THE OSBORNE ASSOCIATION, INC.
AND AFFILIATES

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

YEARS ENDED JUNE 30, 2024 AND 2023

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES

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

YEARS ENDED JUNE 30, 2024 AND 2023

CONTENTS

CBIZ CPAs P.C.

685 Third Avenue
New York, NY 10017

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Substantial Doubt about the Association's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Association will continue as a going concern. As discussed in Note 17 to the financial statements, the Association has approximately $7.1 million in debt service obligations due in December 2025 and is uncertain whether they will have sufficient funds to meet the obligation. Because of this debt service obligation, there are conditions that raise substantial doubt on the Association's ability to continue as a going concern, as the potential of an event of default on its Mortgage and/or Line of Credit exists. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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.

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 audits were 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.

CBIZ CPAs P.C.

New York, NY
June 12, 2025

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash (Notes 2E, 3 and 16)	$ 931,042	$ 1,545,232
Restricted cash (Notes 2E, 15 and 16)	1,247,164	2,918,642
Government grants and other receivables, net (Notes 2D, 2H and 3)	20,509,654	20,713,571
Investments (Notes 2F, 3 and 5)	949,144	1,225,206
Prepaid expenses and other assets	325,128	532,597
Property held for sale, net (Note 4)	2,325,499	-
Property and equipment, net (Notes 2G and 4)	44,620,667	43,452,574
Operating lease right-of-use asset (Note 10)	7,597,205	8,807,240
Finance lease right-of-use asset (Note 10)	122,156	178,536
Security deposits	170,346	170,509
Beneficial interest in perpetual trust (Notes 2F, 3, 5, 6 and 13)	274,762	248,861
TOTAL ASSETS	$ 79,072,767	$ 79,792,968
LIABILITIES		
Accounts payable and accrued expenses	$ 2,379,033	$ 3,399,610
Accrued salary and vacation	1,500,045	745,598
Deferred revenue/refundable advances (Notes 2H and 7)	5,686,866	1,150,126
Operating lease liability (Note 10)	8,009,158	9,177,219
Finance lease liability (Note 10)	124,325	178,239
Notes and loans payable (Note 8)	6,133,027	9,206,552
Construction loans payable (Note 8)	24,360,887	25,145,922
Mortgage payable (Note 9)	2,143,025	2,336,845
TOTAL LIABILITIES	50,336,366	51,340,111
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2B)		
Without donor restrictions		
Board Designated - Reserve Fund (Notes 3 and 14)	1,866,130	1,866,130
Board Designated - Fulton Reserve (Note 14)	890,873	890,873
Available for operations	21,677,953	7,110,552
Total net assets without donor restrictions	24,434,956	9,867,555
With donor restrictions (Notes 3, 6 and 13)	4,301,445	18,585,302
TOTAL NET ASSETS	28,736,401	28,452,857
TOTAL LIABILITIES AND NET ASSETS	$ 79,072,767	$ 79,792,968

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	FOR THE YEAR ENDED JUNE 30, 2024				FOR THE YEAR ENDED JUNE 30, 2023			
	Without Donor Restrictions				Without Donor Restrictions			
	Available for Operations	Board Designated	With Donor Restrictions	Total 2024	Available for Operations	Board Designated	With Donor Restrictions	Total 2023
OPERATING SUPPORT AND REVENUE:								
Public Support:								
Financial contributions and grants (Note 2C)	$ 464,980	$ -	$ 2,392,405	$ 2,857,385	$ 306,942	$ -	$ 3,508,085	$ 3,815,027
Special events (net of direct expenses of $239,879 and $212,382 for 2024 and 2023, respectively)	539,183	-	-	539,183	1,026,945	-	-	1,026,945
Nonfinancial contributions (Note 2J)	34,000	-	-	34,000	48,129	-	-	48,129
Net assets released from restrictions (Notes 2B and 13)	16,702,163	-	(16,702,163)	-	3,191,178	-	(3,191,178)	-
Total Public Support	17,740,326	-	(14,309,758)	3,430,568	4,573,194	-	316,907	4,890,101
Fee for Service:								
Medicaid	94,943	-	-	94,943	529,625	-	-	529,625
Janitorial	6,917,945	-	-	6,917,945	7,768,946	-	-	7,768,946
Total Fee for Service (Note 2H)	7,012,888	-	-	7,012,888	8,298,571	-	-	8,298,571
Governmental Support:								
New York State	5,548,000	-	-	5,548,000	4,165,110	-	2,130,541	6,295,651
New York City (Note 8)	18,893,202	-	-	18,893,202	21,171,548	-	-	21,171,548
Federal-direct and indirect	2,631,655	-	-	2,631,655	2,095,143	-	-	2,095,143
Extinguishment of debt (Note 11C)	3,195,268	-	-	3,195,268	-	-	-	-
Total Governmental Support (Note 2H)	30,268,125	-	-	30,268,125	27,431,801	-	2,130,541	29,562,342
TOTAL OPERATING SUPPORT AND REVENUE	55,021,339	-	(14,309,758)	40,711,581	40,303,566	-	2,447,448	42,751,014
OPERATING EXPENSES:								
Program Services:								
Adopting healthy lifestyles	2,299,325	-	-	2,299,325	2,386,621	-	-	2,386,621
Achieving economic independence:								
Workforce development	3,856,550	-	-	3,856,550	3,661,682	-	-	3,661,682
Janitorial/maintenance services	6,317,513	-	-	6,317,513	7,472,729	-	-	7,472,729
Osborne social ventures	228,709	-	-	228,709	162,510	-	-	162,510
Reducing reliance on incarceration:								
Jail-based services	283,292	-	-	283,292	1,686,124	-	-	1,686,124
Court advocacy services	4,598,798	-	-	4,598,798	3,947,779	-	-	3,947,779
ATI 212 Program 52	298,512	-	-	298,512	272,181	-	-	272,181
Reconnecting families and strengthening communities	10,689,482	-	-	10,689,482	11,173,773	-	-	11,173,773
Fulton community reentry center	294,875	-	-	294,875	206,029	-	-	206,029
Osborne Association policy center	600,890	-	-	600,890	535,735	-	-	535,735
Total Program Services Expenses	29,467,946	-	-	29,467,946	31,505,163	-	-	31,505,163
Supporting Services:								
Management and administration	9,635,761	-	-	9,635,761	7,432,879	-	-	7,432,879
Fundraising	1,089,389	-	-	1,089,389	1,920,116	-	-	1,920,116
Total Supporting Services Expenses	10,725,150	-	-	10,725,150	9,352,995	-	-	9,352,995
TOTAL OPERATING EXPENSES (Note 2I)	40,193,096	-	-	40,193,096	40,858,158	-	-	40,858,158
OPERATING INCOME (LOSS)	14,828,243	-	(14,309,758)	518,485	(554,592)	-	2,447,448	1,892,856
NONOPERATING AND PRIOR YEAR ACTIVITIES:								
Prior year revenue reduction	(831,713)	-	-	(831,713)	-	-	-	-
Interest and dividends	9,583	-	-	9,583	12,892	-	-	12,892
Realized and unrealized gain in market value of investments	213,938	-	-	213,938	217,956	-	-	217,956
Gain on beneficial interest in perpetual trust	-	-	25,901	25,901	-	-	12,657	12,657
Other income	347,350	-	-	347,350	381,673	-	-	381,673
TOTAL NONOPERATING AND PRIOR YEAR ACTIVITIES	(260,842)	-	25,901	(234,941)	612,521	-	12,657	625,178
NONOPERATING AND PRIOR YEAR (LOSS) INCOME	(260,842)	-	25,901	(234,941)	612,521	-	12,657	625,178
CHANGE IN NET ASSETS	14,567,401	-	(14,283,857)	283,544	57,929	-	2,460,105	2,518,034
NET ASSETS - BEGINNING 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
NET ASSETS- END OF YEAR	$ 21,677,953	$ 2,757,003	$ 4,301,445	$ 28,736,401	$ 7,110,552	$ 2,757,003	$ 18,585,302	$ 28,452,857

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, 2024
(With Comparative Totals for June 30, 2023)

	For the Year Ended June 30, 2024																
	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 2024	Total 2023
OPERATING EXPENSES:																	
Salaries	$ 1,306,736	$ 1,693,634	$ 4,809,438	$ 147,498	$ 144,256	$ 2,328,064	$ 163,470	$ 5,786,502	$ 161,370	$ 394,087	$ 16,935,055	$ 4,012,537	$ 449,311	$ 4,461,848	$ -	$ 21,396,903	$ 22,565,535
Payroll taxes and employee benefits (Note 12)	338,321	510,558	592,895	26,729	21,716	711,379	46,340	1,595,356	51,317	109,902	4,004,513	1,071,758	189,594	1,261,352	-	5,265,865	5,596,874
Total Salaries and Related Costs	1,645,057	2,204,192	5,402,333	174,227	165,972	3,039,443	209,810	7,381,858	212,687	503,989	20,939,568	5,084,295	638,905	5,723,200	-	26,662,768	28,162,409
Occupancy (Note 10)	405,299	450,073	57,577	10,971	46,204	356,758	42,827	2,843,248	23,146	26,892	4,262,995	920,143	48,027	968,170	(3,269,221)	1,961,944	1,903,379
Supplies and expensed equipment (Note 2G)	33,765	31,091	146,651	22,922	12,244	21,272	6,756	571,934	37,291	5,470	889,396	451,346	26,200	477,546	-	1,366,942	2,046,277
Professional fees	409,634	8,301	10,677	142	342	74,833	1,676	33,452	11,115	20,512	570,684	968,135	562,335	1,530,470	-	2,101,154	1,093,893
Professional fees - subcontractors	-	1,226,742	-	750	-	860,888	-	133,374	-	-	2,221,754	47	-	47	-	2,221,801	2,904,368
Direct participant costs	4,481	216,617	2,199	2,795	1,346	12,787	23,588	1,056,265	1,971	7,193	1,329,242	2,228	577	2,805	-	1,332,047	1,712,659
Telephone	21,269	35,994	18,042	1,350	2,457	39,507	2,796	95,471	621	4,714	222,221	36,903	8,243	45,146	-	267,367	235,345
Repairs, maintenance and alterations	-	-	-	-	-	-	-	3,910	-	91	4,001	73,665	-	73,665	-	77,666	72,803
Miscellaneous	153,073	12,619	279,780	593	1,377	16,665	1,021	46,491	3,432	2,743	517,794	98,213	20,997	119,210	-	637,004	737,773
Insurance	33,828	114,980	412,235	8,623	5,226	98,752	5,545	304,193	-	6,964	990,346	112,743	-	112,743	-	1,103,089	917,421
Training	620	1,726	1,924	-	-	2,916	4,449	17,414	240	875	30,164	13,229	-	13,229	-	43,393	56,837
Travel	1,800	10,789	6,445	102	-	1,726	44	30,315	2,771	8,988	62,980	22,468	933	23,401	-	86,381	81,216
Auto	55	2,141	-	-	-	-	-	3,101	42	-	5,339	8,111	-	8,111	-	13,450	29,814
Direct mail and special events	1,868	-	-	1,210	-	39	-	-	-	-	3,117	3,283	81,828	85,111	-	88,228	223,786
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	660,521	-	660,521	(660,521)	-	-
Bad debt expense	-	-	-	-	46,246	-	-	-	-	-	46,246	1,090,263	-	1,090,263	-	1,136,509	63,762
Interest (Notes 8, 9 and 10)	74,132	36,020	4,207	5,024	1,878	73,212	-	217,026	1,559	12,459	425,517	295,467	-	295,467	-	720,984	413,747
Depreciation and amortization (Notes 4 and 10)	-	-	-	-	-	-	-	-	-	-	-	600,455	11,793	612,248	-	612,248	415,051
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,784,881	4,351,285	6,342,070	228,709	283,292	4,598,798	298,512	12,738,052	294,875	600,890	32,521,364	10,441,515	1,399,838	11,841,353	(3,929,742)	40,432,975	41,070,540
LESS: COST OF DIRECT BENEFIT TO DONORS (Note 2L)	-	-	-	-	-	-	-	-	-	-	-	-	(239,879)	(239,879)	-	(239,879)	(212,382)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,784,881	4,351,285	6,342,070	228,709	283,292	4,598,798	298,512	12,738,052	294,875	600,890	32,521,364	10,441,515	1,159,959	11,601,474	(3,929,742)	40,193,096	40,858,158
ALLOCATION OF ELIMINATIONS	(485,556)	(494,735)	(24,557)	-	-	-	-	(2,048,570)	-	-	(3,053,418)	(805,754)	(70,570)	(876,324)	3,929,742	-	-
TOTAL EXPENSES	$ 2,299,325	$ 3,856,550	$ 6,317,513	$ 228,709	$ 283,292	$ 4,598,798	$ 298,512	$ 10,689,482	$ 294,875	$ 600,890	$ 29,467,946	$ 9,635,761	$ 1,089,389	$ 10,725,150	$ -	$ 40,193,096	$ 40,858,158

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	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
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
Payroll taxes and employee benefits (Note 12)	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
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
Occupancy (Note 10)	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
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
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
Professional fees - subcontractors	-	981,585	-	-	-	1,025,222	-	897,561	-	-	2,904,368	-	-	-	-	2,904,368
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
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
Repairs, maintenance and alterations	-	-	-	-	-	1,610	-	10,625	-	-	12,235	60,568	-	60,568	-	72,803
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
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
Training	8,022	2,205	669	-	5,044	821	610	22,779	-	205	40,355	16,262	220	16,482	-	56,837
Travel	4,733	1,480	9,130	471	-	548	902	37,457	-	5,748	60,469	18,981	1,766	20,747	-	81,216
Auto	1,935	3,214	4,851	314	3,516	-	64	7,327	-	-	21,221	8,545	48	8,593	-	29,814
Direct mail and special events	-	-	-	250	-	-	-	-	-	-	250	-	223,536	223,536	-	223,786
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	966,163	-	966,163	(966,163)	-
Bad debt expense	43,168	-	-	-	-	-	-	-	-	-	43,168	-	20,594	20,594	-	63,762
Interest (Notes 8 and 9)	78,254	6,580	5,921	-	6,164	31,349	-	125,565	476	4,419	258,728	155,019	-	155,019	-	413,747
Depreciation and amortization (Notes 4 and 10)	-	-	6,871	-	-	-	-	2,086	-	-	8,957	394,301	11,793	406,094	-	415,051
SUBTOTAL 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
LESS: COST OF DIRECT BENEFIT TO DONORS (Note 2L)	-	-	-	-	-	-	-	-	-	-	-	-	(212,382)	(212,382)	-	(212,382)
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	1,990,686	10,534,961	(2,206,410)	40,858,158
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	$1,920,116	$9,352,995	$ -	$40,858,158

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 283,544	$ 2,518,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on beneficial interest in perpetual trust	(25,901)	(12,657)
Realized and unrealized gain on investments	(213,938)	(217,956)
Donated securities	(10,000)	(5,140)
Bad debt	1,136,509	63,762
Deferred rent	-	(377,171)
Depreciation and amortization	612,248	415,051
Extinguishment of debt	(3,195,268)	-
Non-cash right-of-use asset adjustment	41,974	369,979
Subtotal	(1,370,832)	2,753,902
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government grants and other receivables	(932,592)	(282,959)
Contributions receivable	-	511,352
Prepaid expenses and other assets	207,469	23,312
Advances paid to subcontractors	-	259,322
Security deposits	163	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,020,577)	(3,164,005)
Accrued salary and vacation	754,447	(75,655)
Deferred revenue/refundable advances	4,536,740	960,126
Net Cash Provided by Operating Activities	2,174,818	985,395
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,049,460)	(8,940,965)
Sale of investments	500,000	-
Net Cash Used in Investing Activities	(3,549,460)	(8,940,965)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of principal portion of lease liability	(53,914)	(4,995)
Proceeds from notes and loans and construction loans payable	791,413	13,324,067
Principal payments of notes and loans and construction loans payable	(1,454,705)	(4,422,646)
Principal payments of mortgage payable	(193,820)	(203,315)
Net Cash (Used in) Provided by Financing Activities	(911,026)	8,693,111
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(2,285,668)	737,541
Cash and restricted cash - beginning of year	4,463,874	3,726,333
CASH AND RESTRICTED CASH - END OF YEAR	$ 2,178,206	$ 4,463,874
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest, net of capitalized interest	$ 720,984	$ 413,747
Extinguishment of debt	$ 3,195,268	$ -

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 the "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 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 was a highly structured and medically supervised intensive substance use disorder day-treatment program. It provided 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. The El Rio program was closed June 30, 2024 and our New York State Office of Addiction Services and Supports ("OASAS") license ended as of that date. All participants have been referred out to other substance use treatment providers.

  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, education, reentry, discharge, transitional planning, case management, linkage to primary care, treatment adherence, and support groups.

  Housing Placement and Assistance assists people who have come in contact with the criminal legal system 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, provides workforce development services, 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 or 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 Credit Losses and Uncollectible Receivables*** **–** The Association determines whether an allowance for credit losses should be provided for accounts receivable for contracts with customers and an allowance for uncollectible receivables for accounts receivable for government grants and contributions receivable. The allowance for credit losses is based on management's assessment of the aged basis of its receivables, current and future economic conditions, historical experience, credit worthiness of its customers and collections subsequent to year end. The allowance for uncollectible receivables is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its grantors and donors and collections subsequent to year-end. As of both June 30, 2024 and 2023, the Association determined no allowance for credit losses was necessary, and an allowance for uncollectible receivables of $263,215 and $65,831 was necessary as of June 30, 2024 and 2023, respectively.

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, 2024 or 2023. 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:

	2024	2023
Cash	$ 931,042	$ 1,545,232
Restricted cash	1,247,164	2,918,642
Subtotal	$ 2,178,206	$ 4,463,874

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 5.

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 $77,909,000 and $57,138,000, respectively, that have not been recognized as of June 30, 2024 and 2023 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)

Accounts receivable from contracts with customers, included in government grants and other receivables, net on the statement of net position, are as follows:

June 30, 2024	June 30, 2023	July 1, 2022
$ 1,138,156	$ 1,052,526	$ 1,215,121

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. ***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 $34,000 and $48,129 for the years ended June 30, 2024 and 2023, 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.

K. ***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.

L. ***Special Events Direct Costs*** – The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

M. ***Reclassifications*** – Certain reclassifications have been made to the 2023 amounts to conform to the current year presentation.

N. ***Recent Accounting Pronouncements*** **–** On July 1, 2023, the Association adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-03, Financial Instruments—Credit Losses, (Topic 326), Measurement of Credit Losses on Financial Instruments (Accounting Standards Codification ("ASC") 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. This did not have an impact on the Association for the year ended June 30, 2024.

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 a line of credit that provides funding for operations and capital expenditures as needed.

NOTE 3—LIQUIDITY AND AVAILABILITY (Continued)

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:

	2024	2023
Cash	$ 931,042	$ 1,545,232
Government grants and other receivables, net	20,509,654	20,713,571
Investments	949,144	1,225,206
Total	22,389,840	23,484,009
Less: items unavailable for general expenditures within one year		
Net assets with donor restrictions, net of contributed property and beneficial interest in perpetual trust	(4,026,683)	(13,336,441)
Reserve and Fulton fund	(2,757,003)	(2,757,003)
Total	$ 15,606,154	$ 7,390,565

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 $274,762 and $248,861 as of June 30, 2024 and 2023, 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, 2024, the Association has drawn down $5,000,000 of the line of credit (see Note 8).

NOTE 4—PROPERTY AND EQUIPMENT, NET

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

	2024	2023	Estimated Useful Lives
Land	$ 751,155	$ 1,414,417	
Building and improvements	43,632,166	7,173,190	20 Years
Leasehold improvements	69,924	1,266,019	15 Years
Vehicles	306,206	306,206	3 Years
Furniture and equipment	1,169,444	1,137,767	7 Years
Construction in progress (see below)	-	36,433,888	
Total cost	45,928,895	47,731,487	
Less: accumulated depreciation and amortization	(1,308,228)	(4,278,913)	
Net book value	$ 44,620,667	$ 43,452,574	

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 amounted to $555,868 and $415,051, respectively.

NOTE 4—PROPERTY AND EQUIPMENT, NET (Continued)

Construction in progress as of June 30, 2023 included renovations to the Fulton building. This project was placed into service in June 2024.

Property held for sale was for the 809 Westchester Building placed on sale through board resolution. The 809 Westchester Building amounted to $2,325,499 with total costs of $5,852,052 and accumulated depreciation of $3,526,553 as of June 30, 2024.

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of June 30:

	2024	2023
Money market funds	$ 26,545	$ 82,556
Exchange-traded funds	795,991	1,044,652
Mutual funds	12,649	10,195
Corporate stock	113,959	87,803
	$ 949,144	$ 1,225,206

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.

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).

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Association's assets that are measured at fair value for each level at June 30, 2024:

	Level 1	Level 3	Total
Money market funds	$ 26,545	$ -	$ 26,545
Exchange-traded funds	795,991	-	795,991
Mutual funds	12,649	-	12,649
Corporate stock	113,959	-	113,959
Beneficial interest in perpetual trust	-	274,762	274,762
Assets at Fair Value	$ 949,144	$ 274,762	$ 1,223,906

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 reconciliation for the years ended June 30, 2024 and 2023, of the beneficial interest in perpetual trusts measured at estimated fair value classified in Level 3 is as follows:

	2024	2023
Balance, beginning of year	$ 248,861	$ 236,204
Unrealized gain	25,901	12,657
Balance, end of year	$ 274,762	$ 248,861

NOTE 6—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:

	2024	2023
Money market funds	$ 3,693	$ 4,677
Mutual funds	271,069	244,184
	$ 274,762	$ 248,861

NOTE 7—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, 2024 and 2023, OTS established a reserve of approximately $1,000,000 and $236,000, 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 performed a review of its Medicaid programs' claiming records for compliance with OMIG protocols and assessed the need for a self-disclosure for potential ineligible billings for the periods between 2014-2019. The review identified ineligible billings of $3,463,771, of which $1,000,000 has been accrued as part of the Association's reserve in accordance with FASB ASC 450, *Contingencies*. The Association has proposed a settlement to OMIG, which is still under review by OMIG, for $1,000,000, which had been determined to be the best estimate of the Association's liability at the date of this report. The Association has not completed its review of its Medicaid programs' claiming records for compliance with OMIG protocols for periods between 2020-2023. Further review of records for this period may result in additional identified ineligible billings, however, these amounts cannot be estimated at this time. It is reasonably possible that management's estimate may change in the near term and the effect of the change could be material to the consolidated financial statements.

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 8—NOTES AND LOANS PAYABLE

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

	2024	2023	Annual Interest Rate	Due Date
A line of credit from a bank totaling $5,000,000. Secured by all assets of OA. As of June 12, 2025, the outstanding borrowings on the line of credit amounted to $5,000,000.	$ 5,000,000	$ 5,000,000	360-day Adjusted Secured Overnight Financing Rate ("SOFR"), plus 3%	2025
In April 2020, the Association obtained a Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan from a bank. See Note 11C for more information.	341,614	3,656,552	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 did not have a stated maturity date, but was repaid in 2024.	-	550,000	0%	2024
A 30-day interest free loan from the Fund for the City of New York. These balances were fully repaid with the accounts receivable of the Association in July 2024.	791,413	-	0%	2024
	$ 6,133,027	$ 9,206,552		

Future annual principal payments for notes and loans payable for each of the fiscal years ended after June 30, 2024 are as follows:

2025	$ 980,272
2026	5,152,755
	$ 6,133,027

Interest expense was $519,366 and $311,989 for the years ended June 30, 2024 and 2023, 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 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 $17,161,001 and $17,721,067 as of June 30, 2024 and 2023, respectively. The Association capitalized interest costs of $777,594 and $675,043 and expensed interest costs of $69,593 and $0 during the years ended June 30, 2024 and 2023, respectively.

NOTE 8—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 an original available principal amount up to $4,782,542 and bears interest at 3.85%. During 2022, an additional principal amount of $3,406,135 was made available from the lender and bears interest at 6.75%. The additional 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 $7,199,886 and $7,424,855 as of June 30, 2024 and 2023, respectively. The Association capitalized interest costs of $353,126 and $262,049 and expensed interest costs of $31,626 and $0 during the years ended June 30, 2024 and 2023, 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, 2024 and 2023, the Association had recognized government support of approximately $2,028,000 and $845,000 in the consolidated statements of activities.

Future annual principal payments for construction loans payable for each of the fiscal years ended after June 30, 2024 are as follows:

2025	$ 823,519
2026	864,023
2027	906,661
2028	951,555
2029	998,831
Thereafter	19,816,298
	$ 24,360,887

NOTE 9—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 on July 25, 2017. This mortgage loan has a seven year amortization, matured on June 26, 2024, and was extended to December 19, 2025, at which time the remaining unpaid principal balance and accrued unpaid interest becomes 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 for mortgage payable for each of the fiscal years ended after June 30, 2024 are as follows:

2025	$ 34,698
2026	2,108,327
	$ 2,143,025

Interest expense was $94,373 and $101,758 for the years ended June 30, 2024 and 2023, respectively.

NOTE 10—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 of June 30, 2024 and 2023, the finance lease ROU asset had a balance of $122,156 and $178,536, respectively, and the operating lease ROU asset had a balance of $7,597,205 and $8,807,240, respectively, as shown in the consolidated statements of financial position; the finance lease liability totaled $124,325 and $178,239, respectively, and the operating lease liability totaled $8,009,158 and $9,177,219, respectively, 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, 2024 and 2023 were $1,456,592 and $1,443,066, respectively. Total cash paid by the Association in the determination of the operating lease liability was $1,414,618 and $1,357,212 and the finance lease liability was $53,914 and $4,995, respectively, for the years ended June 30, 2024 and 2023. Total finance lease costs for the years ended June 30, 2024, and 2023, were interest expense of $6,026 and $0, respectively, and amortization expense, of $56,380 and $4,698, respectively. For the years ended June 30, 2024 and 2023, operating leases weighted-average of the remaining lease term was 6.86 years and 7.6 years, respectively, the weighted average discount rates were both 2.88% and the finance lease weighted-average of the remaining lease term was 2.17 years and 3.2 years, respectively, and the weighted-average discount rate was both 3.98%. The total non-cash adjustment on lease liabilities resulting from obtaining operating ROU's was $41,974 and $369,979 for the years ended June 30, 2024 and 2023, respectively.

Future minimum rental payments under these leases for the years ending subsequent to June 30, 2024 are as follows:

	Operating	Finance
2025	$ 1,397,833	$ 59,940
2026	1,135,733	59,940
2027	1,169,803	9,990
2028	1,204,897	-
2029	1,241,043	-
Thereafter	2,706,595	-
	8,855,904	129,870
Less: Present value discount	(846,746)	(5,545)
Present value of lease liability	$ 8,009,158	$ 124,325

NOTE 11—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 7. 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, 2024 and 2023, in accordance with the provisions of FASB ASC Topic 740, *Income Taxes*.

NOTE 11—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 was recognized as an extinguishment of debt in the year ended June 30, 2024. 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, was incurred in fiscal year 2023, and both were included in the loan balance to be repaid. 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.

D. The Association is a defendant with respect to a claim arising in the normal conduct of its business. Management and legal counsels believe the ultimate resolution of the claim will not have a material impact on the financial position and changes in net assets of the Association. The Association in the normal course of business is party to complaints with various bodies, which have not yet materialized. Management does not believe the outcomes will have a material impact the financial position and change in net assets of the Association.

NOTE 12—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 $464,320 and $601,505 for the years ended June 30, 2024 and 2023, respectively, and are included in payroll taxes and employee benefits expense in the accompanying consolidated financial statements.

NOTE 13—NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Donated property – Fulton	$ -	$ 4,250,000
Capital grants for redevelopment of Fulton	-	9,320,401
Programmatic services	4,026,683	4,016,040
Donated property (land – Fulton)	-	750,000
Beneficial interest in perpetual trust	274,762	248,861
	$ 4,301,445	$ 18,585,302

Net assets were released from donor restrictions during the years ended June 30, 2024 and 2023 by incurring expenses satisfying the restricted purpose, or occurrences specified by the donors, and amounted to $16,702,163 and $3,191,178, respectively.

NOTE 14—BOARD-DESIGNATED FUNDS

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

	7/1/2023 Balance	Additions	Withdrawals	6/30/2024 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:

	7/1/2022 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

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 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 15—RESTRICTED CASH

Restricted cash consisted of the following as of June 30:

	2024	2023
Wells Fargo Fulton Cash Management Account	$ 201,940	$ 32,858
Wells Fargo Fulton Add-on Accounts	673,127	863,734
TIAA Fulton Project Loan Construction Account	313,627	405,828
TIAA Fulton Building Loan Construction Account	58,470	1,616,222
Total	$ 1,247,164	$ 2,918,642

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 16—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, 2024 and 2023, cash held in three banks exceeded FDIC limits by approximately $1,300,000 and $3,600,000, respectively.

NOTE 17—SUBSTANTIAL DOUBT ABOUT THE ABILITY TO CONTINUE AS A GOING CONCERN

In accordance with the terms and payment schedule of the Association's Mortgage and Line of Credit approximately $7.1 million of debt will become due and payable in December 2025 absent of a refinancing of the Mortgage and renewal or refinancing of the Line of Credit. Due to uncertainty on whether future cash flows will result in sufficient cash and cash equivalents to meet the obligations when they become due and payable, there are conditions that raise substantial doubt on the Association's ability to continue as a going concern within one year after the issuance date, as the potential of an event of default on the Mortgage and/or Line of Credit exists. The ability to continue as a going concern is dependent upon the ability to refinance the Mortgage and renew or refinance the Line of Credit or identify other means to raise sufficient cash and cash equivalents. The Association has and will continue to monitor the market for potential refinancing options or other means to raise sufficient cash and cash equivalents.

NOTE 18—SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the consolidated statement of financial position through June 12, 2025, the date the consolidated financial statements were available to be issued.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

	AS OF JUNE 30, 2024					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2024	Consolidated Total 2023
ASSETS						
Cash	$ 758,024	$ 61,832	$ 111,186	$ -	$ 931,042	$ 1,545,232
Restricted cash	-	-	1,247,164	-	1,247,164	2,918,642
Government grants and other receivables, net	16,160,416	4,143,768	205,470	-	20,509,654	20,713,571
Investments	949,144	-	-	-	949,144	1,225,206
Due from affiliated organizations	9,314,318	-	-	(9,314,318)	-	-
Prepaid expenses and other assets	323,327	126	1,675	-	325,128	532,597
Property held for sale, net	2,325,499	-	-	-	2,325,499	-
Property and equipment, net	290,458	70,728	44,259,481	-	44,620,667	43,452,574
Operating lease right-of-use asset	7,597,205	-	-	-	7,597,205	8,807,240
Finance lease right-of-use asset	122,156	-	-	-	122,156	178,536
Security deposits	170,346	-	-	-	170,346	170,509
Beneficial interest in perpetual trust	-	-	274,762	-	274,762	248,861
TOTAL ASSETS	$ 38,010,893	$ 4,276,454	$ 46,099,738	$ (9,314,318)	$ 79,072,767	$ 79,792,968
LIABILITIES						
Accounts payable and accrued expenses	$ 1,949,569	$ 218,341	$ 211,123	$ -	$ 2,379,033	$ 3,399,610
Accrued salary and vacation	1,500,045	-	-	-	1,500,045	745,598
Deferred revenue/refundable advances	4,557,866	1,129,000	-	-	5,686,866	1,150,126
Due to affiliated organizations	-	5,545,801	3,768,517	(9,314,318)	-	-
Operating lease liability	8,009,158	-	-	-	8,009,158	9,177,219
Finance lease liability	124,325	-	-	-	124,325	178,239
Notes and loans payable	5,791,412	341,615	-	-	6,133,027	9,206,552
Construction loans payable	-	-	24,360,887	-	24,360,887	25,145,922
Mortgage payable	2,143,025	-	-	-	2,143,025	2,336,845
TOTAL LIABILITIES	24,075,400	7,234,757	28,340,527	(9,314,318)	50,336,366	51,340,111
NET ASSETS						
Without donor restrictions						
Board Designated - Reserve Fund	1,866,130	-	-	-	1,866,130	1,866,130
Board Designated - Fulton Reserve	-	-	890,873	-	890,873	890,873
Available for operations	8,042,680	(2,958,303)	16,593,576	-	21,677,953	7,110,552
Total net assets without donor restrictions	9,908,810	(2,958,303)	17,484,449	-	24,434,956	9,867,555
With donor restrictions	4,026,683	-	274,762	-	4,301,445	18,585,302
TOTAL NET ASSETS	13,935,493	(2,958,303)	17,759,211	-	28,736,401	28,452,857
TOTAL LIABILITIES AND NET ASSETS	$ 38,010,893	$ 4,276,454	$ 46,099,738	$ (9,314,318)	$ 79,072,767	$ 79,792,968

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

	FOR THE YEAR ENDED JUNE 30, 2024					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2024	Consolidated Total 2023
OPERATING SUPPORT AND REVENUE:						
Public Support:						
Financial contributions and grants	$ 2,857,385	$ -	$ -	$ -	$ 2,857,385	$ 3,815,027
Special events (net of direct expenses of $239,879 and $212,382 for 2024 and 2023, respectively)	539,183	-	-	-	539,183	1,026,945
Nonfinancial contributions	34,000	-	-	-	34,000	48,129
Total Public Support	3,430,568	-	-	-	3,430,568	4,890,101
Fee for Service:						
Medicaid	-	94,943	-	-	94,943	529,625
Janitorial	6,917,945	-	-	-	6,917,945	7,768,946
Total Fee for Service	6,917,945	94,943	-	-	7,012,888	8,298,571
Governmental Support:						
New York State	5,547,961	39	-	-	5,548,000	6,295,651
New York City	16,847,559	2,045,643	-	-	18,893,202	21,171,548
Federal-direct and indirect	2,631,655	-	-	-	2,631,655	2,095,143
Extinguishment of debt	3,195,268	-	-	-	3,195,268	-
Total Governmental Support	28,222,443	2,045,682	-	-	30,268,125	29,562,342
Revenue:						
Management fee	660,521	-	-	(660,521)	-	-
TOTAL OPERATING SUPPORT REVENUE	39,231,477	2,140,625	-	(660,521)	40,711,581	42,751,014
OPERATING EXPENSES:						
Program Services:						
Adopting healthy lifestyles	536,500	2,248,381	-	(485,556)	2,299,325	2,386,621
Achieving economic independence:						
Workforce development	4,351,285	-	-	(494,735)	3,856,550	3,661,682
Janitorial/maintenance services	6,342,070	-	-	(24,557)	6,317,513	7,472,729
Osborne social ventures	228,709	-	-	-	228,709	162,510
Reducing reliance on incarceration:						
Jail-based services	283,292	-	-	-	283,292	1,686,124
Court advocacy services	3,434,962	1,163,836	-	-	4,598,798	3,947,779
ATI 212 Program 52	-	298,512	-	-	298,512	272,181
Reconnecting families and strengthening communities	12,738,052	-	-	(2,048,570)	10,689,482	11,173,773
Fulton community reentry center	294,875	-	-	-	294,875	206,029
Osborne Association policy center	600,890	-	-	-	600,890	535,735
Total Program Services Expenses	28,810,635	3,710,729	-	(3,053,418)	29,467,946	31,505,163
Supporting Services:						
Management and administration	9,510,512	657,862	273,141	(805,754)	9,635,761	7,432,879
Fundraising	1,159,959	-	-	(70,570)	1,089,389	1,920,116
Total Supporting Services Expenses	10,670,471	657,862	273,141	(876,324)	10,725,150	9,352,995
TOTAL OPERATING EXPENSES	39,481,106	4,368,591	273,141	(3,929,742)	40,193,096	40,858,158
OPERATING (LOSS) INCOME	(249,629)	(2,227,966)	(273,141)	3,269,221	518,485	1,892,856
NONOPERATING AND PRIOR YEAR ACTIVITIES:						
Prior year revenue reduction	-	(831,713)	-	-	(831,713)	-
Interest and dividends	100	-	9,483	-	9,583	12,892
Realized and unrealized gain in market value of investments	213,938	-	-	-	213,938	217,956
Gain on beneficial interest in perpetual trust	-	-	25,901	-	25,901	12,657
Rental income	1,240,247	-	2,028,974	(3,269,221)	-	-
Other income	347,345	5	-	-	347,350	381,673
TOTAL NONOPERATING AND PRIOR YEAR ACTIVITIES	1,801,630	(831,708)	2,064,358	(3,269,221)	(234,941)	625,178
NONOPERATING AND PRIOR YEAR (LOSS) INCOME	1,801,630	(831,708)	2,064,358	(3,269,221)	(234,941)	625,178
CHANGE IN NET ASSETS	1,552,001	(3,059,674)	1,791,217	-	283,544	2,518,034
NET ASSETS - BEGINNING OF YEAR	12,383,492	101,371	15,967,994	-	28,452,857	25,934,823
NET ASSETS - END OF YEAR	$ 13,935,493	$ (2,958,303)	$ 17,759,211	$ -	$ 28,736,401	$ 28,452,857

See independent auditors' report.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

For the Year Ended June 30, 2024

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	$ 347,036	$ 1,693,634	$ 4,809,438	$ 147,498	$ 144,256	$ 1,620,322	$ 5,786,502	$ 161,370	$ 394,087	$ 15,104,143	$ 3,558,617	$ 449,311	$ 4,007,928	$ 19,112,071
Payroll taxes and employee benefits	84,319	510,558	592,895	26,729	21,716	502,287	1,595,356	51,317	109,902	3,495,079	831,174	189,594	1,020,768	4,515,847
Total Salaries and Related Costs	431,355	2,204,192	5,402,333	174,227	165,972	2,122,609	7,381,858	212,687	503,989	18,599,222	4,389,791	638,905	5,028,696	23,627,918
Occupancy	33,674	450,073	57,577	10,971	46,204	170,729	2,843,248	23,146	26,892	3,662,514	762,070	48,027	810,097	4,472,611
Supplies and expensed equipment	10,556	31,091	146,651	22,922	12,244	15,810	571,934	37,291	5,470	853,969	433,098	26,200	459,298	1,313,267
Professional fees	1,360	8,301	10,677	142	342	62,601	33,452	11,115	20,512	148,502	916,822	562,335	1,479,157	1,627,659
Professional fees - subcontractors	-	1,226,742	-	750	-	860,888	133,374	-	-	2,221,754	-	-	-	2,221,754
Direct participant costs	2,489	216,617	2,199	2,795	1,346	11,123	1,056,265	1,971	7,193	1,301,998	804	577	1,381	1,303,379
Telephone	5,513	35,994	18,042	1,350	2,457	27,583	95,471	621	4,714	191,745	34,098	8,243	42,341	234,086
Repairs, maintenance and alterations	-	-	-	-	-	-	3,910	-	91	4,001	16,647	-	16,647	20,648
Miscellaneous	3,167	12,619	279,780	593	1,377	11,921	46,491	3,432	2,743	362,123	92,670	20,997	113,667	475,790
Insurance	12,856	114,980	412,235	8,623	5,226	74,828	304,193	-	6,964	939,905	90,020	-	90,020	1,029,925
Training	25	1,726	1,924	-	-	1,983	17,414	240	875	24,187	13,229	-	13,229	37,416
Travel	1,800	10,789	6,445	102	-	1,636	30,315	2,771	8,988	62,846	18,533	933	19,466	82,312
Auto	55	2,141	-	-	-	-	3,101	42	-	5,339	7,145	-	7,145	12,484
Direct mail and special events	-	-	-	1,210	-	39	-	-	-	1,249	-	81,828	81,828	83,077
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	46,246	-	-	-	-	46,246	1,090,263	-	1,090,263	1,136,509
Interest	33,650	36,020	4,207	5,024	1,878	73,212	217,026	1,559	12,459	385,035	99,875	-	99,875	484,910
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	210,189	11,793	221,982	221,982
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	536,500	4,351,285	6,342,070	228,709	283,292	3,434,962	12,738,052	294,875	600,890	28,810,635	8,175,254	1,399,838	9,575,092	38,385,727
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	-	-	-	(239,879)	(239,879)	(239,879)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	536,500	4,351,285	6,342,070	228,709	283,292	3,434,962	12,738,052	294,875	600,890	28,810,635	8,175,254	1,159,959	9,335,213	38,145,848
ALLOCATION OF ELIMINATIONS	(177,479)	(494,735)	(24,557)	-	-	-	(2,048,570)	-	-	(2,745,341)	(145,233)	(70,570)	(215,803)	(2,961,144)
TOTAL EXPENSES	$ 359,021	$ 3,856,550	$ 6,317,513	$ 228,709	$ 283,292	$ 3,434,962	$ 10,689,482	$ 294,875	$ 600,890	$ 26,065,294	$ 8,030,021	$ 1,089,389	$ 9,119,410	$ 35,184,704

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

For the Year Ended June 30, 2024 (Continued)

	Osborne Treatment Services, Inc.					Thomas Mott Osborne Memorial Fund, Inc.	809 Westchester LLC			
	Adopting Healthy Lifestyles	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 2024	Consolidated Total 2023
OPERATING EXPENSES:										
Salaries	$ 959,700	$ 707,742	$ 163,470	$ 3,962	$ 1,834,874	$ 6,987	$ 442,971	$ -	$ 21,396,903	$ 22,565,535
Payroll taxes and employee benefits	254,002	209,092	46,340	-	509,434	1,522	239,062	-	5,265,865	5,596,874
Total Salaries and Related Costs	1,213,702	916,834	209,810	3,962	2,344,308	8,509	682,033	-	26,662,768	28,162,409
Occupancy	371,625	186,029	42,827	-	600,481	805	157,268	(3,269,221)	1,961,944	1,903,379
Supplies and expensed equipment	23,209	5,462	6,756	-	35,427	695	17,553	-	1,366,942	2,046,277
Professional fees	408,274	12,232	1,676	-	422,182	15,101	36,212	-	2,101,154	1,093,893
Professional fees - subcontractors	-	-	-	-	-	47	-	-	2,221,801	2,904,368
Direct participant costs	1,992	1,664	23,588	-	27,244	-	1,424	-	1,332,047	1,712,659
Telephone	15,756	11,924	2,796	-	30,476	2,805	-	-	267,367	235,345
Repairs, maintenance and alterations	-	-	-	-	-	17,902	39,116	-	77,666	72,803
Miscellaneous	149,906	4,744	1,021	-	155,671	2,385	3,158	-	637,004	737,773
Insurance	20,972	23,924	5,545	-	50,441	-	22,723	-	1,103,089	917,421
Training	595	933	4,449	-	5,977	-	-	-	43,393	56,837
Travel	-	90	44	-	134	-	3,935	-	86,381	81,216
Auto	-	-	-	-	-	-	966	-	13,450	29,814
Direct mail and special events	1,868	-	-	261	2,129	-	3,022	-	88,228	223,786
Management fees - intercompany	-	-	-	653,639	653,639	3,860	3,022	(660,521)	-	-
Bad debt expense	-	-	-	-	-	-	-	-	1,136,509	63,762
Interest	40,482	-	-	-	40,482	101,219	94,373	-	720,984	413,747
Depreciation and amortization	-	-	-	-	-	119,813	270,453	-	612,248	415,051
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,248,381	1,163,836	298,512	657,862	4,368,591	273,141	1,335,258	(3,929,742)	40,432,975	41,070,540
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	(239,879)	(212,382)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	2,248,381	1,163,836	298,512	657,862	4,368,591	273,141	1,335,258	(3,929,742)	40,193,096	40,858,158
ALLOCATION OF ELIMINATIONS	(308,077)	-	-	(653,639)	(961,716)	(3,860)	(3,022)	3,929,742	-	-
TOTAL EXPENSES	$ 1,940,304	$ 1,163,836	$ 298,512	$ 4,223	$ 3,406,875	$ 269,281	$ 1,332,236	$ -	$ 40,193,096	$ 40,858,158

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	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
SUBTOTAL 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
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	-	-	-	(212,382)	(212,382)	(212,382)
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	1,990,686	7,749,318	36,578,876
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	$ 1,920,116	$ 7,533,515	$ 35,646,706

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

For the Year Ended June 30, 2023 (Continued)

	Osborne Treatment Services, Inc.					Thomas Mott Osborne Memorial Fund, Inc.	809 Westchester LLC		
	Adopting Healthy Lifestyles	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
OPERATING EXPENSES:									
Salaries	$ 1,042,060	$ 693,395	$ 185,927	$ -	$ 1,921,382	$ 139,641	$ 198,168	$ -	$ 22,565,535
Payroll taxes and employee benefits	301,795	228,699	48,472	-	578,966	27,600	199,602	-	5,596,874
Total Salaries and Related Costs	1,343,855	922,094	234,399	-	2,500,348	167,241	397,770	-	28,162,409
Occupancy	386,806	196,201	11,867	-	594,874	6,750	134,809	(1,240,247)	1,903,379
Supplies and expensed equipment	36,940	14,986	10,606	-	62,532	507,414	31,721	-	2,046,277
Professional fees	156,010	19,137	-	-	175,147	22,076	3,750	-	1,093,893
Professional fees - subcontractors	-	-	-	-	-	-	-	-	2,904,368
Direct participant costs	13,590	68	987	-	14,645	-	-	-	1,712,659
Telephone	15,390	4,254	2,924	-	22,568	7,861	-	-	235,345
Repairs, maintenance and alterations	-	-	-	-	-	-	60,053	-	72,803
Miscellaneous	158,343	5,359	2,311	-	166,013	35,923	3,238	-	737,773
Insurance	18,216	20,720	7,511	-	46,447	6,957	50,688	-	917,421
Training	710	404	610	-	1,724	-	1,200	-	56,837
Travel	121	-	902	-	1,023	826	8,708	-	81,216
Auto	270	-	64	-	334	-	1,546	-	29,814
Direct mail and special events	-	-	-	-	-	-	-	-	223,786
Management fees - intercompany	-	-	-	701,416	701,416	250,360	14,387	(966,163)	-
Bad debt expense	43,168	-	-	-	43,168	-	-	-	63,762
Interest	71,226	-	-	-	71,226	3,806	101,758	-	413,747
Depreciation and amortization	-	-	-	-	-	-	265,385	-	415,051
SUBTOTAL OPERATING EXPENSES - BEFORE	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
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	(212,382)
TOTAL OPERATING EXPENSES - BEFORE ELII	2,244,645	1,183,223	272,181	701,416	4,401,465	1,009,214	1,075,013	(2,206,410)	40,858,158
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	$ -	$ 40,858,158

See independent auditors' report.