

LENOX HILL NEIGHBORHOOD HOUSE

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LENOX HILL NEIGHBORHOOD HOUSE, INC.
AND
AFFILIATES

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2025 and 2026

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
and Supplementary Information

YEARS ENDED JUNE 30, 2025 AND 2026

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CBIZ CPAs P.C.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Lenox Hill Neighborhood House, Inc. and Affiliates
New York, NY

Opinion

We have audited the consolidated financial statements of Lenox Hill Neighborhood House, Inc., 159-61 East 102nd Street Housing Development Fund Corporation (the "HDFC"), including affiliates Casa Mutua, Inc. and Casa Mutua Limited Partnership (the "Partnership"), (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2026, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2026, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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 Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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 audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules shown on pages 24-27 are presented for the purposes of additional analysis of the basic consolidated financial statements, rather than to present the financial position, changes in net assets and cash flows of the individual companies, and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.

New York, New York
November 9, 2026

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2026

	2025	2026
ASSETS		
Cash and cash equivalents (Notes 2 and 15)	$ 743,015	$ 1,330,251
Government and other receivables, net (Notes 2, 4 and 14)	5,638,437	4,834,924
Pledges receivable (Notes 2 and 5)	374,250	173,512
Investments (Notes 2 and 6)	40,223,343	42,247,172
Prepayments and other assets	440,857	308,071
Restricted deposits and funded reserves (Notes 2 and 7)	375,108	266,375
Property and equipment, net (Notes 2 and 8)	12,046,758	12,102,947
Right-of-use assets, net (Note 2)	123,941	64,119
TOTAL ASSETS	$ 59,965,709	$ 61,327,371
LIABILITIES		
Accounts payable and accrued expenses (Note 2)	$ 1,275,373	$ 1,171,771
Accrued salaries and others	904,956	894,699
Long-term debt (Note 9)	1,671,575	1,671,575
Tenant security deposits	5,725	4,204
Government and other advances (Note 2)	15,307	4,525
Loan payable (Notes 3 and 10)	1,000,000	650,000
Operating lease liability (Note 2)	123,941	64,119
TOTAL LIABILITIES	4,996,877	4,460,893
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS (Notes 2 and 6)		
Without Donor Restrictions		
Undesignated	3,040,695	3,001,802
Designated by the Board for endowment	27,859,873	28,902,703
Net investment in property and equipment	10,750,291	10,697,747
Total Without Donor Restrictions	41,650,859	42,602,252
With Donor Restrictions		
Perpetual in nature	12,363,470	13,344,469
Purpose restrictions	842,003	819,205
Time-restricted only for future periods	112,500	100,552
Total With Donor Restrictions	13,317,973	14,264,226
TOTAL NET ASSETS	54,968,832	56,866,478
TOTAL LIABILITIES AND NET ASSETS	$ 59,965,709	$ 61,327,371

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

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2026

	2025			2026		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue						
Government agencies (Note 2)	$ 18,286,958	$ -	$ 18,286,958	$ 19,182,078	$ -	$ 19,182,078
Special events (Note 12)	1,204,273	-	1,204,273	779,677	-	779,677
Direct special event expenses	(333,378)	-	(333,378)	(338,240)	-	(338,240)
Special events, net (Note 12)	870,895	-	870,895	441,437	-	441,437
Contributions of cash (Notes 2 and 12)	1,034,060	1,171,982	2,206,042	462,205	1,130,659	1,592,864
Rental income	531,398	-	531,398	520,628	-	520,628
Net assets released from restrictions (Note 2)	1,530,196	(1,530,196)	-	1,165,405	(1,165,405)	-
Subtotal	3,966,549	(358,214)	3,608,335	2,589,675	(34,746)	2,554,929
Dues and fees	668,868	-	668,868	559,397	-	559,397
Interest	10,162	-	10,162	10,360	-	10,360
Subtotal	679,030	-	679,030	569,757	-	569,757
Total Operating Revenue	22,932,537	(358,214)	22,574,323	22,341,510	(34,746)	22,306,764
Operating Expenses						
Program services	20,266,906	-	20,266,906	18,958,446	-	18,958,446
Management and general	4,199,576	-	4,199,576	4,247,917	-	4,247,917
Fundraising	476,585	-	476,585	462,296	-	462,296
Total Operating Expenses	24,943,067	-	24,943,067	23,668,659	-	23,668,659
Operating Loss	(2,010,530)	(358,214)	(2,368,744)	(1,327,149)	(34,746)	(1,361,895)
Non-Operating Income (Loss)						
Investment income, net (Note 6)	1,910,706	768,295	2,679,001	2,191,078	925,999	3,117,077
Bequests (Notes 2 and 12)	110,170	-	110,170	101,752	-	101,752
Capital contributions (Note 12)	-	10,000	10,000	-	-	-
Contributions to endowment (Notes 2, 6 and 12)	-	60,000	60,000	-	55,000	55,000
Loss on disposal of property and equipment (Note 8)	(81,614)	-	(81,614)	(14,288)	-	(14,288)
Total Non-Operating Income	1,939,262	838,295	2,777,557	2,278,542	980,999	3,259,541
Change in Net Assets	(71,268)	480,081	408,813	951,393	946,253	1,897,646
Net Assets - Beginning of Year	41,722,127	12,837,892	54,560,019	41,650,859	13,317,973	54,968,832
Net Assets - End of Year	$ 41,650,859	$ 13,317,973	$ 54,968,832	$ 42,602,252	$ 14,264,226	$ 56,866,478

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

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services								Supporting Services		
	Homeless and Housing	Early Childhood Center	Older Adults	Visual and Performing Arts	Fitness and Aquatics	Adult Education	Health and Wellness	Total	Management and General	Fundraising	Total 2025
Personnel (Note 11)	$ 3,710,001	$ 3,432,811	$ 3,202,148	$ 1,017,931	$ 688,349	$ 561,297	$ 396,599	$ 13,009,136	$ 2,990,324	$ 408,067	$ 16,407,527
Fees for services	157,714	61,208	167,065	2,742	3,574	1,658	6,522	400,483	417,592	67,363	885,438
Insurance	113,070	66,040	57,510	9,395	6,777	5,006	4,658	262,456	51,631	5,216	319,303
Occupancy	2,346,411	318,886	374,663	42,998	38,368	16,951	15,574	3,153,851	112,519	11,513	3,277,883
Information and communication technology	134,575	61,809	179,870	16,376	6,519	13,413	10,585	423,147	179,527	31,646	634,320
Supplies	56,214	111,990	38,695	2,432	1,999	2,242	5,721	219,293	24,679	8,544	252,516
Food	334,841	191,717	564,986	644	-	-	1,551	1,093,739	-	240,502	1,334,241
Transportation	63,096	15,727	100,789	265	162	107	2,997	183,143	24,673	394	208,210
Professional development	8,358	15,436	23,942	3,205	-	-	2,790	53,731	49,768	9,824	113,323
Provision for doubtful accounts	4,609	-	-	-	-	-	-	4,609	-	-	4,609
Depreciation	580,097	351,676	270,399	55,634	40,824	22,217	19,995	1,340,842	135,894	15,089	1,491,825
Interest expense	16,716	-	-	-	-	-	-	16,716	18,896	-	35,612
Miscellaneous	15,234	11,695	74,833	1,204	2	422	2,370	105,760	194,073	11,805	311,638
	7,540,936	4,638,995	5,054,900	1,152,826	786,574	623,313	469,362	20,266,906	4,199,576	809,963	25,276,445
Direct special event expenses (Note 12)	-	-	-	-	-	-	-	-	-	(333,378)	(333,378)
TOTAL EXPENSES	**$ 7,540,936**	**$ 4,638,995**	**$ 5,054,900**	**$ 1,152,826**	**$ 786,574**	**$ 623,313**	**$ 469,362**	**$ 20,266,906**	**$ 4,199,576**	**$ 476,585**	**$ 24,943,067**

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

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	Program Services								Supporting Services		
	Homeless and Housing	Early Childhood Center	Older Adults	Visual and Performing Arts	Fitness and Aquatics	Adult Education	Health and Wellness	Total	Management and General	Fundraising	Total 2026
Personnel (Note 11)	$ 3,714,779	$ 3,660,902	$ 3,555,144	$ 542,621	$ 382,057	$ 252,071	$ 363,449	$ 12,471,023	$ 3,096,920	$ 375,911	$ 15,943,854
Fees for services	104,151	52,851	137,792	2,842	4,527	905	5,613	308,681	409,725	102,369	820,775
Insurance	129,226	76,636	63,567	11,414	8,232	4,786	6,378	300,239	58,769	5,721	364,729
Occupancy	1,769,553	320,825	357,829	54,456	35,962	17,939	25,384	2,581,948	134,959	13,374	2,730,281
Information and communication technology	133,632	65,688	160,165	14,492	4,531	4,618	11,070	394,196	187,919	33,837	615,952
Supplies	70,188	69,614	35,417	718	1,493	2,928	8,877	189,235	19,668	9,838	218,741
Food	282,088	257,066	589,930	1,242	-	1,261	33,428	1,165,015	4,767	229,020	1,398,802
Transportation	29,937	12,607	43,607	270	145	86	1,800	88,452	13,810	234	102,496
Professional development	7,569	2,340	26,484	1,925	-	100	4,604	43,022	10,359	2,337	55,718
Provision for doubtful accounts	3,185	-	-	-	-	-	-	3,185	-	-	3,185
Depreciation	591,699	348,288	242,001	60,683	40,303	20,106	22,848	1,325,928	149,789	14,987	1,490,704
Interest expense	16,716	-	-	-	-	-	-	16,716	5,999	-	22,715
Miscellaneous	10,424	5,554	54,044	171	17	71	525	70,806	155,233	12,908	238,947
	6,863,147	4,872,371	5,265,980	690,834	477,267	304,871	483,976	18,958,446	4,247,917	800,536	24,006,899
Direct special event expenses (Note 12)	-	-	-	-	-	-	-	-	-	(338,240)	(338,240)
TOTAL EXPENSES	**$ 6,863,147**	**$ 4,872,371**	**$ 5,265,980**	**$ 690,834**	**$ 477,267**	**$ 304,871**	**$ 483,976**	**$ 18,958,446**	**$ 4,247,917**	**$ 462,296**	**$ 23,668,659**

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

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2026

	2025	2026
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 408,813	$ 1,897,646
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	1,491,825	1,490,704
Loss on disposal of property and equipment	81,614	14,288
Provision for doubtful accounts	4,609	3,185
Realized gain on the sale of investments	(1,431,119)	(1,514,170)
Unrealized gain on investments	(767,064)	(1,072,771)
Contributions for capital expenditures	(10,000)	-
Contributions for Thomas J. Edelman Restricted Endowment Fund	(60,000)	(55,000)
Transfer to Board-designated endowment from operations	(110,170)	(101,752)
Sub-total	(391,492)	662,130
Changes in operating assets and liabilities		
Decrease (increase) in assets		
Government and other receivables	(1,539,007)	800,328
Pledges receivable	(30,384)	200,738
Prepayments and other assets	(223,594)	132,786
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	316,888	(103,601)
Accrued salaries and others	76,691	(10,258)
Tenant security deposits	(1,361)	(1,521)
Government and other advances	(38,289)	(10,783)
Net Cash (Used in) Provided by Operating Activities	(1,830,548)	1,669,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(996,588)	(1,561,180)
Purchase of investments	(13,239,852)	(11,617,330)
Proceeds from withdrawals and sale of investments	14,600,128	12,180,442
Net Cash Provided by (Used in) Investing Activities	363,688	(998,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	1,000,000	650,000
Repayment of loan payable	-	(1,000,000)
Capital contributions	10,000	-
Contributions for Thomas J. Edelman Restricted Endowment Fund	60,000	55,000
Transfer to Board-designated endowment from operations	110,170	101,752
Net Cash Provided by (Used in) Financing Activities	1,180,170	(193,248)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(286,690)	478,503
Cash and cash equivalents and restricted cash - beginning of year	1,404,813	1,118,123
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 1,118,123	$ 1,596,626
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 35,612	$ 22,715
Property and equipment additions through accounts payable	$ -	$ 281,748

The amounts reported as cash and cash equivalents, and restricted cash above consist of the following amounts reported in the consolidated statements of financial position:

Cash and cash equivalents	$ 743,015	$ 1,330,251
Restricted deposits and funded reserves	375,108	266,375
Cash and cash equivalents and restricted cash	$ 1,118,123	$ 1,596,626

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Lenox Hill Neighborhood House, Inc. (the "Neighborhood House" or "Organization") is a 132-year-old settlement house that provides an extensive array of human services—social, educational, health, housing, mental health, nutritional and fitness—which significantly improve the lives of thousands of people each year in New York City. The Neighborhood House is the oldest and largest social service and educational organization on the Upper East Side. Founded in 1894 to provide a free kindergarten for immigrant children, the Organization has greatly expanded its range of services. The Organization's service area extends from Fifth Avenue to the East River and from 14th Street to 143rd Street. Its principal programs serve children and families, unhoused and formerly unhoused adults, older adults, disabled persons, immigrants, adult learners and other nonprofit organizations. The Neighborhood House is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code.

The Neighborhood House oversees a special purpose not-for-profit corporation, 159-61 East 102nd Street Housing Development Fund Corporation (the "HDFC"). The HDFC owns the stock of Casa Mutua, Inc., a New York corporation ("Casa Mutua, Inc.") that serves as General Partner of Casa Mutua Limited Partnership (the "Partnership"). The HDFC is also the sole Limited Partner of the Partnership, making the HDFC the sole owner of the Partnership. The Partnership owns and operates a building at 159-61 East 102nd Street in Manhattan and provides permanent supportive housing for 54 formerly unhoused persons who live with mental illness. Because the Neighborhood House controls the HDFC and therefore the Partnership, the financial statements of these affiliates of the Neighborhood House, the HDFC and the Partnership, must be consolidated with those of the Neighborhood House. See also Notes 7, 8 and 13.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Consolidation

The Neighborhood House and its Affiliates' consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and include entities controlled by the Neighborhood House. All intercompany transactions have been eliminated in consolidation.

Revenue Recognition

The Neighborhood House receives its funding from city, state and federal government agencies ("Government Funds") and from private donors including individuals, estates, corporations, foundations and other not-for-profit entities ("Contributions").

The Organization records receivables and revenue when earned based on established rates or contracts for services provided. Generally, the Organization bills government agencies, third-party payors and individuals after the services are performed or when the Organization has completed its portion of the contract. Reimbursements from government agencies for prior years are occasionally adjusted in subsequent years due to audit adjustments or the receipt of additional monies in excess of contract amounts. Government funds are nonexchange transactions accounted for under the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, "*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958) (see below). Government funds amounted to $18,286,958 and $19,182,078 for the years ended June

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

30, 2025 and 2026, respectively, and are included in the consolidated statements of activities. To the extent amounts received exceed amounts spent, the Organization records government and other advances as a liability.

The Organization records revenue from dues and fees based on the five-step model described under FASB ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606). Dues and fees are billed either in advance or at the time of purchase. Dues and fees collected prior to the time period for which they are due are recorded as advances. Dues and fees collected in a period subsequent to when they were due are recognized as revenue in the year earned.

Unconditional contributions are recorded as revenue when they are reported to the Organization and their amounts become reasonably certain. Contributions are recorded with donor restrictions if donors stipulate their use for a specific purpose and/or for a specified time period, or if they stipulate that the contribution is perpetual in nature. Non-operating revenue consists of contributions to endowment, capital contributions, bequests, investment income and certain other income that is derived from activities that are not related to the Organization's core programs and operations. The Partnership's apartment rental income is recognized as it accrues. Advanced receipt of rental income is deferred until earned. Income for services rendered between programs is recorded as revenue in the program that provides the service, and such amounts have been eliminated in the consolidated financial statements.

The Organization has some conditional grants and contracts from government agencies and organizations which require completion in periods subsequent to the end of a fiscal year. The portion of such grants and contracts which relate to the subsequent periods have not been recognized as revenue in the consolidated financial statements; these amounts will be recognized at a future time when conditions are met. As of June 30, 2025 and 2026, respectively, the Organization had $12,071 and $3,526, respectively, in conditional grants and contracts from government agencies and organizations.

Contributed professional services are reflected as revenue and as an equal expense in the period received. The value of any contributed non-professional time is not reflected in the consolidated financial statements as it does not meet the criteria for recognition.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing Board of Directors of the Organization (the "Board") has designated, from net assets without donor restrictions, net assets for a Board-designated Endowment as reserves for future expenditures.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires (i.e., when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both); the related net assets are reported in the consolidated statements of activities as net assets released from restrictions. Donor imposed restrictions as of June 30, 2025 and 2026 pertains to following: early and adult

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

education services, older adult services, health and wellness programs, homeless and housing programs, civic advocacy and general operating activities. Net assets of $1,530,196 and $1,165,405, respectively, were released from donor restrictions during the years ended June 30, 2025 and 2026. Contributions to the endowment received with donor stipulations that they are perpetual in nature are recorded in either the Thomas J. Edelman Restricted Endowment Fund f/b/o Lenox Hill Neighborhood House (the "Thomas J. Edelman Restricted Endowment Fund") or the Elizabeth G. Betts Restricted Endowment Fund f/b/o Lenox Hill Neighborhood House (the "Elizabeth G. Betts Restricted Endowment Fund") (see Note 6). All investment earnings on the Thomas J. Edelman Restricted Endowment Fund and the Elizabeth G. Betts Restricted Endowment Fund are recorded as perpetual in nature until the Board authorizes an expenditure in accordance with the restrictions of the respective funds and applicable law.

Accounts and Pledges Receivable: Allowances

Allowances for doubtful accounts are provided on accounts and pledges receivable when management deems appropriate. These allowances are based on management's assessment of the collectability of these accounts. As of June 30, 2025 and 2026, allowances totaling $19,909 and $8,465, respectively, were recorded against accounts receivable. No allowances against pledges were believed necessary. The Organization does not currently discount to present value contributions that will be received in more than one year because that discount is deemed immaterial given the non-discounted value of such contributions.

Cash, Equivalents and Restricted Cash

Cash and equivalents include highly liquid instruments having maturities of three months or less from the date acquired, except restricted cash held in restricted deposits and funded reserves. Cash and equivalents in the Board-designated Endowment and in the Thomas J. Edelman Restricted Endowment Fund and the Elizabeth G. Betts Restricted Endowment Fund (see Note 6) are treated as investments.

Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Organization considers income designated by the Board for the Board-designated Endowment as a cash flow provided by financing activities. This includes any general allocation of funds from the operating accounts to the Board-designated Endowment.

Fair Value Measurements

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

Property and Equipment

Property and equipment is reported at cost less accumulated depreciation. Property and equipment with a cost of $10,000 or more, and a useful life of more than one year, is capitalized and depreciated over its estimated useful life utilizing the straight-line method if it relates to equipment or betterments in property owned by the Organization. Betterments with a cost of $10,000 or more, and a useful life of more than one year, are capitalized and depreciated

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

over the lesser of their estimated useful life or the lease term if they are located in property leased by the Organization for a term of more than one year. Betterments in property used by the Organization either without a lease or pursuant to a lease with a term of one year or less will be expensed. When assets are retired or disposed of, their costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations. Repairs and maintenance are charged to operations as incurred.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are expected to be settled within one year after the end of the reporting period or within the Organization's normal operating cycle, whichever is longer. As of June 30, 2025 and 2026, accounts payable and accrued expenses totaling $1,275,373 and $1,171,771 includes the pass-through amounts due to partner organizations totaling $618,717 and $60,808, respectively.

Leases

The Organization adopted ASU No. 2016-02, *Leases (Topic 842),* which requires lessees to recognize certain lease arrangements on the statements of financial position and disclose key information about these leases. The Organization determines if any arrangement is or contains a lease at inception. If such lease arrangements exist, the Organization includes these leases as right-of-use assets and lease liabilities that reflect the present value of the future minimum lease payments over the lease term. The Organization has elected not to recognize lease assets and lease liabilities for its short-term leases (i.e., leases with a term of 12 months or less) that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise; instead, these lease payments are reported as lease expense on a straight-line basis over the lease term. The Organization uses a discount rate to determine the present value of the lease payments calculated on the basis of information available at the commencement date. The discount rate is the rate implicit in the lease, whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, the Organization uses a risk-free discount rate for the lease as an accounting policy election for all leases, determined using a period comparable with that of the lease term.

Allocation of Expenses

The costs of providing the various programs and other supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple programs and/or functions have been allocated among the various programs and/or functions benefited using a reasonable allocation methodology, determined by management, that is consistently applied as follows: salaries and wages, associated fringe benefits and payroll taxes are allocated based on estimates of time and effort; occupancy costs are allocated based on the estimated amount of space used by each program and function; information and communication technology expenses are allocated, when appropriate, on the basis of employee headcount for each program and supporting activity; insurance costs are allocated based on either the estimated amount of space used by each program and function or by total salary cost; and depreciation and amortization of property and equipment are allocated based on the estimated amount of space used by each program and function. The basis on which costs are allocated are evaluated annually or more

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

frequently when programs or supporting functions are added or eliminated or when employee headcount changes significantly.

Income Taxes

The Organization has evaluated and is unaware of any uncertain tax positions as of June 30, 2025 and 2026 in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors the liquidity required to meet its planned operating needs and other commitments, including non-operating expenditures, while also striving to maximize the investment of its available funds and to provide for unanticipated liquidity needs. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, pledges receivable, marketable fixed income and equity securities in its Board-designated Endowment, marketable fixed income and equity securities available for use, in accordance with law and donor restrictions, from the Thomas J. Edelman Restricted Endowment Fund and the Elizabeth G. Betts Restricted Endowment Fund, and a line of credit. See Notes 4, 5, 6 and 10. For purposes of analyzing liquidity and the availability of resources to meet general operating expenditures and other commitments, including non-operating expenditures, over a twelve-month period, the Organization considers all expenditures, both general operating and non-operating, related to its program activities and supporting services.

As of June 30, 2025 and 2026, financial assets available without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	As of June 30,	
	2025	2026
Cash and equivalents	$ 743,015	$ 1,330,251
Government and other receivables, net	5,638,437	4,834,924
Pledges receivable due in less than one year	364,250	173,512
Investments in the Board-designated Endowment	27,859,873	28,902,703
Total	$ 34,605,575	$ 35,241,390

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization's endowment funds consist of the Board-designated Endowment, the Thomas J. Edelman Restricted Endowment Fund and the Elizabeth G. Betts Restricted Endowment Fund (see Note 6). The Board-designated Endowment totaling $27,859,873 and $28,902,702 as of June 30, 2025 and 2026, respectively, is subject to a withdrawal rate as determined annually by the Board of the Organization as part of the Board's annual budget approval and appropriation process for the succeeding year. The Board has the ability to use any portion, or all, of the Board-designated Endowment to address any liquidity needs of the Organization. Withdrawals can also be authorized by the Board of the Organization from the Thomas J. Edelman Restricted Endowment Fund ($11,181,337 as of June 30, 2025; $12,140,853 as of June 30, 2026) and The Elizabeth G. Betts Restricted Endowment Fund ($1,182,133 as of June 30, 2025; $1,203,616 as of June 30, 2026) in accordance with law and donor restrictions. As further described in Note 10, the Organization has a line of credit for $3,000,000 that can be used to support its operations as needed.

NOTE 4 - GOVERNMENT AND OTHER RECEIVABLES, NET

Government and other receivables, net consisted of the following:

	As of June 30,	
	2025	2026
Due from government agencies	$ 5,601,809	$ 4,759,145
Due from tenants	38,392	34,863
Other	18,145	49,381
Sub-total	5,658,346	4,843,389
Less: allowance for doubtful accounts	(19,909)	(8,465)
Total	$ 5,638,437	$ 4,834,924

As of November 9, 2026, all but $1,809,023 of the outstanding grant and other receivables as of June 30, 2026 had been collected.

NOTE 5 - PLEDGES RECEIVABLE

Pledges outstanding were as follows:

	As of June 30,	
	2025	2026
Due in less than one year	$ 364,250	$ 173,512
Due in more than one year	10,000	-
Total	$ 374,250	$ 173,512

As of November 9, 2026, all but $100,900 of the outstanding pledges receivable as of June 30, 2026 had been collected.

NOTE 6 - ENDOWMENT

The Neighborhood House has established a significant pool of financial assets to serve as an endowment (the "Endowment"). The Endowment is comprised of several parts: 1) funds designated by the Board which are unencumbered by donor restrictions ("Board-designated Endowment"); and 2) funds received with donor stipulations that they are perpetual in nature (the "Thomas J. Edelman Restricted Endowment Fund" and the "Elizabeth G. Betts Restricted Endowment Fund"). In combination, these funds are referred to as the Endowment. The two restricted endowments can be used in accordance with law and any relevant donor restrictions to support the Organization's operations. The Board-designated endowment can be used, as determined by the Board of the Organization, to support the operations of the Organization.

As of June 30, 2025, the Board-designated Endowment totaled $27,859,873, the Thomas J. Edelman Restricted Endowment Fund totaled $11,181,337, and the Elizabeth G. Betts Restricted Endowment Fund totaled $1,182,133, or $40,223,343 in total. As of June 30, 2026, the Board-designated Endowment totaled $28,902,703, the Thomas J. Edelman Restricted Endowment Fund totaled $12,140,853, and the Elizabeth G. Betts Restricted Endowment Fund totaled $1,203,616, or $42,247,172 in total.

The Neighborhood House's current investment policy for the Endowment is to invest in a mix of equity and fixed income securities based on a target allocation set periodically by the Board's Finance Committee. The objective is to preserve the "real" or inflation adjusted principal of the Endowment, to obtain relatively stable returns, to achieve long-term growth and to comply with the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Neighborhood House focuses on total return (capital gains or losses plus interest and dividends).

Changes in Endowment for the Year Ended June 30, 2025

	Board-designated Endowment	Restricted Endowments	Total
Beginning of year	$ 27,850,261	$ 11,535,175	$ 39,385,436
Contributions	110,170	60,000	170,170
Appropriation for expenditure	(1,970,131)	(41,133)	(2,011,264)
Investment activity			
Interest and dividends	504,522	216,915	721,437
Realized gain	1,057,826	373,293	1,431,119
Unrealized gain	475,428	291,636	767,064
Management fees	(168,203)	(72,416)	(240,619)
Sub-total investment activity	1,869,573	809,428	2,679,001
Total Changes	9,612	828,295	837,907
End of year	$ 27,859,873	$ 12,363,470	$ 40,223,343

NOTE 6 - ENDOWMENT (Continued)

Changes in Endowment for the Year Ended June 30, 2026

	Board-designated Endowment	Restricted Endowments	Total
Beginning of year	$ 27,859,873	$ 12,363,470	$ 40,223,343
Contributions	101,752	55,000	156,752
Transfer from operating account	69,332	-	69,332
Appropriation for expenditure	(1,250,000)	(69,332)	(1,319,332)
Investment activity			
Interest and dividends	539,083	238,052	777,135
Realized gain	1,170,531	343,639	1,514,170
Unrealized gain	581,380	491,391	1,072,771
Management fees	(169,248)	(77,751)	(246,999)
Sub-total investment activity	2,121,746	995,331	3,117,077
Total Changes	1,042,830	980,999	2,023,829
End of year	$ 28,902,703	$ 13,344,469	$ 42,247,172

Endowment assets consist of investments which are carried at fair value. The value of investments, all of which were marketable, was $42,536,581 as of November 9, 2026. The Neighborhood House's investments are managed on a discretionary basis by Wilkinson Global Asset Management LLC ("Wilkinson Global"), an independent investment firm. Investments consisted of the following as of June 30:

	Board-designated Endowment		Restricted Endowments		Total	
	2025	2026	2025	2026	2025	2026
Cash and equivalents	$ 618,793	$ 320,050	$ 308,801	$ 308,888	$ 927,594	$ 628,938
Equities	20,740,192	21,583,351	8,805,017	9,993,938	29,545,209	31,577,289
Fixed income	6,500,888	6,999,302	3,249,652	3,041,643	9,750,540	10,040,945
Total	$ 27,859,873	$ 28,902,703	$ 12,363,470	$ 13,344,469	$ 40,223,343	$ 42,247,172

NOTE 6 - **ENDOWMENT (Continued)**

Investments are subject to market fluctuations that could substantially change their values. Net assets with donor restrictions that are perpetual in nature as of June 30, 2025 and 2026 were $12,363,470 and $13,344,469, respectively, and were included in investments.

	Board-designated Endowment		Restricted Endowments		Total	
	2025	2026	2025	2026	2025	2026
Interest and dividends	$ 504,522	$ 539,083	$ 216,915	$ 238,052	$ 721,437	$ 777,135
Realized gain on sale of investments	1,057,826	1,170,531	373,293	343,639	1,431,119	1,514,170
Unrealized gain on investments	475,428	581,380	291,636	491,391	767,064	1,072,771
	2,037,776	2,290,994	881,844	1,073,082	2,919,620	3,364,076
Less: Management fees	(168,203)	(169,248)	(72,416)	(77,751)	(240,619)	(246,999)
Total	$ 1,869,573	$ 2,121,746	$ 809,428	$ 995,331	$ 2,679,001	$ 3,117,077

Fair value is 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 determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the input to the valuation technique. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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 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 hierarchy gives the lowest priority to Level 3 inputs.

NOTE 6 - **ENDOWMENT (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value:

Equities

Equities are valued at the closing price reported on the active market on which the individual securities are traded.

Bonds and Government Obligations

Corporate bonds, foreign bonds and government obligations are valued at the closing price reported in the active market in which the individual securities are traded.

Financial assets carried at fair value as of June 30, 2025 and 2026 are classified as Level 1 were as follows:

	Board-designated Endowment		Restricted Endowment		Total	
	2025	2026	2025	2026	2025	2026
Assets Carried at Fair Value						
Investments						
Equities (Common Stock)	$ 20,740,192	$ 21,583,351	$ 8,805,017	$ 9,993,938	$ 29,545,209	$ 31,577,289
U.S. Government Obligations	814,936	605,058	845,902	251,253	1,660,838	856,311
Corporate Bonds	5,685,952	6,394,244	2,403,750	2,790,390	8,089,702	9,184,634
Total	$ 27,241,080	$ 28,582,653	$12,054,669	$ 13,035,581	$ 39,295,749	$ 41,618,234

Financial assets, carried at fair value, in the Endowment as of June 30, 2025 and 2026 do not include cash ($919,683 and $618,129, respectively) and interest receivable ($7,911 and $10,809, respectively).

NOTE 7 - RESTRICTED DEPOSITS AND FUNDED RESERVES

As a condition for the long-term debt obtained by the Partnership from the New York City Department of Housing Preservation and Development ("HPD") to finance the acquisition and operation of the building at 159-61 East 102nd Street in Manhattan (the "Project"), the Partnership agreed to fund the Project operating and replacement reserves to ensure the Project's successful operations as low-income housing. On May 31, 2011, as agreed to by the Partnership and HPD, certain amounts of the restricted deposits for Project operating and replacement reserves were transferred from bank accounts of the Partnership to certain lockbox accounts in the name of New York City Housing Development Corporation ("HDC"). The balances of these accounts as of June 30, 2025 are $237,354 (Project Operating Reserve) and $137,754 (Project Replacement Reserve). The balances of these accounts as of June 30, 2026 are $123,674 (Project Operating Reserve) and $142,701 (Project Replacement Reserve). As of June 30, 2025 and 2026, the Partnership is required to make specified annual contributions to the Project Replacement Reserve but not to the Project Operating Reserve. These balances are net of withdrawals from the Project Operating Reserve and the Project Replacement Reserve, authorized by HPD and transferred from HDC.

On October 1, 2025, HPD and the Partnership entered into an agreement for the period from October 1, 2025 through September 30, 2026 ("October 1, 2025 Agreement") that the total sum of interest and servicing fees of $20,895 and $20,895 for the years ended June 30, 2025 and 2026, respectively, would be deducted from the Reserves Account. No contributions into the Reserves Account will be required during the term of the October 1, 2025 Agreement.

NOTE 8 - PROPERTY AND EQUIPMENT, NET

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

	2025	2026	Estimated Useful Lives
Land	$ 1,664,999	$ 1,664,999	N/A
Buildings	1,899,481	1,899,481	25-50 years
Improvements	20,025,594	21,214,843	3-20 years
Furniture and equipment	3,557,556	3,892,335	5 - 10 years
Sub-total	27,147,630	28,671,658	
Less: Accumulated depreciation	(15,100,872)	(16,568,711)	
Total	$ 12,046,758	$ 12,102,947	

The Organization's headquarters at 331 East 70th Street in Manhattan was built in 1928 and is fully depreciated. In October 2021, the market value of the land on which the building sits had an estimated market value of $49.8 million (assumed vacant and available for development) based on an independent appraisal completed by KTR Real Estate Advisors ("KTR"). The building at 159-61 East 102nd Street in Manhattan that provides permanent supportive housing for 54 formerly unhoused persons who live with mental illness (see Note 1) and the land on which it sits had an estimated fair market value of $2 million as of November 2021 based on an independent appraisal completed by KTR.

NOTE 8 - PROPERTY AND EQUIPMENT, NET (Continued)

The Organization wrote off property and equipment totaling $417,021 and accumulated depreciation of $335,407 as of June 30, 2025, which resulted in a loss on disposal in the amount of $81,614. The Organization wrote off property and equipment totaling $37,152 and accumulated depreciation of $22,864 as of June 30, 2026, which resulted in a loss on disposal in the amount of $14,288.

NOTE 9 - LONG-TERM DEBT

As of June 30, 2026, the Partnership was liable for a HPD mortgage on the building at 159-61 East 102nd in Manhattan in the principal amount of $1,671,575 due May 14, 2037. Through January 1, 2015, simple interest on the principal amount of this mortgage accrued at the rate of one percent (1%) per annum. Beginning January 1, 2015, interest is payable monthly to the mortgagee, HPD. A servicing fee of one quarter of one percent (0.25%) per annum is payable monthly.

NOTE 10 - LOAN PAYABLE

The Organization has a $3,000,000 commercial line of credit with a major bank and the line is collateralized by the Organization's business assets. There was an outstanding balance of $650,000 on the line of credit as of June 30, 2026 and the full amount was paid off on July 3, 2026. Drawings are subject to interest at the Secured Overnight Financing Rate plus 3.00%. The line of credit expires in February 2027 with an option to renew.

NOTE 11 - PENSION PLANS

Union Plans

The Neighborhood House is a party to a collective bargaining agreement ("CBA") with 1199SEIU National Healthcare Workers East ("1199"), which represents certain employees of the Neighborhood House. The Neighborhood House has ongoing pension obligations on behalf of employees represented by 1199. The pension obligations were specified in the respective CBAs between the Neighborhood House and 1199. The current Memorandum of Agreement with 1199 expires on December 31, 2030.

The Neighborhood House does not administer the pension plan, which is subject to the provisions of the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006 ("PPA"), among other laws and regulations. For the years ended June 30, 2025 and 2026, the Neighborhood House contributed an average of 11.30% and 11.30% of salary, respectively, for 1199 employees. Pension expenses for employees covered by the Local 1199 plan for the years ended June 30, 2025 and 2026 amounted to $300,951 and $275,926, respectively, are included in personnel expense in the consolidated statements of functional expenses.

The risks inherent in multiemployer pension plans such as the 1199 Pension Plan are different from sponsoring or participating in a single-employer plan in that assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers. In addition, if a participating employer stops participating in a multiemployer plan, the former

NOTE 11 - PENSION PLANS (Continued)

participating employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The PPA contains certain provisions to address funding problems encountered by many multiemployer plans and established different categories, or "zones", of plans: (1) "Green Zone" for healthy; (2) "Yellow Zone" for endangered; and (3) "Red Zone" for critical. These categories are based generally upon the funding ratios of plan assets to plan liabilities. In general, Green Zone plans have a funding ratio greater than 80%, Yellow Zone plans have a funding ratio between 65 and 80%, and Red Zone plans are less than 65% funded. The Zone Status for the 1199 Pension Plan is based on information obtained from the Form 5500 Annual Report filed by the Plan and certified by the Plan's actuaries.

Based on 1199 Pension Plan's annual report on Form 5500, the 1199 Pension Plan was 91.6% and 91.7% funded for its plan years beginning January 1, 2024 and January 1, 2025, respectively. According to the audited financial statements of the 1199 Pension Plan and the actuarial certification, the 1199 Pension Plan was therefore not in an endangered or critical status under the PPA for the Plan Year beginning January 1, 2025.

Pension Plan	Employer Identification Number	Pension Plan Number	Beginning of Plan Year	PPA Zone Status As of Beginning of Plan Year 2024	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Local 1199 Plan	13-3604862	001	January 1, 2024	Green	N/A	N/A	September 30, 2025

Pension Plan	Employer Identification Number	Pension Plan Number	Beginning of Plan Year	PPA Zone Status As of Beginning of Plan Year 2025	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Local 1199 Plan	13-3604862	001	January 1, 2025	Green	N/A	N/A	December 31, 2030

Defined Contribution Plans

The Neighborhood House has a defined contribution 403(b) thrift plan ("403(b) Plan") and a 457(b) Deferred Compensation Plan ("457(b) Plan") covering certain eligible employees. Contributions to the 403(b) plan for the years ended June 30, 2025 and 2026 amounted to $349,295 and $357,677, respectively. The Neighborhood House made additional contributions for certain key employees to the 403(b) Plan and the 457(b) Plan. For 2025 and 2026, these additional contributions, excluding applicable fringe benefit costs, totaled $100,000 and $100,000 and were paid in subsequent fiscal years.

NOTE 12 - CONTRIBUTIONS OF CASH AND SPECIAL EVENTS

Contributions consisted of the following for the year ended June 30:

	For the year ended June 30,	
	2025	2026
Operating		
Contributions of cash	$ 2,206,042	$ 1,592,864
Non-operating		
Bequest	110,170	101,752
Contributions to Endowment	60,000	55,000
Capital contributions	10,000	-
Sub-total	180,170	156,752
Total	$ 2,386,212	$ 1,749,616

Special event income consisted of the following for the year ended June 30:

	For the year ended June 30,	
	2025	2026
Special events	$ 1,204,273	$ 779,677
Direct special event expenses	(333,378)	(338,240)
Total	$ 870,895	$ 441,437

NOTE 13 - RELATED PARTY TRANSACTIONS

As described in Note 1, the Neighborhood House controls the Partnership, which in turn owns and operates a building at 159-61 East 102nd Street in Manhattan which serves as a permanent supportive housing residence for 54 formerly unhoused persons living with mental illness. The Organization manages the building under a management agreement which expires on December 31, 2026, which automatically renews for one-year terms unless earlier terminated under certain conditions. For the years ended June 30, 2025 and 2026, the Partnership paid $17,888 and $18,603, respectively, to the Neighborhood House for partnership management and $51,545 and $53,848, respectively, for property management. As of June 30, 2025, the Partnership owed the Neighborhood House $4,329,653, all of which was for capital improvements made at the building which were paid for by the Neighborhood House. As of June 30, 2026, the Partnership owed the Neighborhood House $4,497,532, all of which was for capital improvements made at the building which were paid for by the Neighborhood House. These intercompany transactions have been eliminated in the consolidated financial statements.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Various government agencies have the right to examine the books and records of the Neighborhood House in regard to transactions relating to contracts with those agencies.

The Neighborhood House uses space and pays for maintenance services for the Lenox Hill Neighborhood House Older Adult Center at Saint Peter's Church pursuant to an Amended and Restated License Agreement dated as of September 1, 2015 ("License Agreement"), as amended pursuant to an Addendum to the License Agreement dated as of May 9, 2017 ("Addendum"), a Second Addendum to the License Agreement dated September 17, 2018 and effective as of July 1, 2018 ("Second Addendum"), and a Third Addendum dated December 2, 2019 and effective as of that date ("Third Addendum"). The License Agreement, as amended, terminates on June 30, 2030, unless sooner terminated, and automatically renews for one additional five-year term. Pursuant to the License Agreement, as amended, the Neighborhood House pays Saint Peter's Church a monthly License Fee and a monthly Maintenance Fee, both of which will increase throughout the duration of the agreement.

The License Agreement terminates immediately if any one of the following events takes place: (1) in the event that the space or an essential part of the space is totally destroyed by fire or other casualty; (2) the space is partially destroyed by fire or other casualty provided that notice is given within 20 days of the partial destruction and not less than 10 days prior to the termination date; (3) written notice is given by either the Neighborhood House or Saint Peter's Church to the other party at least 30 days prior to the current term or any renewal term that the notifying party does not wish to renew the agreement; or (4) funding from the City of New York to operate the Older Adult Center ceases.

NOTE 15 - CONCENTRATIONS

The only financial instruments that potentially subject the Neighborhood House or the Partnership to a concentration of credit risk are amounts on deposit that are in excess of Federal Deposit Insurance Corporation insurance limits. The excess amounts did not exceed $2,775,394 and $4,216,562 on the last day of any month during 2025 and 2026, respectively, for the Neighborhood House, and $0 during 2025 and 2026 for the Partnership. Given the size and credit rating of its bank, management believes that the credit risk related to these accounts is minimal.

The Neighborhood House's Endowments are managed by Wilkinson Global. Investment securities and cash are held in a custody account at BNY Mellon Wealth Management. As of June 30, 2025, the Neighborhood House had $27,859,873 in the Board-designated Endowment, $11,181,337 in the Thomas J. Edelman Restricted Endowment, and $1,182,133 in the Elizabeth G. Betts Restricted Endowment, or a total Endowment of $40,223,343. As of June 30, 2026, the Neighborhood House had $28,902,703 in the Board-designated Endowment, $12,140,853 in the Thomas J. Edelman Restricted Endowment, and $1,203,616 in the Elizabeth G. Betts Restricted Endowment, or a total Endowment of $42,247,172.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through November 9, 2026, the date the consolidated financial statements were available to be issued. The Organization has determined that there are no subsequent events that would require adjustment to, or disclosure, in the 2026 consolidated financial statements.

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2025

	Lenox Hill Neighborhood House, Inc.	159-61 East 102nd Street Housing Development Fund Corporation and Affiliates*	Sub-total	Consolidating Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	$ 697,026	$ 45,989	$ 743,015	$ -	$ 743,015
Government and other receivables, net	9,835,291	132,799	9,968,090	(4,329,653)	5,638,437
Pledges receivable	374,250	-	374,250	-	374,250
Investments	40,223,343	-	40,223,343	-	40,223,343
Prepayments and other assets	418,279	22,578	440,857	-	440,857
Restricted deposits and funded reserves	-	375,108	375,108	-	375,108
Property and equipment, net	6,800,837	5,245,921	12,046,758	-	12,046,758
Right-of-use-asset, net	123,941	-	123,941	-	123,941
TOTAL ASSETS	$ 58,472,967	$ 5,822,395	$ 64,295,362	$ (4,329,653)	$ 59,965,709
LIABILITIES					
Accounts payable and accrued expenses	$ 1,153,535	$ 4,451,491	$ 5,605,026	$ (4,329,653)	$ 1,275,373
Accrued salaries and others	904,956	-	904,956	-	904,956
Long-term debt	-	1,671,575	1,671,575	-	1,671,575
Tenant security deposits	-	5,725	5,725	-	5,725
Government and other advances	12,071	3,236	15,307	-	15,307
Loan payable	1,000,000	-	1,000,000	-	1,000,000
Operating lease liability	123,941	-	123,941	-	123,941
TOTAL LIABILITIES	3,194,503	6,132,027	9,326,530	(4,329,653)	4,996,877
NET ASSETS (DEFICIT)					
Without Donor Restrictions					
Undesignated	7,299,781	(4,259,086)	3,040,695	-	3,040,695
Board-designated Endowment	27,859,873	-	27,859,873	-	27,859,873
Net investment in property and equipment	6,800,837	3,949,454	10,750,291	-	10,750,291
Without Donor Restrictions - Total	41,960,491	(309,632)	41,650,859	-	41,650,859
With Donor Restrictions					
Perpetual in nature	12,363,470	-	12,363,470	-	12,363,470
Purpose restrictions	842,003	-	842,003	-	842,003
Time-restricted only for future periods	112,500	-	112,500	-	112,500
With Donor Restrictions - Total	13,317,973	-	13,317,973	-	13,317,973
TOTAL NET ASSETS	55,278,464	(309,632)	54,968,832	-	54,968,832
TOTAL LIABILITIES AND NET ASSETS	$ 58,472,967	$ 5,822,395	$ 64,295,362	$ (4,329,653)	$ 59,965,709

**includes Casa Mutua, Inc. and Casa Mutua Limited Partnership.*

See Independent Auditors' Report.

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2026

	Lenox Hill Neighborhood House, Inc.	159-61 East 102nd Street Housing Development Fund Corporation and Affiliates*	Sub-total	Consolidating Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	$ 1,281,745	$ 48,506	$ 1,330,251	$ -	$ 1,330,251
Government and other receivables, net	9,051,446	281,010	9,332,456	(4,497,532)	4,834,924
Pledges receivable	173,512	-	173,512	-	173,512
Investments	42,247,172	-	42,247,172	-	42,247,172
Prepayments and other assets	286,278	21,793	308,071	-	308,071
Restricted deposits and funded reserves	-	266,375	266,375	-	266,375
Property and equipment, net	7,258,884	4,844,063	12,102,947	-	12,102,947
Right-of-use-asset, net	64,119	-	64,119	-	64,119
TOTAL ASSETS	$ 60,363,156	$ 5,461,747	$ 65,824,903	$ (4,497,532)	$ 61,327,371
LIABILITIES					
Accounts payable and accrued expenses	$ 1,038,838	$ 4,630,465	$ 5,669,303	$ (4,497,532)	$ 1,171,771
Accrued salaries and others	894,699		894,699	-	894,699
Long-term debt	-	1,671,575	1,671,575	-	1,671,575
Tenant security deposits	-	4,204	4,204	-	4,204
Government and other advances	3,526	999	4,525	-	4,525
Loan payable	650,000	-	650,000	-	650,000
Operating lease liability	64,119	-	64,119	-	64,119
TOTAL LIABILITIES	2,651,182	6,307,243	8,958,425	(4,497,532)	4,460,893
NET ASSETS (DEFICIT)					
Without Donor Restrictions					
Undesignated	7,286,161	(4,284,359)	3,001,802	-	3,001,802
Board-designated Endowment	28,902,703		28,902,703	-	28,902,703
Net investment in property and equipment	7,258,884	3,438,863	10,697,747	-	10,697,747
Without Donor Restrictions - Total	43,447,748	(845,496)	42,602,252	-	42,602,252
With Donor Restrictions					
Perpetual in nature	13,344,469	-	13,344,469	-	13,344,469
Purpose restrictions	819,205	-	819,205	-	819,205
Time-restricted only for future periods	100,552	-	100,552	-	100,552
With Donor Restrictions - Total	14,264,226	-	14,264,226	-	14,264,226
TOTAL NET ASSETS	57,711,974	(845,496)	56,866,478	-	56,866,478
TOTAL LIABILITIES AND NET ASSETS	$ 60,363,156	$ 5,461,747	$ 65,824,903	$ (4,497,532)	$ 61,327,371

**includes Casa Mutua, Inc. and Casa Mutua Limited Partnership.*

See Independent Auditors' Report.

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Lenox Hill Neighborhood House, Inc.	159-61 East 102nd Street Housing Development Fund Corporation and Affiliates*	Sub-total	Consolidating Eliminations	Consolidated Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Operating Revenue					
Government agencies	$ 18,033,369	$ 253,589	$ 18,286,958	$ -	$ 18,286,958
Special events	1,204,273	-	1,204,273		1,204,273
Direct special event expenses	(333,378)	-	(333,378)	-	(333,378)
Special events, net	870,895	-	870,895	-	870,895
Contributions of cash	1,034,060	-	1,034,060	-	1,034,060
Rental income	-	531,398	531,398	-	531,398
Net assets released from restrictions	1,530,196	-	1,530,196	-	1,530,196
Subtotal	3,435,151	531,398	3,966,549	-	3,966,549
Dues and fees	609,715	128,586	738,301	(69,433)	668,868
Interest	43	10,119	10,162	-	10,162
Subtotal	609,758	138,705	748,463	(69,433)	679,030
Total Operating Revenue	22,078,279	923,691	23,001,970	(69,433)	22,932,537
Operating Expenses					
Program services	18,999,760	1,267,146	20,266,906	-	20,266,906
Management and general	4,199,576	69,433	4,269,009	(69,433)	4,199,576
Fundraising	476,585	-	476,585	-	476,585
Total Operating Expenses	23,675,921	1,336,579	25,012,500	(69,433)	24,943,067
Operating Loss	(1,597,642)	(412,888)	(2,010,530)	-	(2,010,530)
Non-Operating Income					
Bequests	110,170	-	110,170	-	110,170
Investment income	1,910,706	-	1,910,706	-	1,910,706
Loss on disposal of property and equipment	(29,441)	(52,173)	(81,614)	-	(81,614)
Total Non-Operating Income	1,991,435	(52,173)	1,939,262	-	1,939,262
Change in Net Assets Without Donor Restrictions	393,793	(465,061)	(71,268)	-	(71,268)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
Contributions of cash	1,171,982	-	1,171,982	-	1,171,982
Capital contributions	10,000	-	10,000	-	10,000
Net assets released from restrictions	(1,530,196)	-	(1,530,196)	-	(1,530,196)
Contribution to endowment	60,000	-	60,000	-	60,000
Investment income, net	768,295	-	768,295	-	768,295
Change in Net Assets With Donor Restrictions	480,081	-	480,081	-	480,081
CHANGE IN NET ASSETS	873,874	(465,061)	408,813	-	408,813
Net Assets - Beginning of Year	54,404,589	155,430	54,560,019	-	54,560,019
Net Assets - End of Year	$ 55,278,464	$ (309,632)	$ 54,968,832	$ -	$ 54,968,832

**includes Casa Mutua, Inc. and Casa Mutua Limited Partnership.*

See Independent Auditors' Report.

LENOX HILL NEIGHBORHOOD HOUSE, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Lenox Hill Neighborhood House, Inc.	159-61 East 102nd Street Housing Development Fund Corporation and Affiliates*	Sub-total	Consolidating Eliminations	Consolidated Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Operating Revenue					
Government agencies	$ 18,914,458	$ 267,620	$ 19,182,078	$ -	$ 19,182,078
Special events	779,677	-	779,677		779,677
Direct special event expenses	(338,240)	-	(338,240)	-	(338,240)
Special events, net	441,437	-	441,437	-	441,437
Contributions of cash	462,205	-	462,205	-	462,205
Rental income		520,628	520,628	-	520,628
Net assets released from restrictions	1,165,405	-	1,165,405	-	1,165,405
Subtotal	2,069,047	520,628	2,589,675	-	2,589,675
Dues and fees	630,190	1,658	631,848	(72,451)	559,397
Interest	444	9,916	10,360	-	10,360
Subtotal	630,634	11,574	642,208	(72,451)	569,757
Total Operating Revenue	21,614,139	799,822	22,413,961	(72,451)	22,341,510
Operating Expenses					
Program services	17,696,267	1,262,179	18,958,446	-	18,958,446
Management and general	4,247,917	72,451	4,320,368	(72,451)	4,247,917
Fundraising	462,296	-	462,296	-	462,296
Total Operating Expenses	22,406,480	1,334,630	23,741,110	(72,451)	23,668,659
Operating Loss	(792,341)	(534,808)	(1,327,149)	-	(1,327,149)
Non-Operating Income					
Bequests	101,752	-	101,752	-	101,752
Investment income	2,191,078	-	2,191,078	-	2,191,078
Loss on disposal of property and equipment	(13,232)	(1,056)	(14,288)	-	(14,288)
Total Non-Operating Income	2,279,598	(1,056)	2,278,542	-	2,278,542
Change in Net Assets Without Donor Restrictions	1,487,257	(535,864)	951,393	-	951,393
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
Contributions of cash	1,130,659	-	1,130,659	-	1,130,659
Net assets released from restrictions	(1,165,405)	-	(1,165,405)	-	(1,165,405)
Contribution to endowment	55,000	-	55,000	-	55,000
Investment income, net	925,999	-	925,999	-	925,999
Change in Net Assets With Donor Restrictions	946,253	-	946,253	-	946,253
CHANGE IN NET ASSETS	2,433,510	(535,864)	1,897,646	-	1,897,646
Net Assets - Beginning of Year	55,278,464	(309,632)	54,968,832	-	54,968,832
Net Assets - End of Year	$ 57,711,974	$ (845,496)	$ 56,866,478	$ -	$ 56,866,478

**includes Casa Mutua, Inc. and Casa Mutua Limited Partnership.*

See Independent Auditors' Report.