THE OSBORNE ASSOCIATION, INC.
AND AFFILIATES

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

YEARS ENDED JUNE 30, 2025 AND 2024

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES

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

YEARS ENDED JUNE 30, 2025 AND 2024

CONTENTS

CBIZ CPAs

CBIZ CPAs P.C.

730 Third Avenue
New York, NY 10017

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Independent Auditors' Report

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

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, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Osborne Association, Inc. and Affiliates as of June 30, 2025 and 2024, 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 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 that matured in December 2025 and are in default. Because of the debt obligations that have gone into default, there are conditions that raise substantial doubt about the Association's ability to continue as a going concern. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Association as a whole. The supplementary information (shown on pages 23-28) is presented for the purposes of additional analysis of the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
March 31, 2026

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash (Notes 2E, 3 and 16)	$ 1,738,246	$ 931,042
Restricted cash (Notes 2E, 15 and 16)	1,151,291	1,247,164
Accounts receivable (Notes 2D, 2H and 3)	1,901,999	1,138,156
Government grants and other receivables, net (Notes 2C, 2D, 2H and 3)	12,582,837	19,371,498
Investments (Notes 2F, 3 and 5)	1,086,893	949,144
Prepaid expenses and other assets	221,806	325,128
Property held for sale, net (Note 4)	2,348,217	2,325,499
Property and equipment, net (Notes 2G and 4)	43,731,317	44,620,667
Operating lease right-of-use asset (Note 10)	6,402,329	7,597,205
Finance lease right-of-use asset (Note 10)	65,776	122,156
Security deposits	98,246	170,346
Beneficial interest in perpetual trust (Notes 2F, 3, 5, 6 and 13)	294,553	274,762
TOTAL ASSETS	$ 71,623,510	$ 79,072,767
LIABILITIES		
Accounts payable and accrued expenses	$ 1,364,262	$ 2,379,033
Accrued salary and vacation	981,663	1,500,045
Deferred revenue/refundable advances (Notes 2H and 7)	6,863,867	5,686,866
Operating lease liability (Note 10)	6,824,981	8,009,158
Finance lease liability (Note 10)	68,249	124,325
Notes and loans payable (Note 8)	5,337,735	6,133,027
Construction loans payable (Note 8)	23,537,527	24,360,887
Mortgage payable (Note 9)	2,108,327	2,143,025
TOTAL LIABILITIES	47,086,611	50,336,366
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	19,049,436	21,677,953
Total net assets without donor restrictions	21,806,439	24,434,956
With donor restrictions (Notes 3, 6 and 13)	2,730,460	4,301,445
TOTAL NET ASSETS	24,536,899	28,736,401
TOTAL LIABILITIES AND NET ASSETS	$ 71,623,510	$ 79,072,767

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

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	FOR THE YEAR ENDED JUNE 30, 2025				FOR THE YEAR ENDED JUNE 30, 2024			
	Without Donor Restrictions				Without Donor Restrictions			
	Available for Operations	Board Designated	With Donor Restrictions	Total 2025	Available for Operations	Board Designated	With Donor Restrictions	Total 2024
OPERATING SUPPORT AND REVENUE:								
Public Support:								
Financial contributions and grants (Note 2C)	$ 500,082	$ -	$ 1,007,087	$ 1,507,169	$ 464,980	$ -	$ 2,392,405	$ 2,857,385
Special events (net of direct expenses of $283,137 and $239,879 for 2025 and 2024, respectively	574,442	-	-	574,442	539,183	-	-	539,183
Nonfinancial contributions (Note 2J)	-	-	-	-	34,000	-	-	34,000
Net assets released from restrictions (Notes 2B and 13)	2,597,863	-	(2,597,863)	-	16,702,163	-	(16,702,163)	-
Total Public Support	3,672,387	-	(1,590,776)	2,081,611	17,740,326	-	(14,309,758)	3,430,568
Fee for Service:								
Medicaid	-	-	-	-	94,943	-	-	94,943
Janitorial	7,555,153	-	-	7,555,153	6,917,945	-	-	6,917,945
Total Fee for Service (Note 2H)	7,555,153	-	-	7,555,153	7,012,888	-	-	7,012,888
Governmental Support:								
New York State	5,176,210	-	-	5,176,210	5,548,000	-	-	5,548,000
New York City (Note 8)	21,157,847	-	-	21,157,847	18,893,202	-	-	18,893,202
Federal-direct and indirect	2,351,806	-	-	2,351,806	2,631,655	-	-	2,631,655
Extinguishment of debt (Note 11C)	-	-	-	-	3,195,268	-	-	3,195,268
Total Governmental Support (Note 2H)	28,685,863	-	-	28,685,863	30,268,125	-	-	30,268,125
TOTAL OPERATING SUPPORT AND REVENUE	39,913,403	-	(1,590,776)	38,322,627	55,021,339	-	(14,309,758)	40,711,581
OPERATING EXPENSES:								
Program Services:								
Housing and create	10,117,652	-	-	10,117,652	-	-	-	-
Adopting healthy lifestyles	629,515	-	-	629,515	2,299,325	-	-	2,299,325
Achieving economic independence:								
Workforce development	4,033,516	-	-	4,033,516	3,856,550	-	-	3,856,550
Janitorial/maintenance services	6,530,161	-	-	6,530,161	6,317,513	-	-	6,317,513
Osborne social ventures	38,584	-	-	38,584	228,709	-	-	228,709
Reducing reliance on incarceration:								
Jail-based services	-	-	-	-	283,292	-	-	283,292
Court advocacy services	3,576,158	-	-	3,576,158	4,598,798	-	-	4,598,798
ATI 212 Program 52	214,275	-	-	214,275	298,512	-	-	298,512
Reconnecting families and strengthening communities	6,566,659	-	-	6,566,659	10,689,482	-	-	10,689,482
Fulton community reentry center	535,851	-	-	535,851	294,875	-	-	294,875
Osborne Association policy center	693,135	-	-	693,135	600,890	-	-	600,890
Total Program Services Expenses	32,935,506	-	-	32,935,506	29,467,946	-	-	29,467,946
Supporting Services:								
Management and administration	8,849,674	-	-	8,849,674	9,635,761	-	-	9,635,761
Fundraising	1,293,060	-	-	1,293,060	1,089,389	-	-	1,089,389
Total Supporting Services Expenses	10,142,734	-	-	10,142,734	10,725,150	-	-	10,725,150
TOTAL OPERATING EXPENSES (Note 2I)	43,078,240	-	-	43,078,240	40,193,096	-	-	40,193,096
OPERATING (LOSS) INCOME	(3,164,837)	-	(1,590,776)	(4,755,613)	14,828,243	-	(14,309,758)	518,485
NONOPERATING AND PRIOR YEAR ACTIVITIES:								
Prior year revenue reduction	-	-	-	-	(831,713)	-	-	(831,713)
Interest and dividends	11,723	-	-	11,723	9,583	-	-	9,583
Realized and unrealized gain in market value of investments	132,678	-	-	132,678	213,938	-	-	213,938
Gain on beneficial interest in perpetual trust	-	-	19,791	19,791	-	-	25,901	25,901
Other income	391,919	-	-	391,919	347,350	-	-	347,350
TOTAL NONOPERATING AND PRIOR YEAR ACTIVITIES	536,320	-	19,791	556,111	(260,842)	-	25,901	(234,941)
CHANGE IN NET ASSETS	(2,628,517)	-	(1,570,985)	(4,199,502)	14,567,401	-	(14,283,857)	283,544
NET ASSETS - BEGINNING 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
NET ASSETS- END OF YEAR	$ 19,049,436	$ 2,757,003	$ 2,730,460	$ 24,536,899	$ 21,677,953	$ 2,757,003	$ 4,301,445	$ 28,736,401

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, 2025
(With Comparative Totals for June 30, 2024)

	For the Year Ended June 30, 2025																
	Program Services											Supporting Services					
			Achieving Economic Independence			Reducing Reliance on Incarceration											
	Housing and Create	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	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 2025	Total 2024
OPERATING EXPENSES:																	
Salaries	$ 4,034,473	$ 162,309	$ 1,882,803	$ 5,043,158	$ 34,330	$ 2,290,153	$ 132,016	$ 4,238,439	$ -	$ 445,422	$ 18,263,103	$ 3,454,814	$ 349,249	$ 3,804,063	$ -	$ 22,067,166	$ 21,396,903
Payroll taxes and employee benefits (Note 12)	988,312	33,253	548,130	589,328	5,340	725,981	45,469	1,216,077	-	122,840	4,274,730	1,025,846	197,907	1,223,753	-	5,498,483	5,265,865
Total Salaries and Related Costs	5,022,785	195,562	2,430,933	5,632,486	39,670	3,016,134	177,485	5,454,516	-	568,262	22,537,833	4,480,660	547,156	5,027,816	-	27,565,649	26,662,768
Occupancy (Note 10)	2,286,519	81,487	567,215	70,885	28,806	340,402	83,133	651,693	28	84,702	4,194,870	1,686,032	70,978	1,757,010	(3,422,721)	2,529,159	1,961,944
Supplies and expensed equipment (Notes 2G and 10)	346,691	274,244	73,383	120,333	-	16,269	1,427	147,600	-	5,611	985,558	435,469	25,393	460,862	-	1,446,420	1,366,942
Professional fees	314,667	72,442	-	-	-	35,364	-	7,002	45,000	2,600	477,075	1,127,833	870,891	1,998,724	-	2,475,799	2,101,154
Professional fees - subcontractors	-	-	957,047	-	-	65,676	-	13,500	-	-	1,036,223	-	-	-	-	1,036,223	2,221,801
Direct participant costs	1,247,111	(13)	108,475	-	800	5,291	7,087	418,970	-	6,605	1,794,326	13,001	236	13,237	-	1,807,563	1,332,047
Telephone	52,454	1,633	32,771	8,737	334	35,208	2,548	64,679	-	3,663	202,027	29,232	5,448	34,680	-	236,707	267,367
Repairs, maintenance and alterations	28,159	-	-	7,264	-	-	-	110	-	-	35,533	61,368	-	61,368	-	96,901	77,666
Miscellaneous	36,026	4,143	12,069	299,035	98	16,643	706	39,545	1,029	2,892	412,186	273,593	40,572	314,165	-	726,351	637,004
Insurance	566,407	-	106,177	479,159	9,785	104,353	4,452	212,880	-	5,331	1,488,544	199,728	9,262	208,990	-	1,697,534	1,103,089
Training	8,507	-	679	205	-	1,726	-	11,611	-	571	23,299	662	747	1,409	-	24,708	43,393
Travel	4,327	17	7,637	5,288	605	1,211	156	42,753	-	12,750	74,744	17,702	3,463	21,165	-	95,909	86,381
Auto	177	-	1,942	4,331	-	-	-	3,549	-	37	10,036	9,276	-	9,276	-	19,312	13,450
Direct mail and special events	-	-	-	-	297	600	-	-	-	111	1,008	-	29,926	29,926	-	30,934	88,228
Management fees - intercompany	-	37,133	-	-	-	227,602	49,207	-	-	-	313,942	1,525	-	1,525	(315,467)	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	14,884	-	14,884	-	14,884	1,136,509
Interest (Notes 8 and 9)	1,193,614	-	-	-	-	-	-	-	-	-	1,193,614	662,772	-	662,772	-	1,856,386	720,984
Depreciation and amortization (Notes 4 and 10)	1,039,183	-	-	-	-	-	-	-	489,794	-	1,528,977	171,961	-	171,961	-	1,700,938	612,248
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	12,146,627	666,648	4,298,328	6,627,723	80,395	3,866,479	326,201	7,068,408	535,851	693,135	36,309,795	9,185,698	1,604,072	10,789,770	(3,738,188)	43,361,377	40,432,975
LESS: COST OF DIRECT BENEFIT TO DONORS (Note 2L)	-	-	-	-	-	-	-	-	-	-	-	-	(283,137)	(283,137)	-	(283,137)	(239,879)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	12,146,627	666,648	4,298,328	6,627,723	80,395	3,866,479	326,201	7,068,408	535,851	693,135	36,309,795	9,185,698	1,320,935	10,506,633	(3,738,188)	43,078,240	40,193,096
ALLOCATION OF ELIMINATIONS	(2,028,975)	(37,133)	(264,812)	(97,562)	(41,811)	(290,321)	(111,926)	(501,749)	-	-	(3,374,289)	(336,024)	(27,875)	(363,899)	3,738,188	-	-
TOTAL EXPENSES	$ 10,117,652	$ 629,515	$ 4,033,516	$ 6,530,161	$ 38,584	$ 3,576,158	$ 214,275	$ 6,566,659	$ 535,851	$ 693,135	$ 32,935,506	$ 8,849,674	$ 1,293,060	$ 10,142,734	$ -	$ 43,078,240	$ 40,193,096

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

	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
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
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
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
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
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
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
Professional fees - subcontractors	-	1,226,742	-	750	-	860,888	-	133,374	-	-	2,221,754	47	-	47	-	2,221,801
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
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
Repairs, maintenance and alterations	-	-	-	-	-	-	-	3,910	-	91	4,001	73,665	-	73,665	-	77,666
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
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
Training	620	1,726	1,924	-	-	2,916	4,449	17,414	240	875	30,164	13,229	-	13,229	-	43,393
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
Auto	55	2,141	-	-	-	-	-	3,101	42	-	5,339	8,111	-	8,111	-	13,450
Direct mail and special events	1,868	-	-	1,210	-	39	-	-	-	-	3,117	3,283	81,828	85,111	-	88,228
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
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
Depreciation and amortization (Notes 4 and 10	-	-	-	-	-	-	-	-	-	-	-	600,455	11,793	612,248	-	612,248
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
LESS: COST OF DIRECT BENEFIT TO DONORS (Note 2L)	-	-	-	-	-	-	-	-	-	-	-	-	(239,879)	(239,879)	-	(239,879)
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
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

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

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (4,199,502)	$ 283,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on beneficial interest in perpetual trust	(19,791)	(25,901)
Realized and unrealized gain on investments	(132,678)	(213,938)
Donated securities	(5,071)	(10,000)
Bad debt	14,884	1,136,509
Depreciation and amortization	1,700,938	612,248
Extinguishment of debt	-	(3,195,268)
Non-cash debt principal payment adjustment	(1,614,772)	-
Non-cash right-of-use asset adjustment	10,699	41,974
Subtotal	(4,245,293)	(1,370,832)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(763,843)	(85,630)
Government grants and other receivables	6,773,777	(846,962)
Prepaid expenses and other assets	103,322	207,469
Security deposits	72,100	163
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,014,771)	(1,020,577)
Accrued salary and vacation	(518,382)	754,447
Deferred revenue/refundable advances	1,177,001	4,536,740
Net Cash Provided by Operating Activities	1,583,911	2,174,818
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment sales	-	500,000
Purchases of property and equipment	(777,926)	(4,049,460)
Net Cash Used in Investing Activities	(777,926)	(3,549,460)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of principal portion of lease liability	(56,076)	(53,914)
Proceeds from notes and loans and construction loans payable	-	791,413
Principal payments of notes and loans and construction loans payable	(3,880)	(1,454,705)
Principal payments of mortgage payable	(34,698)	(193,820)
Net Cash Used in Financing Activities	(94,654)	(911,026)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	711,331	(2,285,668)
Cash and restricted cash - beginning of year	2,178,206	4,463,874
CASH AND RESTRICTED CASH - END OF YEAR	$ 2,889,537	$ 2,178,206
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest, net of capitalized interest	$ 1,856,386	$ 720,984
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:

- **HOUSING AND CREATE**

  Housing and Create 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.

- **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 the Association's 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.

  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. The Association’s 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 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, 2025 and 2024, the Association determined no allowance for credit losses was necessary, and an allowance for uncollectible receivables of $65,831 and $263,215 was necessary as of June 30, 2025 and 2024, 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, 2025 or 2024. 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:

	2025	2024
Cash	$ 1,738,246	$ 931,042
Restricted cash	1,151,291	1,247,164
Subtotal	$ 2,889,537	$ 2,178,206

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 $180,690,000 and $77,909,000, respectively, that have not been recognized as of June 30, 2025 and 2024 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 on the statement of net position from contracts with customers, are as follows:

June 30, 2025	June 30, 2024	June 30, 2023
$ 1,901,999	$ 1,138,156	$ 1,052,526

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 $0 and $34,000 for the years ended June 30, 2025 and 2024, 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 2024 amounts to conform to the current year presentation.

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.

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.

NOTE 3—LIQUIDITY AND AVAILABILITY (Continued)

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:

	2025	2024
Cash	$ 1,738,246	$ 931,042
Accounts receivable	1,901,999	1,138,156
Government grants and other receivables, net	12,582,837	19,371,498
Investments	1,086,893	949,144
Total	17,309,975	22,389,840
Less: items unavailable for general expenditures within one year		
Net assets with donor restrictions, net of beneficial interest in perpetual trust	(2,435,907)	(4,026,683)
Reserve and Fulton fund	(2,757,003)	(2,757,003)
Total	$ 12,117,065	$ 15,606,154

Net assets with donor restrictions includes a beneficial interest in a perpetual trust in the amounts of $294,553 and $274,762 as of June 30, 2025 and 2024, 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, 2025, 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:

	2025	2024	Estimated Useful Lives
Land	$ 751,155	$ 751,155	
Building and improvements	44,384,848	43,632,166	20 Years
Leasehold improvements	69,924	69,924	15 Years
Vehicles	306,206	306,206	3 Years
Furniture and equipment	1,171,970	1,169,444	7 Years
Total cost	46,684,103	45,928,895	
Less: accumulated depreciation and amortization	(2,952,786)	(1,308,228)	
Net book value	$ 43,731,317	$ 44,620,667	

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 amounted to $1,644,558 and $555,868, respectively.

Property held for sale was for the 809 Westchester Building placed on sale through board resolution. The 809 Westchester Building amounted to $2,348,217 with total costs of $5,874,770 and accumulated depreciation of $3,526,553 as of June 30, 2025.

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of June 30:

	2025	2024
Money market funds	$ 45,025	$ 26,545
Exchange-traded funds	889,220	795,991
Mutual funds	14,568	12,649
Corporate stock	138,080	113,959
	$ 1,086,893	$ 949,144

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, 2025:

	Level 1	Level 3	Total
Money market funds	$ 45,025	$ -	$ 45,025
Exchange-traded funds	889,220	-	889,220
Mutual funds	14,568	-	14,568
Corporate stock	138,080	-	138,080
Beneficial interest in perpetual trust	-	294,553	294,553
Assets at Fair Value	$ 1,086,893	$ 294,553	$ 1,381,446

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 reconciliation for the years ended June 30, 2025 and 2024, of the beneficial interest in perpetual trusts measured at estimated fair value classified in Level 3 is as follows:

	2025	2024
Balance, beginning of year	$ 274,762	$ 248,861
Unrealized gain	19,791	25,901
Balance, end of year	$ 294,553	$ 274,762

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:

	2025	2024
Money market funds	$ 5,212	$ 3,693
Mutual funds	289,341	271,069
	$ 294,553	$ 274,762

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 both June 30, 2025 and 2024, OTS established a reserve of approximately $1,000,000 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:

	2025	2024	Annual Interest Rate	Due Date
A line of credit from a bank totaling $5,000,000. Secured by all assets of OA. As of March 31, 2026, 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%	2026
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.	337,735	341,614	1%	2026
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
	$ 5,337,735	$ 6,133,027		

All future annual principal payments for notes and loans payable are due during the year ended June 30, 2026 of $5,337,735.

Interest expense was $524,475 and $519,366 for the years ended June 30, 2025 and 2024, 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 amounted to $16,574,261 and $17,161,001 as of June 30, 2025 and 2024, respectively. The Association capitalized interest costs of $0 and $777,594 and expensed interest costs of $820,511 and $69,593 during the years ended June 30, 2025 and 2024, 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 $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 $6,963,266 and $7,199,886 as of June 30, 2025 and 2024, respectively. The Association capitalized interest costs of $0 and $353,126 and expensed interest costs of $373,103 and $31,626 during the years ended June 30, 2025 and 2024, respectively.

NOTE 8—NOTES AND LOANS PAYABLE (Continued)

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 each of the years ended June 30, 2025 and 2024, the Association had recognized government support of approximately $2,028,000 in the consolidated statements of activities.

Future annual principal payments for construction loans payable for each of the fiscal years ended after June 30, 2025 are as follows:

2026	$ 864,023
2027	906,661
2028	951,555
2029	998,831
2030	1,048,626
Thereafter	18,767,831
	$ 23,537,527

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 became 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. Refer to Note 17 for additional details.

All future annual principal payments for the mortgage payable are due during the year ended June 30, 2026 of $2,108,327.

Interest expense was $138,297 and $94,373 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the finance lease ROU asset had a balance of $65,776 and $122,156, respectively, and the operating lease ROU asset had a balance of $6,402,329 and $7,597,205, respectively, as shown in the consolidated statements of financial position; the finance lease liability totaled $68,249 and $124,325, respectively, and the operating lease liability totaled $6,824,981 and $8,009,158, 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, 2025 and 2024 were $1,718,053 and $1,456,592, respectively. Total cash paid by the Association in the determination of the operating lease liability was $1,719,295 and $1,414,618 and the finance lease liability was $56,076 and $53,914, respectively, for the years ended June 30, 2025 and 2024. Total finance lease costs for the years ended June 30, 2025, and 2024, were interest expense of $3,864 and $6,026, respectively, included in supplies and expensed equipment on the statement functional expenses, and amortization expense, of $56,380 and $56,380, respectively. For the years ended June 30, 2025 and 2024, operating leases weighted-average of the remaining lease term was 6.08 years and 6.86 years, respectively, the weighted average discount rates were both 2.88% and the finance lease weighted-average of the remaining lease term was 1.17 years and 2.17 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 assets was $0 and $41,974 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10—LEASES (Continued)

Future minimum rental payments under these leases for the years ending subsequent to June 30, 2025 are as follows:

	Operating	Finance
2026	$ 1,135,733	$ 59,940
2027	1,169,803	9,990
2028	1,204,897	-
2029	1,241,043	-
2030	1,278,275	-
Thereafter	1,430,222	-
	7,459,973	69,930
Less: Present value discount	(634,992)	(1,681)
Present value of lease liability	$ 6,824,981	$ 68,249

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, 2025 and 2024, in accordance with the provisions of FASB ASC Topic 740, *Income Taxes*.

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 $584,095 and $464,320 for the years ended June 30, 2025 and 2024, 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:

	2025	2024
Programmatic services	$ 2,435,907	$ 4,026,683
Beneficial interest in perpetual trust	294,553	274,762
	$ 2,730,460	$ 4,301,445

Net assets were released from donor restrictions during the years ended June 30, 2025 and 2024 by incurring expenses satisfying the restricted purpose, or occurrences specified by the donors, and amounted to $2,597,863 and $16,702,163, respectively.

NOTE 14—BOARD-DESIGNATED FUNDS

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

	7/1/2024 Balance	Additions	Withdrawals	6/30/2025 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:

	7/1/2023 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

NOTE 14—BOARD-DESIGNATED FUNDS (Continued)

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:

	2025	2024
Wells Fargo Fulton Cash Management Account	$ 36,169	$ 201,940
Wells Fargo Fulton Add-on Accounts	1,092,708	673,127
TIAA Fulton Project Loan Construction Account	1,977	313,627
TIAA Fulton Building Loan Construction Account	20,437	58,470
Total	$ 1,151,291	$ 1,247,164

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, 2025 and 2024, cash held in three banks exceeded FDIC limits by approximately $2,180,000 and $1,300,000, 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, collectively, amounting to approximately $7.1 million, had became due and payable in December 2025. The Association had been unable to meet these obligations and had defaulted on the debt obligations. The Association does not anticipate that the bank will call the debt for repayment, as of the date of the report, and has continued to make progress payments since the event of default in December 2025. Due to uncertainty caused by the event of default, 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. 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 March 31, 2026, 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, 2025
(With Comparative Totals for June 30, 2024)

	AS OF JUNE 30, 2025					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2025	Consolidated Total 2024
ASSETS						
Cash	$ 863,992	$ 806,428	$ 67,826	$ -	$ 1,738,246	$ 931,042
Restricted cash	-	-	1,151,291	-	1,151,291	1,247,164
Accounts receivable	1,901,999	-	-	-	1,901,999	1,138,156
Government grants and other receivables, net	10,596,206	1,986,631	-	-	12,582,837	19,371,498
Investments	1,086,893	-	-	-	1,086,893	949,144
Due from affiliated organizations	10,324,087	-	890,870	(11,214,957)	-	-
Prepaid expenses and other assets	220,005	126	1,675	-	221,806	325,128
Property held for sale, net	2,348,217	-	-	-	2,348,217	2,325,499
Property and equipment, net	177,402	70,728	43,483,187	-	43,731,317	44,620,667
Operating lease right-of-use asset	6,402,329	-	-	-	6,402,329	7,597,205
Finance lease right-of-use asset	65,776	-	-	-	65,776	122,156
Security deposits	98,246	-	-	-	98,246	170,346
Beneficial interest in perpetual trust	-	-	294,553	-	294,553	274,762
TOTAL ASSETS	$ 34,085,152	$ 2,863,913	$ 45,889,402	$ (11,214,957)	$ 71,623,510	$ 79,072,767
LIABILITIES						
Accounts payable and accrued expenses	$ 1,015,776	$ 273,651	$ 74,835	$ -	$ 1,364,262	$ 2,379,033
Accrued salary and vacation	981,663	-	-	-	981,663	1,500,045
Deferred revenue/refundable advances	5,734,760	1,129,107	-	-	6,863,867	5,686,866
Due to affiliated organizations	-	6,190,526	5,024,431	(11,214,957)	-	-
Operating lease liability	6,824,981	-	-	-	6,824,981	8,009,158
Finance lease liability	68,249	-	-	-	68,249	124,325
Notes and loans payable	5,000,000	337,735	-	-	5,337,735	6,133,027
Construction loans payable	-	-	23,537,527	-	23,537,527	24,360,887
Mortgage payable	2,108,327	-	-	-	2,108,327	2,143,025
TOTAL LIABILITIES	21,733,756	7,931,019	28,636,793	(11,214,957)	47,086,611	50,336,366
NET ASSETS (DEFICIT)						
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	6,458,583	(5,067,106)	17,657,959	-	19,049,436	21,677,953
Total net assets (deficit) without donor restrictions	8,324,713	(5,067,106)	18,548,832	-	21,806,439	24,434,956
With donor restrictions	4,026,683	-	(1,296,223)	-	2,730,460	4,301,445
TOTAL NET ASSETS (DEFICIT)	12,351,396	(5,067,106)	17,252,609	-	24,536,899	28,736,401
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 34,085,152	$ 2,863,913	$ 45,889,402	$ (11,214,957)	$ 71,623,510	$ 79,072,767

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	FOR THE YEAR ENDED JUNE 30, 2025					
	The Osborne Association, Inc.	Osborne Treatment Services, Inc.	Thomas Mott Osborne Memorial Fund, Inc.	Consolidating Eliminations	Consolidated Total 2025	Consolidated Total 2024
OPERATING SUPPORT AND REVENUE:						
Public Support:						
Financial contributions and grants	$ 1,507,169	$ -	$ -	$ -	$ 1,507,169	$ 2,857,385
Special events (net of direct expenses of $283,137 and $239,879 for 2025 and 2024, respectively)	574,442	-	-	-	574,442	539,183
Nonfinancial contributions	-	-	-	-	-	34,000
Total Public Support	2,081,611	-	-	-	2,081,611	3,430,568
Fee for Service:						
Medicaid	-	-	-	-	-	94,943
Janitorial	7,555,153	-	-	-	7,555,153	6,917,945
Total Fee for Service	7,555,153	-	-	-	7,555,153	7,012,888
Governmental Support:						
New York State	5,176,210	-	-	-	5,176,210	5,548,000
New York City	20,896,031	261,816	-	-	21,157,847	18,893,202
Federal-direct and indirect	2,351,806	-	-	-	2,351,806	2,631,655
Extinguishment of debt	-	-	-	-	-	3,195,268
Total Governmental Support	28,424,047	261,816	-	-	28,685,863	30,268,125
Revenue:						
Management fee	315,467	-	-	(315,467)	-	-
TOTAL OPERATING SUPPORT REVENUE	38,376,278	261,816	-	(315,467)	38,322,627	40,711,581
OPERATING EXPENSES:						
Program Services:						
Housing and create	9,597,672	-	2,548,955	(2,028,975)	10,117,652	-
Adopting healthy lifestyles	10,762	655,886	-	(37,133)	629,515	2,299,325
Achieving economic independence:						
Workforce development	4,298,328	-	-	(264,812)	4,033,516	3,856,550
Janitorial/maintenance services	6,627,723	-	-	(97,562)	6,530,161	6,317,513
Osborne social ventures	80,395	-	-	(41,811)	38,584	228,709
Reducing reliance on incarceration:						
Jail-based services	-	-	-	-	-	283,292
Court advocacy services	2,477,947	1,388,532	-	(290,321)	3,576,158	4,598,798
ATI 212 Program 52	-	326,201	-	(111,926)	214,275	298,512
Reconnecting families and strengthening communities	7,068,408	-	-	(501,749)	6,566,659	10,689,482
Fulton community reentry center	535,851	-	-	-	535,851	294,875
Osborne Association policy center	693,135	-	-	-	693,135	600,890
Total Program Services Expenses	31,390,221	2,370,619	2,548,955	(3,374,289)	32,935,506	29,467,946
Supporting Services:						
Management and administration	9,170,223	-	15,475	(336,024)	8,849,674	9,635,761
Fundraising	1,320,935	-	-	(27,875)	1,293,060	1,089,389
Total Supporting Services Expenses	10,491,158	-	15,475	(363,899)	10,142,734	10,725,150
TOTAL OPERATING EXPENSES	41,881,379	2,370,619	2,564,430	(3,738,188)	43,078,240	40,193,096
OPERATING (LOSS) INCOME	(3,505,101)	(2,108,803)	(2,564,430)	3,422,721	(4,755,613)	518,485
NONOPERATING AND PRIOR YEAR ACTIVITIES:						
Prior year revenue reduction	-	-	-	-	-	(831,713)
Interest and dividends	2,660	-	9,063	-	11,723	9,583
Realized and unrealized gain in market value of investments	132,678	-	-	-	132,678	213,938
Gain on beneficial interest in perpetual trust	-	-	19,791	-	19,791	25,901
Rental income	1,393,747	-	2,028,974	(3,422,721)	-	-
Other income	391,919	-	-	-	391,919	347,350
TOTAL NONOPERATING AND PRIOR YEAR ACTIVITIES	1,921,004	-	2,057,828	(3,422,721)	556,111	(234,941)
NONOPERATING AND PRIOR YEAR (LOSS) INCOME	1,921,004	-	2,057,828	(3,422,721)	556,111	(234,941)
CHANGE IN NET ASSETS	(1,584,097)	(2,108,803)	(506,602)	-	(4,199,502)	283,544
NET ASSETS - BEGINNING OF YEAR	13,935,493	(2,958,303)	17,759,211	-	28,736,401	28,452,857
NET ASSETS - END OF YEAR	$ 12,351,396	$ (5,067,106)	$ 17,252,609	$ -	$ 24,536,899	$ 28,736,401

See independent auditors' report.

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

	For the Year Ended June 30, 2025													
	The Osborne Association, Inc.													
			Achieving Economic Independence											
	Housing and Create	Adopting Healthy Lifestyles	Workforce Development	Janitorial/ Maintenance Services	Osborne Social Ventures	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	$ 4,034,473	$ -	$ 1,882,803	$ 5,043,158	$ 34,330	$ 1,607,862	$ 4,238,439	$ -	$ 445,422	$ 17,286,487	$ 3,070,835	$ 349,249	$ 3,420,084	$ 20,706,571
Payroll taxes and employee benefits	988,312	-	548,130	589,328	5,340	496,377	1,216,077	-	122,840	3,966,404	836,302	197,907	1,034,209	5,000,613
Total Salaries and Related Costs	5,022,785	-	2,430,933	5,632,486	39,670	2,104,239	5,454,516	-	568,262	21,252,891	3,907,137	547,156	4,454,293	25,707,184
Occupancy	2,286,519		567,215	70,885	28,806	148,364	651,693	28	84,702	3,838,212	1,347,786	70,978	1,418,764	5,256,976
Supplies and expensed equipment	346,691	9,007	73,383	120,333	-	12,419	147,600	-	5,611	715,044	423,281	25,393	448,674	1,163,718
Professional fees	-	1,755	-	-	-	25,199	7,002	45,000	2,600	81,556	1,067,552	870,891	1,938,443	2,019,999
Professional fees - subcontractors	-	-	957,047	-	-	65,676	13,500	-	-	1,036,223	-	-	-	1,036,223
Direct participant costs	1,247,111	-	108,475	-	800	5,291	418,970	-	6,605	1,787,252	13,001	236	13,237	1,800,489
Telephone	52,454	-	32,771	8,737	334	26,145	64,679	-	3,663	188,783	27,848	5,448	33,296	222,079
Repairs, maintenance and alterations	28,159	-	-	7,264	-	-	110	-	-	35,533	1,214	-	1,214	36,747
Miscellaneous	34,535	-	12,069	299,035	98	12,590	39,545	1,029	2,892	401,793	88,128	40,572	128,700	530,493
Insurance	566,407	-	106,177	479,159	9,785	74,682	212,880	-	5,331	1,454,421	73,917	9,262	83,179	1,537,600
Training	8,507	-	679	205	-	1,531	11,611	-	571	23,104	-	747	747	23,851
Travel	4,327	-	7,637	5,288	605	1,211	42,753	-	12,750	74,571	7,859	3,463	11,322	85,893
Auto	177	-	1,942	4,331	-	-	3,549	-	37	10,036	4,133	-	4,133	14,169
Direct mail and special events	-	-	-	-	297	600	-	-	111	1,008	-	29,926	29,926	30,934
Management fees - intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and maintenance - intercompany	-		-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	14,884	-	14,884	14,884
Interest	-	-	-	-	-	-	-	-	-	-	524,475	-	524,475	524,475
Depreciation and amortization	-	-	-	-	-	-	-	489,794	-	489,794	154,995	-	154,995	644,789
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	9,597,672	10,762	4,298,328	6,627,723	80,395	2,477,947	7,068,408	535,851	693,135	31,390,221	7,656,210	1,604,072	9,260,282	40,650,503
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	-	-	-	(283,137)	(283,137)	(283,137)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	9,597,672	10,762	4,298,328	6,627,723	80,395	2,477,947	7,068,408	535,851	693,135	31,390,221	7,656,210	1,320,935	8,977,145	40,367,366
ALLOCATION OF ELIMINATIONS	(2,028,975)	-	(264,812)	(97,562)	(41,811)	-	(501,749)	-	-	(2,934,909)	(334,499)	(27,875)	(362,374)	(3,297,283)
TOTAL EXPENSES	$ 7,568,697	$ 10,762	$ 4,033,516	$ 6,530,161	$ 38,584	$ 2,477,947	$ 6,566,659	$ 535,851	$ 693,135	$ 28,455,312	$ 7,321,711	$ 1,293,060	$ 8,614,771	$ 37,070,083

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	For the Year Ended June 30, 2025 (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	Housing and Create	Management and Administration	Management and Administration	Eliminations	Consolidated Total 2025	Consolidated Total 2024
OPERATING EXPENSES:											
Salaries	$ 162,309	$ 682,291	$ 132,016	$ -	$ 976,616	$ -	$ -	$ 383,979	$ -	$ 22,067,166	$ 21,396,903
Payroll taxes and employee benefits	33,253	229,604	45,469	-	308,326	-	-	189,544	-	5,498,483	5,265,865
Total Salaries and Related Costs	195,562	911,895	177,485	-	1,284,942	-	-	573,523	-	27,565,649	26,662,768
Occupancy	81,487	192,038	83,133	-	356,658	-	-	338,246	(3,422,721)	2,529,159	1,961,944
Supplies and expensed equipment	265,237	3,850	1,427	-	270,514	-	-	12,188	-	1,446,420	1,366,942
Professional fees	70,687	10,165	-	-	80,852	314,667	-	60,281	-	2,475,799	2,101,154
Professional fees - subcontractors	-	-	-	-	-	-	-	-	-	1,036,223	2,221,801
Direct participant costs	(13)	-	7,087	-	7,074	-	-	-	-	1,807,563	1,332,047
Telephone	1,633	9,063	2,548	-	13,244	-	-	1,384	-	236,707	267,367
Repairs, maintenance and alterations	-	-	-	-	-	-	-	60,154	-	96,901	77,666
Miscellaneous	4,143	4,053	706	-	8,902	1,491	15,475	169,990	-	726,351	637,004
Insurance	-	29,671	4,452	-	34,123	-	-	125,811	-	1,697,534	1,103,089
Training	-	195	-	-	195	-	-	662	-	24,708	43,393
Travel	17	-	156	-	173	-	-	9,843	-	95,909	86,381
Auto	-	-	-	-	-	-	-	5,143	-	19,312	13,450
Direct mail and special events	-	-	-	-	-	-	-	-	-	30,934	88,228
Management fees - intercompany	37,133	227,602	49,207	-	313,942	-	-	1,525	(315,467)	-	-
Security and maintenance - intercompany	-	-	-	-	-		-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	14,884	1,136,509
Interest	-	-	-	-	-	1,193,614	-	138,297	-	1,856,386	720,984
Depreciation and amortization	-	-	-	-	-	1,039,183	-	16,966	-	1,700,938	612,248
SUBTOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	655,886	1,388,532	326,201	-	2,370,619	2,548,955	15,475	1,514,013	(3,738,188)	43,361,377	40,432,975
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	-	(283,137)	(239,879)
TOTAL OPERATING EXPENSES - BEFORE ELIMINATIONS	655,886	1,388,532	326,201	-	2,370,619	2,548,955	15,475	1,514,013	(3,738,188)	43,078,240	40,193,096
ALLOCATION OF ELIMINATIONS	(37,133)	(290,321)	(111,926)	-	(439,380)	-	-	(1,525)	3,738,188	-	-
TOTAL EXPENSES	$ 618,753	$ 1,098,211	$ 214,275	$ -	$ 1,931,239	$ 2,548,955	$ 15,475	$ 1,512,488	$ -	$ 43,078,240	$ 40,193,096

See independent auditors' report.

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	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	(467,826)	(1,304,092)	(64,731)	-	-	-	(51,654)	-	-	(1,888,303)	(382,826)	(186,019)	(568,845)	(2,457,148)
TOTAL EXPENSES	$ 68,674	$ 3,047,193	$ 6,277,339	$ 228,709	$ 283,292	$ 3,434,962	$ 12,686,398	$ 294,875	$ 600,890	$ 26,922,332	$ 7,792,428	$ 973,940	$ 8,766,368	$ 35,688,700

THE OSBORNE ASSOCIATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2024

	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
OPERATING EXPENSES:									
Salaries	$ 959,700	$ 707,742	$ 163,470	$ 3,962	$ 1,834,874	$ 6,987	$ 442,971	$ -	$ 21,396,903
Payroll taxes and employee benefits	254,002	209,092	46,340	-	509,434	1,522	239,062	-	5,265,865
Total Salaries and Related Costs	1,213,702	916,834	209,810	3,962	2,344,308	8,509	682,033	-	26,662,768
Occupancy	371,625	186,029	42,827	-	600,481	805	157,268	(3,269,221)	1,961,944
Supplies and expensed equipment	23,209	5,462	6,756	-	35,427	695	17,553	-	1,366,942
Professional fees	408,274	12,232	1,676	-	422,182	15,101	36,212	-	2,101,154
Professional fees - subcontractors	-	-	-	-	-	47	-	-	2,221,801
Direct participant costs	1,992	1,664	23,588	-	27,244	-	1,424	-	1,332,047
Telephone	15,756	11,924	2,796	-	30,476	2,805	-	-	267,367
Repairs, maintenance and alterations	-	-	-	-	-	17,902	39,116	-	77,666
Miscellaneous	149,906	4,744	1,021	-	155,671	2,385	3,158	-	637,004
Insurance	20,972	23,924	5,545	-	50,441	-	22,723	-	1,103,089
Training	595	933	4,449	-	5,977	-	-	-	43,393
Travel	-	90	44	-	134	-	3,935	-	86,381
Auto	-	-	-	-	-	-	966	-	13,450
Direct mail and special events	1,868	-	-	261	2,129	-	3,022	-	88,228
Management fees - intercompany	-	-	-	653,639	653,639	3,860	3,022	(660,521)	-
Bad debt expense	-	-	-	-	-	-	-	-	1,136,509
Interest	40,482	-	-	-	40,482	101,219	94,373	-	720,984
Depreciation and amortization	-	-	-	-	-	119,813	270,453	-	612,248
SUBTOTAL OPERATING EXPENSES - BEFORE	2,248,381	1,163,836	298,512	657,862	4,368,591	273,141	1,335,258	(3,929,742)	40,432,975
LESS: COST OF DIRECT BENEFIT TO DONORS	-	-	-	-	-	-	-	-	(239,879)
TOTAL OPERATING EXPENSES - BEFORE ELIM	2,248,381	1,163,836	298,512	657,862	4,368,591	273,141	1,335,258	(3,929,742)	40,193,096
ALLOCATION OF ELIMINATIONS	(812,074)	-	-	(653,639)	(1,465,713)	(3,860)	(3,022)	3,929,743	-
TOTAL EXPENSES	$ 1,436,307	$ 1,163,836	$ 298,512	$ 4,223	$ 2,902,878	$ 269,281	$ 1,332,236	$ 1	$ 40,193,096