

**Jericho Project and Affiliates**  
**Consolidated Financial Statements**  
**(With Supplementary Information)**  
**Schedule of Expenditures of Federal Awards**  
**and Independent Auditor's Reports**

**June 30, 2025**

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## Jericho Project and Affiliates

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Independent Auditor's Report

To the Board of Directors  
Jericho Project and Affiliates

Report on the Audit of the Consolidated Financial Statements

*Opinion*

We have audited the consolidated financial statements of Jericho Project and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and 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 Jericho Project and Affiliates as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Jericho Project and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of certain entities included in the consolidated financial statements were not audited in accordance with *Government Auditing Standards*.

*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 Jericho Project and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### *Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Jericho Project and Affiliates' 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 Jericho Project and Affiliates' 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") is presented for additional analysis and is not a required part of the consolidated financial statements. The accompanying consolidating supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the

consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026 on our consideration of Jericho Project and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jericho Project and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jericho Project and Affiliates' internal control over financial reporting and compliance.

*CohnReznick LLP*

New York, New York  
March 30, 2026

**Jericho Project and Affiliates**  
**Consolidated Statement of Financial Position**  
**June 30, 2025**

Assets

Current assets	
Cash and cash equivalents	\$ 728,052
Accounts receivable - subsidy and tenants, net	223,846
Accounts receivable - grants and other	4,856,125
Prepaid expenses	356,901
Investments	<u>4,032,160</u>
Total current assets	<u>10,197,084</u>
Property and equipment, net	82,776,728
Other assets	
Security deposits	506,366
Developer fees receivable	377,894
Replacement and other reserves	3,073,722
Operating lease right-of-use assets	<u>8,440,274</u>
Total other assets	<u>12,398,256</u>
Total assets	<u><u>\$ 105,372,068</u></u>

**Jericho Project and Affiliates**  
**Consolidated Statement of Financial Position**  
**June 30, 2025**

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 2,204,610
Refundable advances	1,504,716
Due to contractor	135,409
Line of credit	1,000,000
Mortgage and notes payable, current	19,733,069
Operating lease liabilities, current	<u>2,560,941</u>
Total current liabilities	<u>27,138,745</u>
Long-term liabilities	
Mortgage and notes payable, non-current	59,752,005
Accrued interest payable	7,507,637
Operating lease liabilities, non-current	6,143,417
Developer fees payable	319,498
Security deposits	<u>47,293</u>
Total long-term liabilities	<u>73,769,850</u>
Total liabilities	<u>100,908,595</u>
Commitments and contingencies	
	-
Net assets	
Without donor restrictions	
Controlling interest	
Undesignated	885,463
Board designated	4,032,160
Non-controlling interest	<u>(2,338,537)</u>
Total without donor restrictions	<u>2,579,086</u>
With donor restrictions	
	<u>1,884,387</u>
Total net assets	<u>4,463,473</u>
Total liabilities and net assets	<u><u>\$ 105,372,068</u></u>

See Notes to Consolidated Financial Statements.

## Jericho Project and Affiliates

### Consolidated Statement of Activities Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Rental income - subsidy and tenant	\$ 6,812,484	\$ -	\$ 6,812,484
Supportive services	26,223,012	1,500,000	27,723,012
Contributions	1,506,849	500,000	2,006,849
Unrealized gains	500,744	-	500,744
Other income	593,200	-	593,200
Management and development fees	(646,350)	-	(646,350)
Net assets released from restrictions	115,613	(115,613)	-
	35,105,552	1,884,387	36,989,939
Total revenue and support			
Expenses			
Program	33,597,063	-	33,597,063
Management and general	3,459,524	-	3,459,524
Fundraising	631,844	-	631,844
	37,688,431	-	37,688,431
Total expenses			
Change in net assets	(2,582,879)	1,884,387	(698,492)
Decrease in net assets - noncontrolling interest	(3,102,166)	-	(3,102,166)
Increase in net assets - parent	\$ 519,287	\$ 1,884,387	\$ 2,403,674

See Notes to Consolidated Financial Statements.

## Jericho Project and Affiliates

### Consolidated Statement of Changes in Net Assets Year Ended June 30, 2025

	Net assets without donor restrictions				Net assets with donor restrictions	
	Controlling		Noncontrolling		Controlling	Total
	Undesignated	Board designated	Undesignated	Total		
Balance, July 1, 2024	\$ 603,928	\$ 3,794,408	\$ 763,629	\$ 5,161,965	\$ -	\$ 5,161,965
Changes in net assets	281,535	237,752	(3,102,166)	(2,582,879)	1,884,387	(698,492)
Balance, June 30, 2025	<u>\$ 885,463</u>	<u>\$ 4,032,160</u>	<u>\$ (2,338,537)</u>	<u>\$ 2,579,086</u>	<u>\$ 1,884,387</u>	<u>\$ 4,463,473</u>

See Notes to Consolidated Financial Statements.

**Jericho Project and Affiliates**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Program services			Supporting services		
	Social services	Housing	Total	General and administrative	Fundraising	Total
Salaries and related expenses						
Salaries	\$ 9,207,460	\$ 3,184,763	\$ 12,392,223	\$ 1,761,802	\$ 322,768	\$ 14,476,793
Payroll taxes and fringe benefits	1,957,699	815,630	2,773,329	528,145	65,469	3,366,943
Total salaries and related expenses	11,165,159	4,000,393	15,165,552	2,289,947	388,237	17,843,736
Other expenses						
Consulting and contracted services	149,412	72,211	221,623	246,226	-	467,849
Legal and other professional fees	325,952	115,483	441,435	1,029	-	442,464
Member assistance	422,988	6,110,435	6,533,423	2,782	-	6,536,205
Repairs and Maintenance	171,001	650,705	821,706	22,296	-	844,002
Insurance	47,385	1,347,811	1,395,196	59,600	519	1,455,315
Telephone and Internet	173,546	52,222	225,768	33,890	1,648	261,306
Equipment Rental	48,945	6,168	55,113	10,517	-	65,630
Office Supplies	278,579	100,578	379,157	103,888	6,211	489,256
Travel and Entertainment	109,932	50,742	160,674	108,349	1,839	270,862
Postage and Courier	9,805	834	10,639	9,132	3,541	23,312
Rent	676,032	3,110,922	3,786,954	361,312	-	4,148,266
Recruitment	181,372	42,136	223,508	34,876	19,190	277,574
Furniture and equipment	214,199	141,200	355,399	97,805	7,373	460,577
Marketing and outreach	-	-	-	-	203,281	203,281
Utilities	92,277	1,127,631	1,219,908	10,629	-	1,230,537
Miscellaneous Expenses	9,330	133,702	143,032	9,013	5	152,050
Depreciation	-	1,153,603	1,153,603	-	-	1,153,603
Interest Expense	-	1,008,276	1,008,276	-	-	1,008,276
Bad Debts	-	263,873	263,873	1,156	-	265,029
Banking Fees	-	1,281	1,281	57,077	-	58,358
Management Fees	-	30,943	30,943	-	-	30,943
Total expenses	<u>\$ 14,075,914</u>	<u>\$ 19,521,149</u>	<u>\$ 33,597,063</u>	<u>\$ 3,459,524</u>	<u>\$ 631,844</u>	<u>\$ 37,688,431</u>

See Notes to Consolidated Financial Statements.

## Jericho Project and Affiliates

### Consolidated Statement of Cash Flows Year Ended June 30, 2025

Cash flows from operating activities	
Change in consolidated net assets	\$ (698,492)
Adjustments to reconcile change in consolidated net assets to net cash provided by operating activities	
Depreciation and amortization	1,177,078
Non-cash operating lease expense	149,654
Unrealized gains on investments	(500,744)
Loss on investment in affiliates	807,998
Loss on disposal of fixed assets	310,000
Changes in operating assets and liabilities	
Accounts receivable - subsidy and tenants	995,732
Accounts receivable - grants and other	(2,513,317)
Prepaid expenses	(34,573)
Developer fees receivable	(42,991)
Accounts payable and accrued expenses	(225,056)
Refundable advances	490,327
Due to contractor	(486,430)
Due to related parties	(22,998)
Accrued interest payable	722,586
Security deposits	(186)
	128,588
Net cash provided by operating activities	128,588
Cash flows from investing activities	
Purchase of property and equipment	(8,439,759)
Purchase of investments	(828,657)
Sale of investments	1,091,649
Increase in developer fees payable	319,498
	(7,857,269)
Net cash used in investing activities	(7,857,269)
Cash flows from financing activities	
Proceeds from line of credit	200,000
Proceeds from mortgages and notes payable	7,330,651
Repayment of mortgages and notes payable	(104,517)
	7,426,134
Net cash provided by financing activities	7,426,134
Net decrease in cash, cash equivalents, security deposits and replacement and other reserves	(302,547)
Cash, cash equivalents, security deposits and replacement and other reserves, beginning	4,610,687
Cash, cash equivalents, security deposits and replacement and other reserves, end	\$ 4,308,140
Supplemental disclosure of cash flow information	
Interest paid	\$ 285,690
Right-of-use assets obtained in exchange for operating lease obligations	\$ 2,618,327
Operating cash flows from operating lease	\$ 3,654,529

See Notes to Consolidated Financial Statements.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Note 1 - Organization and operations

Jericho Project and Affiliates (the "Organization") was formed to receive and administer funds for charitable purposes, as defined under Section 501(c) (3) of the Internal Revenue Code.

The Organization provides supportive housing, housing access, and supportive services to individuals and families who are experiencing homelessness in New York City. The organization currently owns, manages, or provides social services to approximately 740 units of supportive housing in eight congregate projects and two scatter site programs. In addition, the Organization provides homelessness prevention and rapid rehousing to approximately 1,000 households in New York City.

The Organization's mission is to empower individuals and families experiencing homelessness or housing insecurity by providing housing and person-centered services to address social inequities. Its programs touch the cornerstones of a person's life - housing, employment, wellness and family stability. This holistic approach to helping people enables individuals and families to access extensive, results-based programs at their level of need - whether they are coming to the Organization from a shelter, or are one paycheck away from homelessness.

Funding for the Organization is provided by government grant contracts with the NYC Department of Homeless Services, the NYC Department of Health and Mental Hygiene, the NYC Department of Housing Preservation and Development, US Department of Veterans Affairs, US Department of Housing and Urban Development, as well as rent paid by tenants and donations by individuals, corporations and foundations.

#### Note 2 - Summary of significant accounting policies

##### Financial statement presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted ("GAAP") in the United States of America. Accordingly, the net assets of the Organization and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Net assets with donor restrictions - Net assets that are restricted by a donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restrictions will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Net assets may also be subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise be removed by the actions of the organization. The Organization had net assets with donor restrictions of \$1,884,387 as of June 30, 2025.

Net assets without donor restrictions - controlling - represent expendable resources that are used to carry out the operations of the Organization and are not subject to donor-imposed stipulations.

Net assets without donor restrictions - noncontrolling - represent the aggregate of limited partner or investor member equity interests in the housing entities that are included in the consolidated financial statements.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Use of estimates

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

#### Principles of consolidation

The consolidated financial statements include the accounts of Jericho Project, Inc. (which includes the Jericho Fund), Jericho Project Housing Development Fund Corporation ("HDFC"), located at 2013 Adam Clayton Powell Boulevard, Jericho Anthony Avenue HDFC located at 1846, 1840 and 1842 Anthony Avenue, Jericho Residence V HDFC, located at 1928 Loring Place, Jericho West Tremont HDFC, located at 89-101 West Tremont, and three entities formed specifically for programs and housing of veterans: 355-359 East 194<sup>th</sup> Street HDFC, 2701 Kingsbridge Terrace HDFC and Jericho 2065 Walton Avenue HDFC. Material inter-organization balances and transactions have been eliminated.

As of June 30, 2025, the affiliate entities owned were as follows:

Affiliates	Entity Owned	% Ownership
Jericho Project HDFC	None	Not applicable
Jericho Anthony Avenue HDFC	None	Not applicable
Jericho Residence V HDFC	None	Not applicable
Jericho 2065 Walton Avenue HDFC	Jericho 2065 Walton Avenue Inc.	100%
Jericho West Tremont HDFC	89-101 West Tremont Corp.	100%
355-359 East 194th Street HDFC	355-359 East 194th Street Corp.	100%
2701 Kingsbridge Terrace HDFC	2701 Kingsbridge Terrace Corp.	100%

Additionally, through the Affiliates, the following Limited Partnerships/Limited Liability Company owned were as follows:

General partner/member	Operating Partnership/Entity	Ownership
89-101 West Tremont Corp.	89-101 West Tremont LP	General Partner - 0.01%
355-359 East 194th Street Corp.	355-359 East 194th Street Bronx LP	General Partner - 0.01%
2701 Kingsbridge Terrace Corp.	2701 Kingsbridge Terrace Bronx LP	General Partner - 0.01%
2065 Walton Avenue Managing Member LLC*	2065 Walton Avenue Associates LLC	Managing Member - 0.01%

\* Jericho 2065 Walton Avenue Inc. owns 51% of this entity

The Organization has evaluated its general partnership interests noted above and determined that, based on the rights afforded to it in the agreements, the Organization through the general partners controls the Operating Partnerships and has included them in its consolidated financial statements. The noncontrolling interest reflected on the consolidated statement of financial position is the limited partners' ownership in the operating partnerships.

#### Cash and cash equivalents

The Organization considers highly-liquid investments with original maturities of three months or less to be cash equivalents.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Accounts receivable - subsidy and tenants

The Organization carries its accounts receivable at cost less any allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes allowances for doubtful accounts based on a history of past write-offs, collections, and current credit conditions. At June 30, 2025, the allowance for accounts receivable – subsidy and tenants was \$460,782.

#### Investments

Investments are included in the accompanying consolidated financial statements at fair value. Realized gains or losses from investment transactions are recorded upon the sale or maturity of the related securities and are reflected in the consolidated statement of activities. Interest, dividends and unrealized gains and losses on investments are also reflected in the consolidated statement of activities.

#### Property and equipment

The Organization capitalizes property and equipment over \$15,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

#### Depreciation

Depreciation is provided on the straight-line method to amortize the cost of the various classes of depreciable assets over their estimated useful lives.

Estimated useful lives are as follows:

	<u>Years</u>
Building and improvements	15-40
Leasehold improvements	15-40
Furniture and fixtures	5-7
Equipment	5-7

#### Construction-in-progress

All third-party costs, including interest expense associated with the acquisition of property for potential development, are capitalized as construction-in-progress. Any costs associated with potential acquisitions that are not deemed probable are expensed. All construction-related costs for properties where construction has commenced are capitalized as construction costs as incurred. Depreciation does not commence on construction-in-progress until the asset has been placed in service.

## **Jericho Project and Affiliates**

### **Notes to Consolidated Financial Statements June 30, 2025**

#### **Impairment of long-lived assets**

The Organization reviews its rental property and other long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. No impairment losses have been recognized for the year ended June 30, 2025.

#### **Replacements and other reserves**

Cash is restricted under the terms of the regulatory agreement with the U.S. Department of Housing and Urban Development ("HUD"), by partnership agreements or lender agreements. The Organization is required to set aside specified amounts for replacement of property and other project expenditures. Additionally, deposits held on behalf of tenants are classified as restricted cash on the consolidated statement of financial position. Restricted deposits are held in separate accounts and generally not available for operating purposes.

#### **Debt issuance costs**

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage and notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

#### **Revenue recognition**

##### **Contributions**

The Organization recognizes government and private contracts (supportive services) and grants (private funders) as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, contract and grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and the Organization has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. As of June 30, 2025, the Organization had conditional contributions of \$1,504,716 which are reported as refundable advances on the consolidated statement of financial position.

The Organization reports contributions within net assets with donor restrictions if such gifts are restricted by the donor to a specific program and/or include an explicit or implied time restriction. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Gifts whose donor-stipulated purposes are met in the same year as received are reported within net assets without donor restrictions.

Amounts reported as accounts receivable - grants and other, within the accompanying consolidated statement of financial position, represent expenses incurred in advance of the receipt of funds.

##### **Rental income**

Rental revenue is recognized as earned. Rental income relating to the current year is recognized as revenue in the current year. The recognition of revenue related to rents received in advance is deferred until the following year. All leases between the Organization and the tenants of the properties are operating leases.

## **Jericho Project and Affiliates**

### **Notes to Consolidated Financial Statements June 30, 2025**

#### **Development fees**

Development fees are recognized as income based on the level of effort that is spent by the Organization's staff in completing each phase of the development. The Organization's management has determined that the phases of development include pre-development, construction and lease-up. The Organization takes into account tax credit and operating deficit guarantee obligations of the Organization when evaluating the revenue recognition.

#### **Management and other fees revenue**

Management and other fees are recognized based upon services rendered in accordance with contractual provisions.

#### **Functional expenses**

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain costs benefit multiple functional areas and require an allocation. That allocation is based on the time and effort spent on a specific functional area.

#### **Income tax status**

The Organization and all affiliates have obtained a determination of tax-exempt status from the Internal Revenue Service under Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reflected in the accompanying consolidated financial statements.

89-101 West Tremont, LP, 355-359 E. 194<sup>th</sup> St Bronx, LP, 2065 Walton Avenue Associates, LLC and 2701 Kingsbridge Terrace Bronx, LP, are not subject to federal income tax because their income and expenses are includable in the tax returns of their partners or members but may be subject to certain state taxes.

GAAP requires the Organization to evaluate uncertain tax positions taken. The financial statement effects of an uncertain tax position are recognized when the tax position is more likely than not, based on the technical merits, not to be sustained upon examination by the Internal Revenue Service ("IRS") or the Department of Treasury. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2025, there were no uncertain positions taken or expected to be taken by the Organization. The Organization has recognized no interest or penalties related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to income tax examinations for years prior to the fiscal year ended June 30, 2022.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Note 3 - Property and equipment, net

Property and equipment consisted of the following:

Land	\$	5,996,958
Buildings and improvements		76,378,464
Leasehold improvements		5,400,034
Furniture and fixtures		3,081,974
Equipment		365,476
Construction-in-progress		19,551,866
		<hr/>
		110,774,772
Less accumulated depreciation		27,998,044
		<hr/>
	\$	<u>82,776,728</u>

Depreciation expense was \$1,153,603 for the year ended June 30, 2025.

Assets, such as furniture and equipment, acquired by the Organization, the costs of which are to be reimbursed under grant contracts with the Department of Health and Mental Hygiene of the City of New York ("DMH"), shall immediately vest in the DMH upon termination of the grant contracts.

#### Note 4 - Restricted funds

The Organization includes several entities that are required to maintain various reserve accounts or escrow deposit accounts, in accordance with their partnership agreements, as follows:

##### Operating reserves

Jericho Anthony Avenue HDFC, Jericho Residence V HDFC, 89-101 West Tremont LP, 355-359 East 194<sup>th</sup> Street Bronx LP, 2701 Kingsbridge Terrace Bronx LP, and 2065 Walton Avenue Associates LLC are required to maintain operating reserve accounts. As of June 30, 2025, the total operating reserve balance for these entities was \$1,774,509 which is included in replacement and other reserves on the consolidated statement of financial position.

##### Replacement reserves

Jericho Anthony Avenue HDFC, Jericho Residence V HDFC, 89-101 West Tremont LP, 355-359 East 194<sup>th</sup> Street Bronx LP, and 2065 Walton Avenue Associates LLC are each required to maintain replacement reserve accounts. As of June 30, 2025, the total replacement reserve balance for these entities was \$502,665, which is included in replacement and other reserves on the consolidated statement of financial position.

##### Social services reserves

Jericho Residence V HDFC, 89-101 West Tremont LP, 355-359 East 194<sup>th</sup> Street Bronx LP, and 2701 Kingsbridge Terrace Bronx LP, are each required to maintain social services reserve accounts. As of June 30, 2025, the total social services reserve balance for these entities was \$736,920, which is included in replacement and other reserves on the consolidated statement of financial position.

##### Escrow deposits

2065 Walton Avenue Associates LLC is required to maintain escrow deposit account with the City of New York, Housing Development Corporation. As of June 30, 2025, the total escrow deposit

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

account balance was \$59,628 which is included in replacement and other reserves on the consolidated statement of financial position.

#### Note 5 - Mortgages and notes payable

The mortgages and notes payable at June 30, 2025, consisted of the following:

Jericho Anthony Avenue HDFC-mortgage payable held by the City of New York, Department of Housing Preservation and Development (“HPD”), secured by properties at 1840, 1842 and 1846 Anthony Avenue, Bronx New York. The agreement was amended effective October 21, 2021, the note accrues interest at 2.06% per annum, no payments of principal and accrued interest shall be required until November 2056.	\$ 2,094,608
Jericho Project HDFC-subsidy note held by New York State Housing Finance Agency in the amount of \$7,339,412, secured by the property located at 2013 Adam Clayton Powell Junior Boulevard. The loan is noninterest-bearing and payable in 2055.	2,638,338
Jericho Project HDFC-loans payable to Leviticus 25:23 Alternative Fund, Inc. (“Leviticus”) in the amount of \$1,492,000 and \$1,659,842, respectively, for a total of \$3,151,841. Loans are secured by the property located at 2013 Adam Clayton Powell, Jr. Boulevard, New York. Outstanding borrowings are secured by mortgages on the property and bear interest at a rate of 5.5% per annum. Interest-only payments are payable monthly until the maturity of the loan, upon which accrued and unpaid interest, along with the principal balance, is due. The loan maturity is August 2027.	1,441,849
Jericho Residence V HDFC-mortgage payable held by HPD, secured by property at 1928 Loring Place and is payable in July 2050. Interest of 3.01% per annum accrues monthly.	2,835,673
Jericho Residence V HDFC-mortgage payable held by HPD, secured by property at 1928 Loring Place and is payable in July 2050. Interest of 3.01% per annum accrues monthly.	675,851
Jericho Residence V HDFC-mortgage payable held by Housing Development Corporation secured by property at 1928 Loring Place and is payable in July 2037. Interest of 3.01% per annum accrues monthly.	281,324
89-101 West Tremont LP-mortgage payable held by HPD in the amount of \$5,740,155, secured by the property, and payable in May 2033. Interest of 1% per annum accrues monthly and is payable at maturity.	5,667,937
89-101 West Tremont LP-mortgage payable held by the New York State Homeless Housing and Assistance Corporation (“HHAC”) in the amount of \$2,471,700, secured by the property and payable in March 2032. Interest of 1% per annum accrues monthly and is payable at maturity.	2,454,300

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

355-359 East 194th Street Bronx LP-mortgage payable held by HPD in the amount of \$7,840,000 and later reduced to \$7,466,236. Outstanding borrowings are secured by the property and is payable in June 2056. Interest of 2.5% per annum accrues monthly and is payable at maturity.	7,466,236
2701 Kingsbridge Terrace Bronx LP-mortgage payable held by HPD in the amount of \$16,400,000 and later amended to \$15,718,299. Outstanding borrowing are secured by the property. Outstanding borrowing is noninterest-bearing and payable in 2057.	15,718,299
Bank, NA in the amount of \$5,630,000, payable in monthly installments of \$31,089, including interest at 5.25% per annum. Outstanding borrowings are secured by a mortgage on the rental property. Outstanding borrowings along with any accrued and unpaid interest are due at maturity on March 6, 2049.	5,058,517
2065 Walton Avenue Associates LLC-building loan agreement with HPD in the amount of \$9,523,000. Outstanding borrowings are secured by a mortgage on the rental property and bear interest at a rate of 2.47% per annum which is payable monthly. Outstanding borrowings along with any accrued and unpaid interest are due at maturity on March 6, 2079.	9,523,000
2065 Walton Avenue Associates LLC-mortgage with HHAC in the amount of \$3,596,000, secured by the property. Interest accrues at a rate of 2.50% per annum. Principal and all accrued interest are payable on September 19, 2078.	3,596,000
2065 Walton Avenue Associates LLC-mortgage with HHAC in the amount of \$84,000, secured by the property. Interest accrues at a rate of 2.50% per annum. Principal and all previously accrued interest are payable on September 19, 2078.	84,000
2065 Walton Avenue Associates LLC-mortgage with HHAC in the amount of \$750,000, secured by the property. Interest accrues at a rate of 1.00% per annum. Principal and all accrued interest are payable on September 19, 2078.	750,000

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

Jericho Anthony Avenue HDFC-construction loan in the amount of \$20,679,028 held by CPC Funding SPE 1 LLC ("CPC"), secured by properties at 1840,1842 and 1846 Anthony Avenue, Bronx New York. Advances will be made based upon project costs incurred. Under the agreement, interest will be paid on a portion (\$10,054,028) of the loan at 400 basis points over SOFR (8.4% at June 30, 2025), the SOFR floor shall be .25% per annum and accrued on a portion (\$10,625,000) of the loan at 2.06% per annum. The loan will convert to a permanent loan in May 2026. The loan is guaranteed by Jericho Project, Inc.

	<u>19,606,920</u>
	79,892,852
Less: current portion	(19,733,069)
Less: unamortized debt issuance costs	<u>(407,778)</u>
	<u>\$ 59,752,005</u>

Principal payments of the mortgages and notes payable in the next five years and thereafter are as follows:

2026	\$	19,733,069
2027		132,550
2028		1,581,132
2029		146,366
2030		153,819
Thereafter		<u>58,145,916</u>
Total	\$	<u>79,892,852</u>

Management anticipates repayment of the construction debt using committed sources including proceeds from permanent debt. These planning actions are expected to enable the Organization to continue operating and meeting its obligations as they come due.

The Organization is subject to various debt covenants under the debt agreements.

#### Note 6 - Line of credit

Jericho Project maintains a \$1,000,000 revolving line of credit from TD Bank, N.A. to help finance its short-term capital needs. This line is collateralized by all of the Organization's accounts receivable and equipment, and interest is payable monthly on outstanding balances at the "Wall Street Journal" Prime Rate. The minimum interest rate on the note is 4% per annum. At June 30, 2025, line of credit had an outstanding balance of \$1,000,000. The interest rate was 7.50% at June 30, 2025. Interest expense on the line of credit was \$6,663 for the year ended June 30, 2025.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Note 7 - Service agreements

##### **Jericho Bedford Housing Development Fund Corporation (Bedford HDFC)**

A 501(c)(4) not-for-profit organization. Its purpose is to develop and construct a 277-residential units (including 60 special needs units) property for low- income individuals, and 12,000 square feet of commercial space and ancillary space located at 2868 Webster Avenue, Bronx New York (the Bedford Project.) The Jericho Project is the sole member of HDFC. The property of the Bedford Project was leased by Bedford HDFC from New York Botanical Garden Premises Phase II. The construction of the Bedford Project will be completed during 2026. The Bedford HDFC entered into a nominee agreement transferring all equitable and beneficial interest in the Bedford Project to DD Bedford Low LLC in order to further provide for and obtain low-income housing tax credits. Bedford HDFC will own a 50% interest in the managing member with managing member owning 0.01% interest in DD Bedford Low LLC. The Jericho Project entered into a Reimbursement for Services Agreement to provide certain services in relation to the formation of the Bedford Project.

##### **Jericho 158th Street Housing Development Fund Corporation (158th Street HDFC)**

A 501(c)(4) not-for-profit organization. Its purpose is to develop and construct a 129-residential units property for low- income individuals located at 407-409 and 450 East 158th Street, Bronx New York (158th Street Project.) The Jericho Project is the sole member of HDFC. The property of the 158th Street Project was sold by 158th Street HDFC and East 158th Street Affordable Owners LLC from East 158th Street Partners LLC. The construction of the 158th Street Project will be completed during 2026. The 158th Street HDFC entered into a nominee agreement transferring all equitable and beneficial interest in the 158th Street Project to East 158th Street Affordable Owners LLC in order to further provide for and obtain low-income housing tax credits. 158th Street HDFC will own a 50% interest in the managing member with the managing member owning a 0.01% interest in East 158th Street Affordable Owners LLC. Following conversion to permanent finance, 158th Street HDFC shall become sole member of the managing member interest and will control the day to day operations of the 158th Street Project. The Jericho Project entered into a Reimbursement for Services Agreement to provide certain services in relation to the formation of the 158th Street Project.

##### **Jericho Furman Housing Development Fund Corporation (Furman HDFC)**

A 501(c)(4) not-for-profit organization. Its purpose is to develop and construct a residential unit property for low-income individuals located at 4541-4551 Furman Avenue, Bronx New York (Furman Project) The Jericho Project is the sole member of HDFC. The property of the Furman Project was purchased by Furman HDFC from Markland 4551 LLC. The construction of the Furman Project will be completed during 2026. The Furman HDFC entered into a nominee agreement transferring all equitable and beneficial interest in the Furman Project to Furman Manager LLC in order to further provide for and obtain low-income housing tax credits. Furman HDFC will own a 51% interest in the managing member with the managing member owning a 0.01% interest in Furman Manager LLC. The Jericho Project entered into a Reimbursement for Services Agreement to provide certain services in relation to the formation of the Furman Project.

## **Jericho Project and Affiliates**

### **Notes to Consolidated Financial Statements**

**June 30, 2025**

#### **Jericho Red Hook Building C Housing Development Fund Corporation (Red Hook Building C HDFC)**

A 501(c)(4) not-for-profit organization. Its purpose is to develop and construct a 296-residential unit property for low-income individuals and 74-residential unit property for moderate-income individuals located at 498 Columbia Street, Brooklyn, New York (Red Hook Building C Project). The Jericho Project is the sole member of HDFC. The property of the Red Hook Building C Project was purchased by Red Hook Building C HDFC from 498-516 Columbia Street LLC. The construction of the Red Hook Building C Project is expected to be during 2026. The Red Hook HDFC entered into a nominee agreement transferring all equitable and beneficial interest in the Red Hook Building Project to Red Hook Building C MM LLC in order to further provide for and obtain low-income housing tax credits. Red Hook HDFC will own a 50% interest in the managing member with the managing member owning a 0.01% interest in Red Hook Building C Owner LLC. The Jericho Project entered into a Tenant Services Agreement to provide supportive services to 111 units in the building, designated as supportive units. New York City Human resources management has committed to a fifteen year contract to fund these services.

#### **Jericho Bergen 148th Street Housing Development Fund Corporation (Bergen 148<sup>th</sup> Street HDFC)**

A 501(c)(3) not-for-profit organization. Its purpose is to construct, rehabilitate and/or operate a residential rental project for low-to-moderate income individuals and families located at 411-419 East 148<sup>th</sup> Street and 421-427 East 148<sup>th</sup> Street, Bronx, New York (Bergen 148<sup>th</sup> Street Project). The Jericho Project is the title holder of Bergen 148th Street HDFC. The property of the Bergen 148<sup>th</sup> Street Project was purchased by Bergen 148th Street HDFC from 498-516 Columbia Street LLC. The construction of the Bergen 148th Street Project will be completed during 2026. The Bergen 148<sup>th</sup> Street HDFC entered into a nominee agreement transferring all equitable and beneficial interest in the Bergen 148<sup>th</sup> Street Project to Bergen 148<sup>th</sup> Street Manager LLC in order to further provide for and obtain low-income housing tax credits. Bergen 148<sup>th</sup> Street HDFC will own a 51% interest in the managing member with the managing member owning a 0.01% interest in Bergen 148th Street Owner LLC. The Jericho Project entered into a Reimbursement for Services Agreement to provide certain services in relation to the formation of the Bergen 148<sup>th</sup> Street Project.

#### **Coney Landing (Coney Island Project)**

The purpose of this service agreement is for the Jericho Project to provide services to residents residing in 108 Supportive Units at property located at 2950-2952 West 28<sup>th</sup> Street, Brooklyn, New York (Coney Island Project). The owner, SHF 29th Street Owners LLC, is the beneficial and equitable owner while the Jericho Project is retained to provide services such as housing intake, tenant assistance, case management and providing dedicated specialists. Under the Tenant Services Agreement, the New York City Human Resources Administration intends to provide the Jericho Project with an annual award of \$2,395,710 for a 15-year term to provide such services.

#### **Note 8 - Investments**

The Organization has investments in marketable securities which are being reported at fair value. The unrealized gain from investments recorded at fair value for the year ended June 30, 2025 is \$500,744. These investments are held under The Jericho Fund. The balance of these investments at June 30, 2025 was \$4,032,160.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Note 9 - Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

*Mutual and Money Market Funds:* Valued at the daily closing price as reported by the fund. Funds held by the Organization are open-end funds that are registered with the U.S. Securities and Exchange Commission ("SEC"). These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The funds held by the Organization are deemed to be actively traded.

*Exchange Traded Funds:* These investments are valued at the closing price reported on the active market on which the individual securities are traded.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

The following table sets forth the Organization's investment assets, measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2025:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Mutual funds	\$ 85,098	\$ 85,098	\$ -	\$ -
Exchanged traded funds	1,597,779	1,597,779	-	-
Money market funds	2,349,283	2,349,283	-	-
	\$ 4,032,160	\$ 4,032,160	\$ -	\$ -

#### Note 10 - Leases

The Organization occupies office space under five separate leases. The first and second, for the main administrative offices located in Manhattan, NY, have terms from May 1, 2017 through April 30, 2027, and May 15, 2019 through April 14, 2027. The third, for the scatter site program office located in Bronx, NY, has a term from November 1, 2023 through October 31, 2028. The fourth and fifth, for the RRH and SSVF program offices located in Manhattan, NY, have terms from January 1, 2020 through September 30, 2030, and March 15, 2025 through September 30, 2030. Rental expense (operating lease cost) for the year was attributed to the five leases for office space and to the program that provides scatter site housing to individuals and families exiting homeless shelters in New York City.

The following summarizes the line items in the statement of financial position which include amounts for the leases as of June 30, 2025:

Operating lease right-of-use asset	\$ 8,440,274
Operating lease liabilities, current	\$ 2,560,941
Operating lease liabilities, noncurrent	6,143,417
	\$ 8,704,358

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025:

Weighted average remaining term (in years)	5.45
Weighted average discount rate	4.90%

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended June 30, 2025:

Operating lease cost included in operating expenses	\$ 3,641,595
Short-term lease costs	506,671
Total lease costs	\$ 4,148,266

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

The maturities of the operating lease liability as of June 30, 2025 are as follows:

Year ending June 30,	
2026	\$ 2,887,903
2027	1,880,001
2028	1,179,813
2029	1,210,751
2030	1,242,528
Thereafter	<u>1,435,953</u>
Total minimum lease commitments	9,836,949
Less: interest	<u>(1,132,591)</u>
Present value of lease liabilities	8,704,358
Less: current portion of lease liabilities	<u>(2,560,941)</u>
Lease liabilities - noncurrent portion	<u>\$ 6,143,417</u>

The following summarizes cash flow information related to the lease for the year ended June 30, 2025:

Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 2,618,327</u>
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 3,564,529</u>

#### Note 11 - Net assets

The Jericho Project's Board of Directors established The Jericho Fund, without donor restrictions, Board-designated fund that will ensure Jericho's programs have the ongoing financial resources to serve more homeless men and women and their families in the long-term. Specifically, The Jericho Fund will: 1) sustain the broad array of supplemental services (such as Workforce Opportunities and Family Reunification programs) that make Jericho unique; and 2) develop and provide new programs and services for current residents and new populations including people with mental illness, families and veterans.

Contributors to The Jericho Fund include individuals, foundations, corporations and churches. Fundraising is ongoing. The Jericho Project's Board of Directors will distribute funds on an annual basis, or as needed, to support ongoing or new program initiatives consistent with the mission of The Jericho Project. As of June 30, 2025, board designated net assets totaled \$4,032,160.

Net assets with donor restrictions are released from donor restrictions by incurring expenses satisfying the restricted purposes. As of June 30, 2025, net assets with donor restrictions consisted of \$384,387 to be used for the purpose of mental health professionals and furniture assistance and household essentials and \$1,500,000 used for construction or rehabilitation of the Anthony Avenue project.

During the year ended June 30, 2025, net assets with donor restrictions of \$115,613 were released from donor restrictions.

## **Jericho Project and Affiliates**

### **Notes to Consolidated Financial Statements June 30, 2025**

#### **Note 12 - Employee benefits plans**

The Organization maintains a tax deferred annuity plan where employees can defer a portion of their income through contributions to the plan. Full-time employees become eligible after one year of continuous employment. Prior to January 1, 2025, the Organization matched 50% of the employee's contribution, up to 3% of their total annual salary. Effective on January 1, 2025, the Organization will match 100% of the employee's first 3% of wages and 50% on the next 2% of wages. Contributions to this plan are discretionary. Pension expense for the year ended June 30, 2025 totaled \$186,763.

#### **Note 13 - Property purchase option**

According to the Right of First Refusal agreement, certain affiliates of 89-101 West Tremont, LP, 355-359 E. 194<sup>th</sup> St Bronx, LP, 2701 Kingsbridge Terrace Bronx, LP, and 2065 Walton Avenue Associates, LLC have an option to purchase partnership property at the end of the low-income tax credit compliance period at a price which would facilitate the purchase while protecting the partnership's tax benefits from the Project. Such option is based upon the affiliate maintaining the low-income occupancy of the Project and is in a form satisfactory to legal and accounting counsel.

#### **Note 14 - Guarantees**

##### **Operating deficit guarantee**

The Organization, through its role as owner of the general partners and managing members in affiliated entities, is obligated to provide funds necessary to pay any operating deficits in the form of a loan. Operating deficit loans are noninterest-bearing and are repayable from available net operating income, as defined in the respective partnership and operating agreements. As of June 30, 2025, the Organization has not advanced any funds in the form of an operating deficit loan.

##### **Tax credit guarantee**

The general partners or managing members guarantee to the investor limited partners or investor members the receipts of the full amount of the projected tax credit, pursuant to certain requirements outlined in the respective partnership/operating agreements.

#### **Note 15 - Commitments and contingencies**

##### **Litigation**

The Organization has been named in certain lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on the Organization's consolidated financial position, changes in net assets or cash flows.

##### **Program audits**

The Organization has contracted with various governmental agencies to perform certain supportive services, and receives contract revenue from the State and City of New York and the federal government. Reimbursements received under these contracts and payments under welfare are subject to audit by the federal and state governments. Upon audit, if discrepancies are discovered, the Organization could be responsible for reimbursing the agencies for the amount in question.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### **Tax credits**

89-101 West Tremont, LP's, 355-359 E. 194<sup>th</sup> St Bronx, LP's, 2065 Walton Avenue Associates, LLC and 2701 Kingsbridge Terrace Bronx, LP's low-income housing tax credits are contingent on their ability to maintain compliance with applicable sections of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or correct noncompliance within a specific time period, could result in recapture of previously taken tax credits plus interest.

#### **Construction contracts**

The Organization entered into construction contracts with unrelated parties to perform general contractor services in connection with the construction of the related properties. Construction contract costs of \$22,377,862 have been incurred and capitalized to the rental property as of June 30, 2025, of which \$135,409 remains payable and is included in due to contractor on the accompanying consolidated statement of financial position.

#### **Note 16 - Risk and uncertainties**

The Organization's operations are concentrated in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by various agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Organization invests in various securities including mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term, and that such changes could materially affect the participants' account balances and the amounts reported in the consolidated statement of financial position.

#### **Note 17 - Concentrations**

The Organization maintains its cash balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each bank. At times, these balances may exceed the FDIC limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance.

Investments are not bank deposits or FDIC insured and are not guaranteed by the brokerage house. These funds are subject to investment risk due to market fluctuations including possible loss of the principal amount invested.

During the year ended June 30, 2025, 91% of the Organization's supportive service revenue was earned from three funders.

## Jericho Project and Affiliates

### Notes to Consolidated Financial Statements June 30, 2025

#### Note 18 - Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Financial assets at year end	
Cash and cash equivalents	\$ 728,052
Accounts receivable - subsidy and tenants, net	223,846
Accounts receivable - grants and other	4,856,125
Investments	<u>4,032,160</u>
Total financial assets at year end	<u>\$ 9,840,183</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>384,387</u>
Financial assets not available to be used within one year	<u>384,387</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 9,455,796</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next year, Jericho Project and Affiliates anticipates collecting sufficient revenue to cover general expenditures.

The board designated Jericho Fund of \$4,032,160 is subject to spending appropriations directed by the Board of Directors. Although the Organization does not intend on spending from Jericho Fund unless it is for certain programs or services, this amount could be made available if necessary.

#### Note 19 - Statement of cash flows

The following table provides a reconciliation of cash and cash equivalents and replacement and other reserves reported on the consolidated statement of financial position that sum to the total of the same amounts shown in the consolidated statement of cash flows:

Cash and cash equivalents	\$ 728,052
Security deposits	506,366
Replacement and other reserves	<u>3,073,722</u>
Total cash, cash equivalents, security deposits and replacement and other reserves shown in the consolidated statement of cash flows	<u>\$ 4,308,140</u>

#### Note 20 - Subsequent events

The Organization has evaluated subsequent events through March 30, 2026, the date which the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which would require disclosure in or adjustment to the financial statements.

## **Supplementary Information**

**Jericho Project and Affiliates**  
**Consolidating Statement of Financial Position**  
**Year Ended June 30, 2025**

	Jericho Project, Inc.	Jericho Project HDFC	Jericho Anthony Avenue HDFC	Jericho Residence V HDFC	89-101 West Tremont, LP	355-359 E. 194th Street LP	2701 Kingsbridge Terrace LP	2065 Walton Avenue Associates LLC	Eliminations	Total
<b>Asset</b>										
<b>Current assets</b>										
Cash and cash equivalents	\$ 343,469	\$ 23,377	\$ 28,455	\$ 42,735	\$ 40,362	\$ 101,745	\$ 27,197	\$ 120,712	\$ -	\$ 728,052
Accounts receivable - subsidy and tenants, net	9,015	3,640	35,420	76,208	38,574	39,193	10,605	11,191	-	223,846
Accounts receivable - grants and other	3,111,019	242,651	529,768	223,853	294,286	247,251	207,297	-	-	4,856,125
Due from related parties	10,212,938	705	228,288	16,977	6,210	182,032	-	266,774	(10,913,924)	-
Prepaid expenses	45,443	5,622	10,838	5,714	11,749	11,087	11,213	255,235	-	356,901
Investments	4,032,160	-	-	-	-	-	-	-	-	4,032,160
<b>Total current assets</b>	<b>17,754,044</b>	<b>275,995</b>	<b>832,769</b>	<b>365,487</b>	<b>391,181</b>	<b>581,308</b>	<b>256,312</b>	<b>653,912</b>	<b>(10,913,924)</b>	<b>10,197,084</b>
Property and equipment, net	1,007,651	3,639,106	21,969,414	1,674,297	5,723,468	9,206,689	13,926,716	28,789,960	(3,160,573)	82,776,728
<b>Other assets</b>										
Security deposits	408,902	4,973	19,657	2,272	17,981	20,172	10,472	21,937	-	506,366
Developer fees receivable	2,055,985	-	-	-	-	-	-	-	(1,678,091)	377,894
Note and interest receivable - related party	3,916,863	-	-	-	-	-	-	-	(3,916,863)	-
Investments in affiliates	807,998	-	-	-	-	-	-	-	(807,998)	-
Replacement and other reserves	-	-	144,016	329,562	765,552	679,431	450,385	704,776	-	3,073,722
Operating lease right-of-use assets	8,440,274	-	-	-	-	-	-	-	-	8,440,274
<b>Total other assets</b>	<b>15,630,022</b>	<b>4,973</b>	<b>163,673</b>	<b>331,834</b>	<b>783,533</b>	<b>699,603</b>	<b>460,857</b>	<b>726,713</b>	<b>(6,402,952)</b>	<b>12,398,256</b>
<b>Total assets</b>	<b>\$ 34,391,717</b>	<b>\$ 3,920,074</b>	<b>\$ 22,965,856</b>	<b>\$ 2,371,618</b>	<b>\$ 6,898,182</b>	<b>\$ 10,487,600</b>	<b>\$ 14,643,885</b>	<b>\$ 30,170,585</b>	<b>\$ (20,477,449)</b>	<b>\$ 105,372,068</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
Accounts payable and accrued expenses	\$ 1,589,353	\$ 42,907	\$ 128,621	\$ 30,632	\$ 119,387	\$ 92,591	\$ 106,410	\$ 94,709	\$ -	\$ 2,204,610
Refundable advances	1,605,081	-	126,374	-	64,299	86,920	58,799	-	(436,757)	1,504,716
Due to contractor	-	44,875	90,534	-	-	-	-	-	-	135,409
Due to related parties	470,749	4,002,221	2,920,243	61,560	2,147,155	-	1,311,996	-	(10,913,924)	-
Line of credit	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Mortgage and notes payable, current	-	-	19,606,920	16,491	-	-	-	109,658	-	19,733,069
Operating lease liabilities, current	2,560,941	-	-	-	-	-	-	-	-	2,560,941
<b>Total current liabilities</b>	<b>7,226,124</b>	<b>4,090,003</b>	<b>22,872,692</b>	<b>108,683</b>	<b>2,330,841</b>	<b>179,511</b>	<b>1,477,205</b>	<b>204,367</b>	<b>(11,350,681)</b>	<b>27,138,745</b>
<b>Long-term liabilities</b>										
Mortgage and notes payable, non-current	-	4,080,187	3,534,608	3,698,422	8,103,895	8,086,450	15,945,020	19,324,519	(3,021,096)	59,752,005
Accrued interest payable	-	6,609	114,388	995,524	1,649,999	3,388,037	146,855	2,101,992	(895,767)	7,507,637
Operating lease liabilities, non-current	6,143,417	-	-	-	-	-	-	-	-	6,143,417
Developer fees payable	-	431,188	-	-	-	-	912,000	652,036	(1,675,726)	319,498
Security deposits	2,259	4,973	1,947	1,742	8,091	20,172	(12,458)	20,567	-	47,293
<b>Total long-term liabilities</b>	<b>6,145,676</b>	<b>4,522,957</b>	<b>3,650,943</b>	<b>4,695,688</b>	<b>9,761,985</b>	<b>11,494,659</b>	<b>16,991,417</b>	<b>22,099,114</b>	<b>(5,592,589)</b>	<b>73,769,850</b>
<b>Total liabilities</b>	<b>13,371,800</b>	<b>8,612,960</b>	<b>26,523,635</b>	<b>4,804,371</b>	<b>12,092,826</b>	<b>11,674,170</b>	<b>18,468,622</b>	<b>22,303,481</b>	<b>(16,943,270)</b>	<b>100,908,595</b>
<b>Net assets</b>										
<b>Without donor restrictions</b>										
<b>Controlling interest</b>										
Undesignated	15,103,370	(4,692,886)	(3,557,779)	(2,432,753)	(64)	(66)	(83)	(97)	(3,534,179)	885,463
Board designated	4,032,160	-	-	-	-	-	-	-	-	4,032,160
Non-controlling interest	-	-	-	-	(5,194,580)	(1,186,504)	(3,824,654)	7,867,201	-	(2,336,537)
<b>Total without donor restrictions</b>	<b>19,135,530</b>	<b>(4,692,886)</b>	<b>(3,557,779)</b>	<b>(2,432,753)</b>	<b>(5,194,644)</b>	<b>(1,186,570)</b>	<b>(3,824,737)</b>	<b>7,867,104</b>	<b>(3,534,179)</b>	<b>2,579,086</b>
<b>With donor restrictions</b>										
	1,884,387	-	-	-	-	-	-	-	-	1,884,387
<b>Total net assets</b>	<b>21,019,917</b>	<b>(4,692,886)</b>	<b>(3,557,779)</b>	<b>(2,432,753)</b>	<b>(5,194,644)</b>	<b>(1,186,570)</b>	<b>(3,824,737)</b>	<b>7,867,104</b>	<b>(3,534,179)</b>	<b>4,463,473</b>
<b>Total liabilities and net assets</b>	<b>\$ 34,391,717</b>	<b>\$ 3,920,074</b>	<b>\$ 22,965,856</b>	<b>\$ 2,371,618</b>	<b>\$ 6,898,182</b>	<b>\$ 10,487,600</b>	<b>\$ 14,643,885</b>	<b>\$ 30,170,585</b>	<b>\$ (20,477,449)</b>	<b>\$ 105,372,068</b>

See Independent Auditors' Report.

**Jericho Project and Affiliates**  
**Consolidating Statement of Activities**  
**Year Ended June 30, 2025**

	Jericho Project, Inc.	Jericho Project HDFC	Jericho Anthony Avenue HDFC	Jericho Residence V HDFC	89-101 West Tremont, LP	355-359 E. 194th Street LP	2701 Kingsbridge Terrace LP	2065 Walton Avenue Associates LLC	Eliminations	Total
Revenue and support										
Rental income - subsidy and tenant	\$ 1,344,823	\$ 409,178	\$ 269,917	\$ 1,120,395	\$ 854,611	\$ 999,273	\$ 956,817	\$ 1,768,543	\$ (911,073)	\$ 6,812,484
Supportive services	21,800,854	371,112	1,173,954	396,384	776,388	724,336	979,984	-	-	26,223,012
Contributions	1,506,849	-	-	-	-	-	-	-	-	1,506,849
Unrealized gains	573,177	-	-	-	80	77	93	-	(72,683)	500,744
Other income	1,637,517	-	94,500	-	234	-	104	3,746	(1,142,901)	593,200
Management and development fees	4,258,627	-	-	-	-	-	-	-	(4,904,977)	(646,350)
Net assets released from restrictions	115,613	-	-	-	-	-	-	-	-	115,613
Total revenue and support	<u>31,237,460</u>	<u>780,290</u>	<u>1,538,371</u>	<u>1,516,779</u>	<u>1,631,313</u>	<u>1,723,686</u>	<u>1,936,998</u>	<u>1,772,289</u>	<u>(7,031,634)</u>	<u>35,105,552</u>
Expenses										
Personnel costs	9,726,337	502,058	873,512	616,231	712,409	869,737	877,297	299,212	-	14,476,793
Benefits and payroll taxes	2,239,758	106,877	191,829	172,153	172,918	184,322	210,585	88,501	-	3,366,943
Consulting and contracted services	180,726	-	5,500	2,000	91,112	45,330	123,627	19,554	-	467,849
Legal and other professional fees	365,862	4,632	2,898	12,168	8,709	14,392	28,083	5,720	-	442,464
Member assistance	6,330,310	13,070	101,488	5,904	17,976	24,995	41,489	973	-	6,536,205
Repairs and Maintenance	184,308	51,267	35,925	48,959	148,133	125,746	169,678	79,986	-	844,002
Insurance	289,773	98,657	152,834	99,213	210,853	140,319	204,763	258,903	-	1,455,315
Telephone and Internet	160,792	7,539	24,797	5,994	24,540	14,127	11,380	12,137	-	261,306
Equipment Rental	37,936	3,232	4,451	4,080	4,440	6,131	5,360	-	-	65,630
Office Supplies	331,220	18,979	37,352	16,251	27,402	24,855	24,439	8,758	-	489,256
Travel and Entertainment	216,613	4,662	11,633	3,048	14,042	6,701	10,222	3,941	-	270,862
Administration Fee	1,637,210	125,969	193,440	94,091	132,266	65,202	70,476	-	(2,318,654)	-
Postage and Courier	23,025	30	25	-	46	-	186	-	-	23,312
Rent	4,148,266	-	-	-	-	-	-	-	-	4,148,266
Recruitment	214,250	4,299	12,028	1,876	10,561	12,082	11,460	11,018	-	277,574
Furniture and equipment	273,441	10,378	57,870	6,569	30,163	17,029	27,800	37,327	-	460,577
Marketing and outreach	203,281	-	-	-	-	-	-	-	-	203,281
Utilities	201,560	76,396	182,981	65,504	160,418	102,391	185,602	255,685	-	1,230,537
Pass-through grants	911,073	-	-	-	-	-	-	-	(911,073)	-
Miscellaneous Expenses	36,461	14,306	5,773	7,505	8,360	53,844	19,706	6,095	-	152,050
Depreciation	77,206	11,380	36,882	83,994	345,063	334,940	527,792	838,251	(1,101,905)	1,153,603
Interest Expense	-	272	-	117,398	83,136	250,133	13,652	616,368	(72,683)	1,008,276
Bad Debts	89,179	1,060	10,882	(4,268)	3,374	12,235	110,344	42,223	-	265,029
Banking Fees	57,366	-	242	40	-	180	270	260	-	58,358
Management Fees	34,780	32,615	23,078	90,422	68,214	79,942	94,445	154,426	(546,979)	30,943
Total expenses	<u>27,970,733</u>	<u>1,087,678</u>	<u>1,965,420</u>	<u>1,449,132</u>	<u>2,274,135</u>	<u>2,384,633</u>	<u>2,768,656</u>	<u>2,739,338</u>	<u>(4,951,294)</u>	<u>37,688,431</u>
Change in net assets without donor restrictions	<u>3,266,727</u>	<u>(307,388)</u>	<u>(427,049)</u>	<u>67,647</u>	<u>(642,822)</u>	<u>(660,947)</u>	<u>(831,658)</u>	<u>(967,049)</u>	<u>(2,080,340)</u>	<u>(2,582,879)</u>
Change in net assets with donor restrictions										
Supportive services	1,500,000	-	-	-	-	-	-	-	-	1,500,000
Contributions	500,000	-	-	-	-	-	-	-	-	500,000
Net assets released from restrictions	(115,613)	-	-	-	-	-	-	-	-	(115,613)
Change in net assets with donor restrictions	<u>1,884,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,884,387</u>
Change in net assets	<u>\$ 5,151,114</u>	<u>\$ (307,388)</u>	<u>\$ (427,049)</u>	<u>\$ 67,647</u>	<u>\$ (642,822)</u>	<u>\$ (660,947)</u>	<u>\$ (831,658)</u>	<u>\$ (967,049)</u>	<u>\$ (2,080,340)</u>	<u>\$ (698,492)</u>

See Independent Auditors' Report.

## Jericho Project and Affiliates

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

<u>Federal Agency Grantor/ Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Sub-Recipients</u>	<u>Expenditures of Federal Awards</u>
U.S. Department of Housing and Urban Development:				
Continuum of Care Program	14.267	N/A	\$ -	\$ 3,334,543
Continuum of Care Program	14.267	N/A	-	4,823,489
Continuum of Care Program	14.267	N/A	-	37,806
Pass-Through New York City Housing Preservation and Development				
Continuum of Care Program	14.267	N/A	-	911,073
Total Continuum of Care Program			-	9,106,911
Pass-Through New York City Housing Preservation and Development				
Supportive Housing Program	14.235	N/A	-	2,191,849
Total U.S. Department of Housing and Urban Development			-	11,298,760
U. S. Department of Veterans Affairs				
Supportive Services for Veteran Families	64.033	N/A	-	5,958,150
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 17,256,910</u>

See Notes to Schedule of Expenditures of Federal Awards.

## **Jericho Project and Affiliates**

### **Notes to Schedule of Expenditures of Federal Awards June 30, 2025**

#### **Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Jericho Project and Affiliates ("Jericho Project") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Jericho Project, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Jericho Project. All financial assistance received directly from the Federal agencies as well as financial assistance passed through other governmental agencies or nonprofit organizations is included on the Schedule.

#### **Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3 - Indirect cost rate**

Jericho Project has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Jericho Project and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Jericho Project and Affiliates ("Jericho Project"), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statement of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2026. The financial statements of certain entities were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Jericho Project's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jericho Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Jericho Project's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questions costs as item 2025-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jericho Project's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Jericho Project's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on the Jericho Project's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Jericho Project's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jericho Project's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New York, New York  
March 30, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors  
Jericho Project and Affiliates

Report on Compliance for Each Major Federal Program

*Qualified Opinion*

We have audited Jericho Project and Affiliates ("Jericho Project") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Jericho Project's major federal program for the year ended June 30, 2025. Jericho Project's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on 14.267 Continuum of Care Program*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Jericho Project complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

*Basis for Qualified Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jericho Project and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of Jericho Project's compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion on 14.267 Continuum of Care Program*

As described in the accompanying schedule of findings and questioned costs, Jericho Project did not comply with requirements regarding ALN 14.267 Continuum of Care Program as described in finding number 2025-002 for Procurement, Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for Jericho Project to comply with the requirements applicable to that program.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Jericho Project's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jericho Project's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jericho Project's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Jericho Project's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jericho Project's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jericho Project's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Jericho Project's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Jericho Project's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Jericho Project's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Jericho Project's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



New York, New York  
March 30, 2026

**Jericho Project and Affiliates**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025**

**Section I - Summary of Auditor's Results**

Consolidated Financial Statements:

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Xyes \_no
- Significant deficiency(ies) identified? \_yes Xnone reported

Noncompliance material to the consolidated financial statements noted? \_yes Xno

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Xyes \_no
- Significant deficiency(ies) identified? \_yes Xnone reported

Type of auditor's report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Xyes \_no

Identification of major programs:

<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Agency Grantor/Program or Cluster Title</u>
14.267	Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Xyes \_no

## Jericho Project and Affiliates

### Schedule of Findings and Questioned Costs Year Ended June 30, 2025

#### **Section II - Financial Statement Findings**

##### **Finding 2025-001 - Financial Report Process - Material Weakness**

###### **Criteria**

Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

###### **Condition**

During our audit procedures we noted improper design and/or effectiveness of internal controls which resulted in an impact on various balances and the overall financial reporting process:

- The Organization improperly eliminated account balances on the June 30, 2024 consolidated financial statements resulting in adjustments to investments in affiliates
- Certain leases were excluded from management's analysis resulting in adjustments to increase the right of use asset and lease liability
- Land was improperly recorded resulting in an adjustment to decrease fixed assets
- Developer fees were previously recorded on the cash basis rather than GAAP resulting in adjustments to recognize developer fees receivable, deferred revenue, and developer fee revenue. Additionally, elimination entries for developer fees were not properly recorded in the prior year.
- Grant income was improperly recorded as debt.
- Lack of sufficient controls over cash disbursements processes.

###### **Cause**

The processes and controls that were in place were not adequate to perform timely and thorough reviews of the supporting documentation to ensure that the financial statements were prepared in accordance with GAAP.

###### **Effect or Potential Effect**

This condition may lead to inaccurate financial reporting and potential misstatement of the consolidated financial statements such that they are not in accordance with GAAP.

###### **Recommendation**

Management should re-evaluate their internal controls over financial reporting and close processes to develop a more robust system that will enable them to close the books and records in a timely and accurate manner. This should include reconciliations of all material trial balance accounts, inclusive of a supervisory level of review.

## Jericho Project and Affiliates

### Schedule of Findings and Questioned Costs Year Ended June 30, 2025

#### Views of Responsible Officials

Management notes that some of the adjusting entries that are indicated are one-time problems that were corrected during the course of the audit. Management will evaluate its processes to ensure that the contractual documents for out of the ordinary transactions related to development projects are reviewed by the CFO to determine the proper accounting. Additionally, the process for tracking and calculating the lease liability will be reviewed to assure completeness. The Finance team has already set up a lease tracking system that it reviews, on a monthly basis, with the Operations team. In general, closing and reconciling procedures will be enhanced and include supervisory level review. Management notes that Corrective Action incorporation has already begun and will be fully implemented by 6/30/2026.

#### Section III - Federal Awards Findings and Questioned Costs

##### **Finding No. 2025-002 - Procurement, Suspension and Debarment - Material Weakness U.S. Department of Housing and Urban Development 14.267 Continuum of Care Program**

#### **Criteria**

In accordance with §200.213 and §180.300, non-federal entities cannot enter into awards, subawards, or contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

#### **Condition**

During our testing, we noted that management did not provide adequate supporting documentation for proper suspension and debarment checks over vendors.

#### **Cause**

Jericho Project did not have adequate policies, procedures, and controls in place to ensure compliance with the suspension and debarment requirements.

#### **Effect or Potential Effect**

Failure to timely verify that a vendor is not suspended or debarred could result in entering into a contract with an entity that is barred from performing work for the U.S. government.

#### **Questioned Costs - N/A**

#### **Context**

For 18 out of a total of 20 vendors tested, management did not provide adequate supporting documentation for suspension and debarment. During our testing, it was noted that none of the vendors are suspended or debarred.

#### **Identification as a Repeat Finding**

This finding is not a repeat finding.

#### **Recommendation**

We recommend that the Jericho Project establish controls to document suspension and debarment over vendors to ensure the Jericho Project is in compliance with the Uniform Guidance and that all staff are trained on this policy to ensure compliance and related internal controls over compliance are operating effectively.

## **Jericho Project and Affiliates**

### **Schedule of Findings and Questioned Costs Year Ended June 30, 2025**

#### **Views of Responsible Officials**

Management understands the findings outlined in the audit report. Management has updated its procurement procedures for the federal grant to align with 2 CFR section 200.213 and 2 CFR section 180.300. To ensure that vendors supporting efforts on the federal grant are not suspended or debarred from doing business with the federal government, Jericho has added a task in our Procurement Summary (procurement checklist) that specifically requires the project manager and CAO to verify the vendor's eligibility in the System for Award Management ("SAM") maintained by the General Services Administration ("GSA") (available at SAM.gov). In addition to the verification that the vendor is not prohibited (debarred or suspended) from providing services to or contracting with the United States government, management will retain a copy of the verification for the procurement file. This action will be completed during the vendor evaluation stage of the procurement and before contract is awarded to the vendor. Management notes that the vendors selected for testing for 2025 were found to be in good standing. Management notes that Corrective Action incorporation has already begun and will be fully implemented by 6/30/2026.



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