workforce readiness, fatherhood programming, and sector-specific job training. Services are provided both on Rikers Island and during the critical post-release period by offering support services, including employment placement and retention assistance. The Association offers the Jail-Based Community Reentry Program on Rikers Island to individuals identified as having the highest need in the community following release, enabling them to access services immediately upon release. The program is part of the Individualized Corrections Achievement Network Initiative (I-CAN) of the NYC Department of Correction.

Court Advocacy Services is a defender-based advocacy program assisting felony defendants, including juvenile offenders being tried in adult courts, which are represented by NYC assigned and institutional defense attorneys in pursuit of alternatives to incarceration. Staff conduct pre-plea and pre-sentence investigations of defendants' backgrounds to ascertain mitigating circumstances and advocate client-specific sentencing alternatives in appropriate cases. Long Termers Responsibility Project is an interdisciplinary advocacy effort that works with individuals serving lengthy sentences, but who have completed their minimum sentences by helping them gain insight, take responsibility for their crimes, and prepare for their eventual release through a restorative justice framework in individual and group settings.

Project Reset is an alternative to arrest program diversion program that offers a constructive approach to minor crime, expanding the array of options available to law enforcement. Based in Harlem, individuals participate in one of four core interventions: trauma-coping, restorative justice, Naloxone treatment training, and community benefit projects. Participants are also linked to additional outside services. Participants in Project Reset who complete a two-hour intervention session will subsequently have their cases sealed (functionally clearing their record.) These participants do not have to go to court, and no record of their engagement with the justice system is retained.

- **RECONNECTING FAMILIES AND STRENGTHENING COMMUNITIES**

Family Services offers support to people affected by incarceration to make, mend and maintain family relationships and to plan for successful reentry from prison into their communities through the Family Ties program for mothers and FamilyWorks program for fathers. The programs offer parenting education in New York City and State correctional facilities informed by research and best practices on childhood and cognitive development and visiting support (in-person and through videoconferencing), Family Centers at several men's prisons, and community-based services for families.

Children and Youth Services provides psycho-social supportive services and developmentally appropriate programs for children and youth in the community. Through counseling, support groups, mentoring, assistance in accessing higher education, supervised visiting with parents (both in-person and through video-visiting), youth development activities, and recreational trips, the program works to alleviate the adverse effects, trauma, and stigma that incarceration has upon children and youth with parents in prison.

Services also include the Youth Experience Success for younger children and Youth Action Council for older youth interested in further skill-building and education that involves civic engagement, public speaking, grassroots organizing efforts, and advocacy for the rights of children who have justice-involved parents.

Queensboro Reentry Services provides a range of evidence-based reentry services that address the specific needs of men returning to the community through workshops that cover reentry-related topics in the areas of healthy-living, employment, managing stress and expectations, and family dynamics; family-focused discharge planning; Health Improvement Services for people living with HIV/AIDS or other chronic health conditions; and, a CDC approved evidence-based intervention for men with histories of substance use disorder who are at risk for relapse and other adverse health behaviors.

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **FULTON COMMUNITY REENTRY CENTER**

  Fulton is a former New York State correctional facility donated to the Association to be redeveloped as a community reentry center and transitional residence for people returning home following incarceration. Fulton is currently in the redevelopment stage. When completed, Fulton will be a "one-stop" center capable of supporting the health, economic security, family, and social connectedness needs of people in reentry. Like all of the Association's programs, Fulton will ultimately reduce recidivism, promote safety, and improve long-term outcomes for the families and communities to which they return. Anticipated services include transitional housing and economic development activity, including job training and workforce development services.

- **OSBORNE ASSOCIATION POLICY CENTER**

  The **Osborne Center for Justice Across Generations** is the Association's policy center. It is built on practitioner-based policy advocacy that is grounded in the experience of its participants and direct-service staff. The Center launches with two focus areas: children of arrested or incarcerated parents (through the **New York Initiative for Children of Incarcerated Parents**) and aging in prison and elder reentry. A key element of the policy center, the NY Initiative for Children of Incarcerated Parents, is a collaborative effort to raise awareness and reform policy around incarceration's impact on children. The initiative aims to change child welfare and criminal justice policies and procedures to ensure children's rights are upheld and their needs met through each stage of their parent's involvement in the criminal justice system.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Principles of Consolidation*** – The Association'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. ***Basis of Presentation*** – The Association maintains its net assets under the following two classes:

- *Without donor restrictions* – include expendable resources that are not subject to donor-imposed stipulations and, therefore, may be expended for any purpose in performing the primary objectives of the Association.

- *With donor restrictions* – include resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. In addition, this includes resources received subject to donor-imposed stipulations that are maintained intact in perpetuity by the Association. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions.

C. ***Contributions Receivable*** – Recorded as income when the Association is formally notified of the unconditional grants or contributions by the respective donors. Unless material, the Association does not discount multiyear pledges. Conditional contributions, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

D. ***Allowance for Uncollectible Receivables*** – As of June 30, 2023 and 2022, the Association has determined that an allowance of $65,831 and $212,802, for uncollectible receivables, respectively, was necessary. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ***Cash Equivalents*** – Cash equivalents consist of all highly liquid instruments with maturities of three months or less when acquired, except for amounts held at an investment institution. The Association did not hold cash equivalents as of June 30, 2023 or 2022. The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flows as of June 30:

	2023	2022
Cash	$ 1,545,232	$ 1,175,073
Restricted cash	2,918,642	2,551,260
Subtotal	$ 4,463,874	$ 3,726,333

F. ***Investments and Fair Value Measurements*** – Investments and the beneficial interest in perpetual trust are reported at fair value. Investment income, consisting of interest, dividends, realized and unrealized gains or losses, is classified as nonoperating 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. ***Property and Equipment*** – Property and equipment 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 Association 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 the contractual agreement specifies that title to these assets' rests with the funding sources rather than the Association.

H. ***Revenue Sources and Recognition*** **–** Government grants for cost reimbursement contracts are considered conditional contributions and are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the resource providers. Conditional contributions occur when there is both a barrier (such as allowable expenses associated with cost-reimbursement contracts) and a right of return or release from the grantor. To the extent amounts received exceed amounts spent or cash received in advance for future services to be provided, the Association records deferred revenue/refundable advances. The Association received cost-reimbursable grants of approximately $57,138,000 and $12,583,000, respectively, that have not been recognized as of June 30, 2023 and 2022 because qualifying expenditures have not yet been incurred.

The Association derives revenues for providing janitorial services for which the transaction price is based on agreed upon rates with various contracting agencies. Revenue is recognized in the period that services are performed by the Association.

The Association provides services to individuals at their various locations related to their mission and receives payments from various government agencies. Revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled to in exchange for provided services. The Association's performance obligation consists of a single element for clinical or support services provided and is recognized at the time the service is provided. Program service fees are accounted for at established rates for the services provided. Such reimbursement rates are subject to change and retrospective adjustment on the basis of review by the government agency responsible for such funding. Payment is due from the various government agencies when billed, however, due to the nature of the governmental business environment there may be various delays in payments being received. Any payments being received in advance are recorded as deferred revenue or refundable advances.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ***Functional Allocation of Expenses*** – Because the Association is a multi-program/multi-funded organization, certain costs have been allocated among programs and supporting functions as determined by management, pursuant to the method the Association follows in seeking funding from third-party governmental sources. 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.

J. ***Deferred Rent*** – U.S. GAAP requires that the Association accounts for free rent renovation credits and rent escalation charges on a straight-line basis. This accounting treatment is commonly referred to as “straight-lining of rent.” Prior to the adoption of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842) as of July 1, 2022, the difference between rent expense, under this method, and the higher rental amounts actually paid to the landlord was reported as a “deferred rent” obligation in the accompanying consolidated statements of financial position. The change in the deferred rent liability is reflected in the accompanying consolidated statements of activities.

K. ***Nonfinancial Assets*** – Recorded at fair market value on the date of donation and includes contributed services, contributed items, and any nonfinancial asset that is contributed to the Association that does not meet the definition of a financial asset. Contributed services that amounted to $48,129 and $147,924 for the years ended June 30, 2023 and 2022, respectively, were for legal services. The services were not restricted by the donor and were used by the Association’s general administration. The legal services were valued using the attorney’s comparable rate for similar services. These amounts have been reflected in the accompanying consolidated financial statements as nonfinancial contributions.

L. ***Use of Estimates*** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

M. ***Recent Accounting Pronouncements*** **–** FASB ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*, was adopted during the year ended June 30, 2023. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (“ROU”) assets and lease liabilities for operating and finance leases on the consolidated statements of financial position. The Association elected to adopt Topic 842 effective July 1, 2022, and utilized all of the available practical expedients. The Association used the modified retrospective method of transition that does not require restating the prior period. The adoption had a material impact on the Association’s consolidated statements of financial position, but did not have a material impact on the consolidated statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating and finance leases. Adoption of the standard resulted in the Association recording a finance lease ROU asset of $0, operating lease ROU asset of $10,010,083, finance lease liability of $0 and operating lease liability of $10,280,682 as of July 1, 2022.

NOTE 3—LIQUIDITY AND AVAILABILITY

The Association 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 Association has various sources of liquidity at its disposal, including cash, receivables and 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 Association considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Association expects and anticipates collecting sufficient revenue to cover general expenditures.

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, included the following as of June 30:

	2023	2022
Cash	$ 1,545,232	$ 1,175,073
Government grants and other receivables, net	20,713,571	20,479,780
Contributions receivable, net	-	525,946
Investments	1,225,206	1,002,110
Total	23,484,009	23,182,909
Less: items unavailable for general expenditures within one year		
Net assets with donor restrictions, net of contributed property and beneficial interest in perpetual trust	(13,336,441)	(10,888,993)
Reserve fund	(1,866,130)	(1,866,130)
Total	$ 8,281,438	$ 10,427,786

Net assets with donor restrictions includes contributed land and a building in the amount of $5,000,000 to be released from restrictions upon being placed in service and a beneficial interest in a perpetual trust in the amounts of $248,861 and $236,204 as of June 30, 2023 and 2022, respectively. These are excluded from net assets with donor restrictions in the liquidity calculation since they are not included in the financial assets identified above.

To help manage unanticipated liquidity needs, the Association has a line of credit of $5,000,000 that it could draw upon at any time. As of June 30, 2023, the Association has drawn down $5,000,000 of the line of credit (see Note 9).

NOTE 4—PROPERTY AND EQUIPMENT, NET

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

	2023	2022	Estimated Useful Lives
Land	$ 1,414,417	$ 1,414,417	
Building	7,173,190	7,167,050	20 Years
Leasehold improvements	1,266,019	1,080,678	15 Years
Vehicles	306,206	280,434	3 Years
Furniture and equipment	1,137,767	1,049,647	7 Years
Construction in progress (see below)	36,433,888	27,798,296	
Total cost	47,731,487	38,790,522	
Less: accumulated depreciation and amortization	(4,278,913)	(3,868,560)	
Net book value	$ 43,452,574	$ 34,921,962	

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 amounted to $410,353 and $416,537, respectively.

Construction in progress includes renovations to the Fulton building. The Association incurred costs of $8,635,592 and $16,527,201 for the fiscal years ended June 30, 2023 and 2022, respectively. The construction is expected to be completed on April 1, 2024 and the estimated cost to complete is approximately $200,000. The cost of construction is being funded by various New York State and City agencies and financing from financial institutions.

NOTE 5—CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

	2023	2022
Due in less than one year	$ -	$ 156,940
Due in one to five years	-	515,977
Subtotal	-	672,917
Less: allowance for uncollectible receivables	-	(146,971)
	$ -	$ 525,946

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of June 30:

	2023	2022
Money market funds	$ 82,556	$ 42,545
Exchange-traded funds	1,044,652	868,230
Mutual funds	10,195	8,528
Corporate stock	87,803	82,807
	$ 1,225,206	$ 1,002,110

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

The fair value hierarchy defines the 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.

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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 Association 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.

Money Market and Mutual Funds:

Money market and mutual funds (the “funds”) are valued at their daily closing price as reported by the fund. These funds held by the Association are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The funds held by the Association are deemed to be actively traded.

Corporate Stock and Exchange-Traded Funds:

Corporate stocks and exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in Perpetual Trusts:

Beneficial interest in perpetual trusts is valued based on the underlying securities (mutual funds) held in trust (Level 3).

The following table presents the Association’s assets that are measured at fair value for each level at June 30, 2023:

	Level 1	Level 3	Total
Money market funds	$ 82,556	$ -	$ 82,556
Exchange-traded funds	1,044,652	-	1,044,652
Mutual funds	10,195	-	10,195
Corporate stock	87,803	-	87,803
Beneficial interest in perpetual trust	-	248,861	248,861
Assets at Fair Value	$ 1,225,206	$ 248,861	$ 1,474,067

The following table presents the Association’s assets that are measured at fair value for each level at June 30, 2022:

	Level 1	Level 3	Total
Money market funds	$ 42,545	$ -	$ 42,545
Exchange-traded funds	868,230	-	868,230
Mutual funds	8,528	-	8,528
Corporate stock	82,807	-	82,807
Beneficial interest in perpetual trust	-	236,204	236,204
Assets at Fair Value	$ 1,002,110	$ 236,204	$ 1,238,314

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The reconciliation for the years ended June 30, 2023 and 2022, of the beneficial interest in perpetual trust measured at estimated fair value classified in Level 3 is as follows:

	2023	2022
Balance, beginning of year	$ 236,204	$ 283,427
Unrealized gain (loss)	12,657	(47,223)
Balance, end of year	$ 248,861	$ 236,204

NOTE 7—BENEFICIAL INTEREST IN PERPETUAL TRUST

TMO is the beneficiary of a trust established in 1951 with original investment assets totaling $35,000. Such assets are reflected at fair value and are held in perpetuity by a third-party trustee. TMO receives the annual earnings. The underlying assets of this trust consisted of the following as of June 30:

	2023	2022
Money market funds	$ 4,677	$ 2,260
Mutual funds	244,184	233,944
	$ 248,861	$ 236,204

NOTE 8—DEFERRED REVENUE / REFUNDABLE ADVANCES

Refundable advances represent advances received from various funding sources under government contracts for which the Association has not yet met the grant conditions or provided the services. In addition, they include amounts due to government agencies that primarily represent advances received during current and prior years. Such amounts will be recouped by the funding sources.

As of June 30, 2023 and 2022, OTS established a reserve of approximately $236,000 and $190,000, respectively, for potential audit adjustments resulting from potential future audits of its Medicaid program by The State of New York Office of the Medicaid Inspector General ("OMIG"). Such reserve is included in deferred revenue/refundable advances in the accompanying consolidated financial statements. In September 2020, the Association received an audit report from OMIG noting preliminary overpayments totaling approximately $57,000. The overpayment amount is accrued as part of the reserve. The Association is currently appealing the preliminary audit conclusion and cannot predict the outcome at this time.

The Association is in the process of reviewing its Medicaid program's claiming records for compliance with OMIG protocols and assess the need for a self-disclosure for potential ineligible billings. A self-disclosure may result in voiding the ineligible billings and refund the amount already received; however, the amount cannot be estimated at this time.

In 2020, the Association collected approximately $72,000 in payments from various healthcare companies that provided services paid for by the Beacon Network. The Association received notice in September 2019 that it was no longer a provider within the Beacon Network but had continued to receive payments. Those payments have been recorded as a contingency accrual and are included in the reserve, should the Beacon Network require the Association to repay any overpayments.

NOTE 9—NOTES AND LOANS PAYABLE

Notes and loans payable consisted of the following as of June 30:

	2023	2022	Annual Interest Rate	Due Date
A line of credit from a bank totaling $5,000,000. Expiring in April 2024. Secured by all assets of OA. As of March 28, 2024, the outstanding borrowings on the line of credit amounted to $5,000,000.	$ 5,000,000	$ 1,700,000	360-day Adjusted Secured Overnight Financing Rate ("SOFR"), plus 3%	2024
In April 2020, the Association obtained a Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan from a bank. See Note 12C for more information.	3,656,552	3,630,726	1%	2026
In August 2018, The Rector, Church-Wardens, and Vestrymen of Trinity Church ("Trinity"), in the City of New York, approved an interest-free loan of $850,000 to cover the pre-development costs related to the rehabilitation of the Fulton Facility. The loan does not have a stated maturity date, but is expected to be repaid upon completion of the Fulton Facility rehabilitation.	550,000	850,000	0%	2024
To a financing company. Secured by the related vehicle under a retail installment contract with monthly payments of $573.	-	1,627	2.90%	2023
	$ 9,206,552	$ 6,182,353		

Future annual principal payments for notes and loans payable for each of the fiscal years ended after June 30, 2023 are as follows:

2024	$ 8,890,333
2025	163,463
2026	152,756
	$ 9,206,552

Interest expense was $311,989 and $79,950 for the years ended June 30, 2023 and 2022, respectively.

In July 2020, the Association obtained a building loan for the Fulton Project from Wells Fargo Trust Company, National Association. The building loan has an original available principal amount up to $14,485,205, and bears interest at 3.85%. During 2022, an additional available principal amount of $5,509,639 was made available from the lender and bears interest at 6.75%. The additional available principal of $5,509,639 was drawn in 2023 and was used to pay down $2,028,126 of the original principal, among other construction costs. The building loan has a stated maturity of January 15, 2043 and payments of principal and interest commenced in February 2023. The borrowings had amounted to $17,721,067 and $14,471,025 as of June 30, 2023 and 2022, respectively. The Association capitalized interest costs of $675,043 and $561,093 during the years ended June 30, 2023 and 2022, respectively.

NOTE 9—NOTES AND LOANS PAYABLE (Continued)

In July 2020, the Association obtained a building loan for the Fulton Project from Wells Fargo Trust Company, National Association. The building loan has as original available principal amount up to $4,782,542 and bears interest at 3.85%. During 2022, an additional available principal amount of $3,406,135 was made available from the lender and bears interest at 6.75%. The additional available principal of $3,406,135 was drawn in 2023 and was used to pay down $669,621 of the original principal, among other construction costs. The building loan has a stated maturity of January 15, 2043 and payments of principal and interest commenced in February 2023. The borrowings had amounted to $7,424,855 and $4,797,675 as of June 30, 2023 and 2022, respectively. The Association capitalized interest costs of $262,049 and $92,172 during the years ended June 30, 2023 and 2022, respectively.

The Association has an agreement with the New York City Department of Homeless Services (“NYCDHS”) for approximately $2 million in annual building rent payments to support the debt service costs of the building loans. During the year ended June 30, 2023, the Association had recognized government Support of approximately $845,000 in the consolidated statement of activities.

Future annual principal payments for construction loans payable for each of the fiscal years ended after June 30, 2023 are as follows:

2024	$ 785,035
2025	823,519
2026	864,023
2027	906,661
2028	951,555
Thereafter	20,815,129
	$ 25,145,922

NOTE 10—MORTGAGE PAYABLE

In June 2017, TMO refinanced the mortgage agreement with another financial institution in the amount of $3,400,000 at an annual interest rate of 4.1%. Payments are to be made in equal monthly installments of $25,423 commencing July 25, 2017. This mortgage loan has a 7-year amortization and matures on June 26, 2024, at which time the remaining unpaid principal balance and accrued unpaid interest become due. The mortgage is collateralized by the property at 809 Westchester Avenue, Bronx, NY. In April 2020, the Association obtained an approval to have three months of payments deferred. As a result, those deferred payments are now due upon maturity of the mortgage.

Future annual principal payments of $2,336,845 are due in the year ended June 30, 2024.

Interest expense was $101,758 and $110,022 for the years ended June 30, 2023 and 2022, respectively.

NOTE 11—LEASES

The Association has two operating leases for office space expiring through July 2031 and a finance lease for a copier expiring in August 2026. As disclosed in Note 2M, the Association adopted FASB ASC 842 as of July 1, 2022 and operating and finance leases had no impact to the prior year consolidated statement of financial position or its change in net assets. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and for the year ended June 30, 2022 (i.e., ASC 840). No comparative information is provided for the amounts reported on the consolidated statement of financial position as of June 30, 2022 since the Association used the modified retrospective method of transition that does not require restating the prior period.

NOTE 11—LEASES (Continued)

As of June 30, 2023, the finance lease ROU asset had a balance of $178,536 and the operating lease ROU asset had a balance of $8,807,240, as shown in the consolidated statements of financial position; the finance lease liability totaled $178,239 and the operating lease liability totaled $9,177,219, as shown in the consolidated statements of financial position. The ROU asset and lease liability were calculated utilizing risk-free discount rates of 2.88%-3.98%.

Total operating lease costs, included in occupancy, for the years ended June 30, 2023 and 2022 were $1,443,066 and $881,255, respectively. Total cash paid by the Association in the determination of the operating lease liability and finance lease liability were $1,357,212 and $4,995, respectively, for the year ended June 30, 2023. Total finance lease costs for the year ended June 30, 2023 were interest expense of $0 and amortization expense of $4,698. For the year ended June 30, 2023, operating leases weighted average of the remaining lease term is 7.6 years, and the weighted average discount rate is 2.88% and the finance leases weighted average of the remaining lease term is 3.2 years, and the weighted average discount rate is 3.98%. The total non-cash adjustment on lease liabilities resulting from obtaining operating ROU's was $369,979 for the year ended June 30, 2023.

Future minimum rental payments under these leases for the years ending subsequent to June 30, 2023 are as follows:

	Operating	Finance
2024	$ 1,414,618	$ 59,940
2025	1,414,359	59,940
2026	1,135,733	59,940
2027	1,169,803	9,990
2028	1,204,897	-
Thereafter	3,931,113	-
	10,270,523	189,810
Less: Present value discount	(1,093,304)	(11,571)
Present value of lease liability	$ 9,177,219	$ 178,239

NOTE 12—COMMITMENTS AND CONTINGENCIES

A. The Association has contractual relationships with certain governmental funding sources that provide the right to examine the books and records of the Association involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances, except as discussed in Note 8. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances are expected to be immaterial. In addition, certain agreements provide that some property and equipment either owned by or on loan to the Association (the cost of which may have been expensed—see Note 2G) must be utilized by the Association to continue owning and/or using these assets.

B. The Association believes it has no uncertain tax positions as of June 30, 2023 and 2022, in accordance with the provisions of FASB ASC Topic 740, *Income Taxes*.

NOTE 12—COMMITMENTS AND CONTINGENCIES (Continued)

C. On April 20, 2020, the Association received loan proceeds of approximately $3.6 million under the PPP. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Association received loan proceeds of $3,195,268, of which the Association had received notification of forgiveness on September 26, 2023. The forgiveness will be recognized as an extinguishment of debt in the upcoming fiscal year ended June 30, 2024. The Association does not currently owe any principal and interest payments related to this loan. Osborne Treatment Services received loan proceeds of $435,458, the lender for the Osborne Treatment Services PPP loan requires monthly payments of $16,051 which began in December 2022, and bear interest at a rate of 1%. After June 30, 2022, the Osborne Treatment Services PPP loan was transferred to another agency for servicing. Costs associated with the loan servicing agency totaled $131,643 and interest of $3,364, were incurred in fiscal year 2023, and are included in the loan balance as of June 30, 2023. The Osborne Treatment Services PPP loan is not expected to receive forgiveness from the SBA and will require repayment in full through the monthly payments.

NOTE 13—PENSION PLANS

The Association maintains two qualified pension plans (the "Plans") covering all eligible employees as defined.

Thrift Plan

This Plan is a tax-sheltered annuity plan qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan are employee funded. Employees may contribute to the Plan up to the maximum permitted by law.

Employee Benefits Plan

This Plan is a money purchase plan covering all full-time eligible employees. Employer contributions are fixed at 3% of eligible salaries, plus an amount equal to 100% of the first 3% of employee contributions into the Thrift Plan.

Employer contributions amounted to $601,505 and $573,453 for the years ended June 30, 2023 and 2022, respectively, and are included in payroll taxes and employee benefits expense in the accompanying consolidated financial statements.

NOTE 14—NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Donated property – Fulton	$ 4,250,000	$ 4,250,000
Capital grants for redevelopment of Fulton	9,320,401	7,189,859
Programmatic services	4,016,040	3,699,134
Donated property (land – Fulton)	750,000	750,000
Beneficial interest in perpetual trust	248,861	236,204
	$ 18,585,302	$16,125,197

NOTE 14—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions during the years ended June 30, 2023 and 2022 by incurring expenses satisfying the restricted purpose or occurrence specified by the donors, and amounted to $3,191,178 and $2,176,596, respectively.

NOTE 15 – BOARD DESIGNATED FUNDS

Changes in Board Designated net assets are as follows for June 30:

	7/1/2022 Balance	Additions	Withdrawals	6/30/2023 Balance
The Osborne Association, Inc. Reserve Fund	$ 1,866,130	$ -	$ -	$ 1,866,130
Fulton Contingency Reserve Fund	890,873	-	-	890,873
Total	$ 2,757,003	$ -	$ -	$ 2,757,003

Changes in Board Designated net assets are as follows for June 30:

	7/1/2021 Balance	Additions	Withdrawals	6/30/2022 Balance
The Osborne Association, Inc. Reserve Fund	$1,100,000	$ 766,130	$ -	$ 1,866,130
Fulton Contingency Reserve Fund	890,873	-	-	890,873
Total	$1,990,873	$ 766,130	$ -	$ 2,757,003

The Osborne Association, Inc. Reserve Fund was established through a board resolution in June 2021. The funds had been designated, out of available surplus for the fiscal years ended June 30, 2022 and 2021, a reserve fund equal to 90% of such surplus, or such lesser amount, but in no event less than 80% of such surplus, as determined by the finance committee. Funds in the reserve fund may be disbursed only by action of the Board, whose resolution authorizing disbursement shall specify the amounts of the disbursement authorized, and the permissible uses thereof. The Finance committee had reserved $0 and $766,130 for the years ended June 30, 2023 and 2022, respectively.

The Fulton Contingency Reserve Fund was a fund established as a contingency to overcome budget shortfalls for the Fulton Project. The corpus of the fund was obtained through reimbursements for the pre-development costs for the Fulton Project.

NOTE 16 – RESTRICTED CASH

Restricted cash consisted of the following as of June 30:

	2023	2022
Wells Fargo Fulton Cash Management Account	$ 32,858	$ 1,275
Wells Fargo Fulton Add-on Accounts	863,734	-
TIAA Fulton Project Loan Construction Account	405,828	2,009,709
TIAA Fulton Building Loan Construction Account	1,616,222	540,276
Total	$ 2,918,642	$ 2,551,260

The Association held the cash in restriction for the Fulton construction project. These amounts have been reflected in the accompanying consolidated financial statements as restricted cash.

NOTE 17—CONCENTRATIONS

Cash that potentially subjects the Association to a concentration of credit risk includes cash accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Accounts are insured up to $250,000 per depositor, per insured financial institution. As of June 30, 2023 and 2022, cash held in three and two banks exceeded FDIC limits by approximately $3,600,000 and $2,800,000, respectively.

NOTE 18—SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the consolidated statement of financial position through March 28, 2024, the date the consolidated financial statements were available to be issued.

Following June 30, 2023, the Association had received a $700,000 advance loan from one of its funders.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	AS OF JUNE 30, 2023					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2023	Consolidated Total 2022
ASSETS						
Cash	$ 1,080,181	$ 217,017	$ 248,034	$ -	$ 1,545,232	$ 1,175,073
Restricted cash	-	-	2,918,642	-	2,918,642	2,551,260
Government grants and other receivables, net	14,627,663	5,517,391	568,517	-	20,713,571	20,479,780
Contributions receivable, net	-	-	-	-	-	525,946
Investments	1,225,206	-	-	-	1,225,206	1,002,110
Due from affiliated organizations	7,187,953	-	-	(7,187,953)	-	-
Prepaid expenses and other assets	530,922	-	1,675	-	532,597	555,909
Advances paid to subcontractors	-	-	-	-	-	259,322
Property and equipment, net	2,716,155	70,728	40,665,691	-	43,452,574	34,921,962
Operating lease right-of-use asset	8,807,240	-	-	-	8,807,240	-
Finance lease right-of-use asset	178,536	-	-	-	178,536	-
Security deposits	170,509	-	-	-	170,509	170,509
Beneficial interest in perpetual trust	-	-	248,861	-	248,861	236,204
TOTAL ASSETS	$ 36,524,365	$ 5,805,136	$ 44,651,420	$ (7,187,953)	$ 79,792,968	$ 61,878,075
LIABILITIES						
Accounts payable and accrued expenses	$ 2,593,578	$ 742,190	$ 63,842	$ -	$ 3,399,610	$ 6,563,615
Accrued salary and vacation	745,598	-	-	-	745,598	821,253
Deferred rent	-	-	-	-	-	377,171
Deferred revenue/refundable advances	914,126	236,000	-	-	1,150,126	190,000
Due to affiliated organizations	-	4,264,291	2,923,662	(7,187,953)	-	-
Operating lease liability	9,177,219	-	-	-	9,177,219	-
Finance lease liability	178,239	-	-	-	178,239	-
Notes and loans payable	8,195,268	461,284	550,000	-	9,206,552	6,182,353
Construction loans payable	-	-	25,145,922	-	25,145,922	19,268,700
Mortgage payable	2,336,845	-	-	-	2,336,845	2,540,160
TOTAL LIABILITIES	24,140,873	5,703,765	28,683,426	(7,187,953)	51,340,111	35,943,252
NET ASSETS						
Without donor restrictions						
Board Designated - Reserve Fund	1,866,130	-	-	-	1,866,130	1,866,130
Fulton Contingency - Reserve Fund	-	-	890,873	-	890,873	890,873
Available for operations	6,501,321	101,371	507,860	-	7,110,552	7,052,623
Total net assets without donor restrictions	8,367,451	101,371	1,398,733	-	9,867,555	9,809,626
With donor restrictions	4,016,041	-	14,569,261	-	18,585,302	16,125,197
TOTAL NET ASSETS	12,383,492	101,371	15,967,994	-	28,452,857	25,934,823
TOTAL LIABILITIES AND NET ASSETS	$ 36,524,365	$ 5,805,136	$ 44,651,420	$ (7,187,953)	$ 79,792,968	$ 61,878,075

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	FOR THE YEAR ENDED JUNE 30, 2023					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2023	Consolidated Total 2022
OPERATING SUPPORT AND REVENUE:						
Public Support:						
Financial contributions and grants	$ 5,054,354	$ -	$ -	$ -	$ 5,054,354	$ 3,896,654
Nonfinancial contributions	48,129	-	-	-	48,129	147,924
Total Public Support	5,102,483	-	-	-	5,102,483	4,044,578
Fee for Service:						
Medicaid	-	529,625	-	-	529,625	953,884
Janitorial	7,768,946	-	-	-	7,768,946	7,355,685
Total Fee for Service	7,768,946	529,625	-	-	8,298,571	8,309,569
Governmental Support:						
New York State	3,887,524	64,296	2,343,831	-	6,295,651	6,430,839
New York City	18,024,942	1,806,200	1,340,406	-	21,171,548	21,724,968
Federal-direct and indirect	2,095,143	-	-	-	2,095,143	2,101,626
Total Governmental Support	24,007,609	1,870,496	3,684,237	-	29,562,342	30,257,433
Revenue:						
Management fee	966,163	-	-	(966,163)	-	-
TOTAL OPERATING SUPPORT REVENUE	37,845,201	2,400,121	3,684,237	(966,163)	42,963,396	42,611,580
OPERATING EXPENSES:						
Program Services:						
Adopting healthy lifestyles	627,532	2,244,645	-	(485,556)	2,386,621	3,900,305
Achieving economic independence:						
Workforce development	4,156,417	-	-	(494,735)	3,661,682	3,184,512
Janitorial/maintenance services	7,497,286	-	-	(24,557)	7,472,729	7,303,102
Osborne social ventures	162,510	-	-	-	162,510	188,449
Reducing reliance on incarceration:						
Jail-based services	1,686,124	-	-	-	1,686,124	1,337,911
Court advocacy services	2,764,556	1,183,223	-	-	3,947,779	4,889,599
ATI 212 Program 52	-	272,181	-	-	272,181	175,325
Reconnecting families and strengthening communities	11,193,369	-	-	(19,596)	11,173,773	8,243,915
Fulton community reentry center	206,029	-	-	-	206,029	237,119
Osborne Association policy center	535,735	-	-	-	535,735	472,242
Total Program Services Expenses	28,829,558	3,700,049	-	(1,024,444)	31,505,163	29,932,479
Supporting Services:						
Management and administration	6,833,645	701,416	1,009,214	(1,111,396)	7,432,879	6,353,420
Fundraising	2,203,068	-	-	(70,570)	2,132,498	1,411,411
Total Supporting Services Expenses	9,036,713	701,416	1,009,214	(1,181,966)	9,565,377	7,764,831
TOTAL OPERATING EXPENSES	37,866,271	4,401,465	1,009,214	(2,206,410)	41,070,540	37,697,310
OPERATING (LOSS) INCOME	(21,070)	(2,001,344)	2,675,023	1,240,247	1,892,856	4,914,270
NONOPERATING ACTIVITIES:						
Interest and dividends	100	-	12,792	-	12,892	8,677
Realized loss on investments	(1,560)	-	-	-	(1,560)	-
Realized gain on intangible assets	-	-	-	-	-	36,370
Unrealized gain (loss) in market value of investments	219,516	-	-	-	219,516	(175,191)
Gain (loss) on beneficial interest in perpetual trust	-	-	12,657	-	12,657	(47,223)
Rental income	1,240,247	-	-	(1,240,247)	-	-
Other income	376,614	5,059	-	-	381,673	18,922
TOTAL NONOPERATING ACTIVITIES	1,834,917	5,059	25,449	(1,240,247)	625,178	(158,445)
NONOPERATING INCOME (LOSS)	1,834,917	5,059	25,449	(1,240,247)	625,178	(158,445)
CHANGE IN NET ASSETS	1,813,847	(1,996,285)	2,700,472	-	2,518,034	4,755,825
NET ASSETS - BEGINNING OF YEAR	10,569,645	2,097,656	13,267,522	-	25,934,823	21,178,998
NET ASSETS - END OF YEAR	$ 12,383,492	$ 101,371	$ 15,967,994	$ -	$ 28,452,857	$ 25,934,823

See independent auditors' report.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

For the Year Ended June 30, 2023

The Osborne Association, Inc.

		Achieving Economic Independence			Reducing Reliance on Incarceration									
	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	Jail - Based Services	Court Advocacy Services	Reconnecting Families and Strengthening Communities	Fulton Community Reentry Center	Osborne Association Policy Center	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	The Osborne Association, Inc. Total
OPERATING EXPENSES:														
Salaries	$ 366,787	$ 1,649,233	$ 5,672,658	$ 118,112	$ 1,123,542	$ 1,046,527	$ 5,468,376	$ 123,018	$ 347,129	$ 15,915,382	$ 3,136,797	$ 1,254,165	$ 4,390,962	$ 20,306,344
Payroll taxes and employee benefits	85,658	510,420	791,907	18,458	295,554	332,992	1,466,977	37,148	87,544	3,626,658	828,393	335,655	1,164,048	4,790,706
Total Salaries and Related Costs	452,445	2,159,653	6,464,565	136,570	1,419,096	1,379,519	6,935,353	160,166	434,673	19,542,040	3,965,190	1,589,820	5,555,010	25,097,050
Occupancy	34,372	603,134	59,970	8,359	137,662	62,809	836,224	10,734	34,715	1,787,979	551,343	67,871	619,214	2,407,193
Supplies and expensed equipment	24,595	57,819	155,183	428	39,515	17,849	585,491	31,129	9,930	921,939	494,750	27,921	522,671	1,444,610
Professional fees	46,369	1,004	27,950	-	-	48,868	101,460	-	24,509	250,160	427,346	215,414	642,760	892,920
Professional fees - subcontractors	-	981,585	-	-	-	1,025,222	897,561	-	-	2,904,368	-	-	-	2,904,368
Direct participant costs	6,900	204,964	3,275	2,225	14,810	141,626	1,308,309	-	11,839	1,693,948	4,066	-	4,066	1,698,014
Telephone	4,855	32,598	26,436	442	10,651	8,415	85,228	1,083	3,463	173,171	23,862	7,883	31,745	204,916
Repairs, maintenance and alterations	-	-	-	-	-	1,610	10,625	-	-	12,235	515	-	515	12,750
Miscellaneous	6,032	13,954	311,859	5,230	11,930	15,472	72,715	2,441	2,283	441,916	56,008	34,675	90,683	532,599
Insurance	31,347	88,227	420,606	8,221	37,736	30,852	165,189	-	3,951	786,129	25,673	1,527	27,200	813,329
Training	7,312	2,205	669	-	5,044	417	22,779	-	205	38,631	15,062	220	15,282	53,913
Travel	4,612	1,480	9,130	471	-	548	37,457	-	5,748	59,446	9,447	1,766	11,213	70,659
Auto	1,665	3,214	4,851	314	3,516	-	7,327	-	-	20,887	6,999	48	7,047	27,934
Direct mail and special events	-	-	-	250	-	-	-	-	-	250	-	223,536	223,536	223,786
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	20,594	20,594	20,594
Interest	7,028	6,580	5,921	-	6,164	31,349	125,565	476	4,419	187,502	49,455	-	49,455	236,957
Depreciation and amortization	-	-	6,871	-	-	-	2,086	-	-	8,957	128,916	11,793	140,709	149,666
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	627,532	4,156,417	7,497,286	162,510	1,686,124	2,764,556	11,193,369	206,029	535,735	28,829,558	5,758,632	2,203,068	7,961,700	36,791,258
ALLOCATION OF ELIMINATIONS	(177,479)	(494,735)	(24,557)	-	-	-	(19,596)	-	-	(716,367)	(145,233)	(70,570)	(215,803)	(932,170)
TOTAL EXPENSES	$ 450,053	$ 3,661,682	$ 7,472,729	$ 162,510	$ 1,686,124	$ 2,764,556	$ 11,173,773	$ 206,029	$ 535,735	$ 28,113,191	$ 5,613,399	$ 2,132,498	$ 7,745,897	$ 35,859,088

See independent auditors' report.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

For the Year Ended June 30, 2023 (Continued)

	Osborne Treatment Services, Inc.					Thomas Mott Osborne Memorial Fund, Inc.	809 Westchester LLC			
	Prevention and Treatment Services	Reducing Reliance on Incarceration - Court Advocacy Services	ATI 212 Program 52	Management and Administration	Osborne Treatment Services, Inc. Total	Management and Administration	Management and Administration	Eliminations	Consolidated Total 2023	Consolidated Total 2022
OPERATING EXPENSES:										
Salaries	$ 1,042,060	$ 693,395	$ 185,927	$ -	$ 1,921,382	$ 139,641	$ 198,168	$ -	$ 22,565,535	$ 19,945,647
Payroll taxes and employee benefits	301,795	228,699	48,472	-	578,966	27,600	199,602	-	5,596,874	5,158,261
Total Salaries and Related Costs	1,343,855	922,094	234,399	-	2,500,348	167,241	397,770	-	28,162,409	25,103,908
Occupancy	386,806	196,201	11,867	-	594,874	6,750	134,809	(1,240,247)	1,903,379	1,413,076
Supplies and expensed equipment	36,940	14,986	10,606	-	62,532	507,414	31,721	-	2,046,277	1,735,701
Professional fees	156,010	19,137	-	-	175,147	22,076	3,750	-	1,093,893	842,521
Professional fees - subcontractors	-	-	-	-	-	-	-	-	2,904,368	4,819,043
Direct participant costs	13,590	68	987	-	14,645	-	-	-	1,712,659	799,187
Telephone	15,390	4,254	2,924	-	22,568	7,861	-	-	235,345	220,629
Repairs, maintenance and alterations	-	-	-	-	-	-	60,053	-	72,803	88,797
Miscellaneous	158,343	5,359	2,311	-	166,013	35,923	3,238	-	737,773	642,310
Insurance	18,216	20,720	7,511	-	46,447	6,957	50,688	-	917,421	781,312
Training	710	404	610	-	1,724	-	1,200	-	56,837	70,589
Travel	121	-	902	-	1,023	826	8,708	-	81,216	87,507
Auto	270	-	64	-	334	-	1,546	-	29,814	22,866
Direct mail and special events	-	-	-	-	-	-	-	-	223,786	95,295
Management fees - intercompany	-	-	-	701,416	701,416	250,360	14,387	(966,163)	-	-
Bad debt expense	43,168	-	-	-	43,168	-	-	-	63,762	368,060
Interest	71,226	-	-	-	71,226	3,806	101,758	-	413,747	189,972
Depreciation and amortization	-	-	-	-	-	-	265,385	-	415,051	416,537
TOTAL OPERATING EXPENSES - BEFORE ELIM	2,244,645	1,183,223	272,181	701,416	4,401,465	1,009,214	1,075,013	(2,206,410)	41,070,540	37,697,310
ALLOCATION OF ELIMINATIONS	(308,077)	-	-	(701,416)	(1,009,493)	(250,360)	(14,387)	2,206,410	-	-
TOTAL EXPENSES	$ 1,936,568	$ 1,183,223	$ 272,181	$ -	$ 3,391,972	$ 758,854	$ 1,060,626	$ -	$ 41,070,540	$ 37,697,310

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

For the Year Ended June 30, 2022

The Osborne Association, Inc.

		Achieving Economic Independence			Reducing Reliance on Incarceration									
	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	Jail - Based Services	Court Advocacy Services	Reconnecting Families and Strengthening Communities	Fulton Community Reentry Center	Osborne Association Policy Center	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	The Osborne Association, Inc. Total
OPERATING EXPENSES:														
Salaries	$ 1,085,773	$ 1,526,190	$ 5,350,788	$ 126,612	$ 840,132	$ 659,555	$ 3,808,095	$ 140,922	$ 310,366	$ 13,848,433	$ 2,998,378	$ 841,285	$ 3,839,663	$ 17,688,096
Payroll taxes and employee benefits	262,280	493,392	951,642	38,013	236,711	197,725	1,067,838	36,013	81,843	3,365,457	806,629	222,943	1,029,572	4,395,029
Total Salaries and Related Costs	1,348,053	2,019,582	6,302,430	164,625	1,076,843	857,280	4,875,933	176,935	392,209	17,213,890	3,805,007	1,064,228	4,869,235	22,083,125
Occupancy	230,169	335,804	45,828	8,000	133,026	137,133	716,067	1,568	29,709	1,637,304	149,229	42,865	192,094	1,829,398
Supplies and expensed equipment	26,720	69,790	116,230	3,275	32,742	11,023	836,025	356	8,807	1,104,968	382,004	65,916	447,920	1,552,888
Professional fees	3,725	-	14,397	-	-	4,930	172,996	-	23,850	219,898	422,133	40,880	463,013	682,911
Professional fees - subcontractors	448,875	944,364	21,527	-	-	744,127	861,077	3,587	-	3,023,557	-	212	212	3,023,769
Direct participant costs	3,791	134,507	27,341	-	10,353	138,448	468,340	-	5,016	787,796	2,481	435	2,916	790,712
Telephone	23,049	31,523	21,981	457	10,812	7,281	65,168	7,414	3,271	170,956	20,695	8,444	29,139	200,095
Repairs, maintenance and alterations	-	2,952	91	-	450	-	27,558	-	-	31,051	-	-	-	31,051
Miscellaneous	11,220	10,883	304,697	4,866	7,255	5,105	47,011	4,884	3,205	399,126	159,638	42,005	201,643	600,769
Insurance	13,964	63,754	318,140	5,992	43,904	45,218	112,266	42,323	-	645,561	22,093	-	22,093	667,654
Training	6,612	4,025	8,598	-	10,478	1,554	29,836	-	3,200	64,303	(990)	-	(990)	63,313
Travel	28,988	3,039	7,576	1,234	239	3,276	17,929	-	2,533	64,814	11,365	1,521	12,886	77,700
Auto	-	242	1,741	-	3,505	-	1,929	-	-	7,417	9,125	-	9,125	16,542
Direct mail and special events	-	-	-	-	-	-	690	-	-	690	-	94,605	94,605	95,295
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	117,708	-	-	-	-	-	-	117,708	-	101,756	101,756	219,464
Interest	931	7,457	4,794	-	8,304	12,221	20,308	52	442	54,509	12,967	-	12,967	67,476
Depreciation and amortization	-	-	12,032	-	-	-	8,345	-	-	20,377	118,872	11,793	130,665	151,042
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,146,097	3,627,922	7,325,111	188,449	1,337,911	1,967,596	8,261,478	237,119	472,242	25,563,925	5,114,619	1,474,660	6,589,279	32,153,204
ALLOCATION OF ELIMINATIONS	(159,067)	(443,410)	(22,009)	-	-	-	(17,563)	-	-	(642,049)	(130,166)	(63,249)	(193,415)	(835,464)
TOTAL EXPENSES	$ 1,987,030	$ 3,184,512	$ 7,303,102	$ 188,449	$ 1,337,911	$ 1,967,596	$ 8,243,915	$ 237,119	$ 472,242	$ 24,921,876	$ 4,984,453	$ 1,411,411	$ 6,395,864	$ 31,317,740

See independent auditors' report.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2022

	For the Year Ended June 30, 2022 (Continued)								
	Osborne Treatment Services, Inc.					Thomas Mott Osborne Memorial Fund, Inc.	809 Westchester LLC		
	Prevention and Treatment Services	Reducing Reliance on Incarceration - Court Advocacy Services	ATI 212 Program 52	Management and Administration	Osborne Treatment Services, Inc. Total	Management and Administration	Management and Administration	Eliminations	Consolidated Total 2022
OPERATING EXPENSES:									
Salaries	$ 1,128,493	$ 659,818	$ 136,498	$ -	$ 1,924,809	$ 40,513	$ 292,229	$ -	$ 19,945,647
Payroll taxes and employee benefits	337,272	220,320	28,170	-	585,762	13,076	164,394	-	5,158,261
Total Salaries and Related Costs	1,465,765	880,138	164,668	-	2,510,571	53,589	456,623	-	25,103,908
Occupancy	369,507	165,412	-	-	534,919	-	160,340	(1,111,581)	1,413,076
Supplies and expensed equipment	18,218	15,413	884	-	34,515	137,066	11,232	-	1,735,701
Professional fees	100,166	31,564	-	-	131,730	15,391	12,489	-	842,521
Professional fees - subcontractors	-	1,795,274	-	-	1,795,274	-	-	-	4,819,043
Direct participant costs	2,425	-	6,050	-	8,475	-	-	-	799,187
Telephone	14,942	3,051	865	-	18,858	279	1,397	-	220,629
Repairs, maintenance and alterations	-	-	-	-	-	-	57,746	-	88,797
Miscellaneous	23,597	5,024	50	-	28,671	10,288	2,582	-	642,310
Insurance	39,148	15,232	-	-	54,380	15,075	44,203	-	781,312
Training	3,194	1,848	1,722	-	6,764	-	512	-	70,589
Travel	412	20	1,086	-	1,518	488	7,801	-	87,507
Auto	-	-	-	-	-	-	6,324	-	22,866
Direct mail and special events	-	-	-	-	-	-	-	-	95,295
Management fees - intercompany	-	-	-	783,827	783,827	8,831	1,372	(794,030)	-
Bad debt expense	148,596	-	-	-	148,596	-	-	-	368,060
Interest	3,422	9,027	-	-	12,449	24	110,023	-	189,972
Depreciation and amortization	-	-	-	-	-	-	265,495	-	416,537
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,189,392	2,922,003	175,325	783,827	6,070,547	241,031	1,138,139	(1,905,611)	37,697,310
ALLOCATION OF ELIMINATIONS	(276,117)	-	-	(783,827)	(1,059,944)	(8,831)	(1,372)	1,905,611	-
TOTAL EXPENSES	$ 1,913,275	$ 2,922,003	$ 175,325	$ -	$ 5,010,603	$ 232,200	$ 1,136,767	$ -	$ 37,697,310