



WESTHAB, INC. AND AFFILIATES
Consolidated Financial Statements
December 31, 2024 and 2023
With Independent Auditor's Reports

Westhab, Inc. and Affiliates
Table of Contents
December 31, 2024 and 2023

Independent Auditor's Report	1-3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8-9
Notes to Consolidated Financial Statements	10-33
Supplementary Information	
Consolidating Schedules of Financial Position	34-35
Consolidating Schedules of Activities and Changes in Net Assets	36-37
Consolidating Schedules of Functional Expenses	38-39
Property Directory (Unaudited)	40

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Westhab, Inc. and Affiliates:

Opinion

We have audited the consolidated financial statements of Westhab, Inc. and Affiliates (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Dayspring Commons, L.P., a wholly-owned subsidiary, and whose statements reflect total assets constituting approximately 4% percent and 5%, respectively, of consolidated total assets at December 31, 2024 and 2023, and total revenues constituting less than 1% of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dayspring Commons, L.P., is based solely on the report of the other auditors.

We did not audit the financial statements of 76 Locust Hill, L.P., a wholly-owned subsidiary, and whose statements reflect total assets constituting approximately 6% percent of consolidated total assets at December 31, 2024, and total revenues constituting less than 1% of consolidated total revenues for the year ended December 31, 2024. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 76 Locust Hill, L.P., is based solely on the report of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position as of December 31, 2024 and 2023, and the consolidating schedules of activities and changes in net assets and functional expenses for the years ended December 31, 2024 and 2023 are presented for purposes of additional analysis. These schedules 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 GAAS. In our opinion, the schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The supplementary property directory, as of December 31, 2024, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Withum Smith & Brown, PC

August 28, 2025

Westhab, Inc. and Affiliates
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 16,223,508	\$ 14,696,218
Investments	4,942,199	5,654,569
Due from government agencies (Note 4)	24,415,634	18,823,185
Pledges receivable	100,000	205,000
Other current assets	5,582,890	4,367,729
Total current assets	<u>51,264,231</u>	<u>43,746,701</u>
Property and equipment, net (Note 5)	<u>265,963,437</u>	<u>161,241,899</u>
Property under development (Note 6)	<u>133,341,764</u>	<u>136,505,800</u>
Right of use assets - operating, net (Note 10)	<u>252,096,900</u>	<u>253,775,847</u>
Other assets		
Assets restricted as to use (Note 16)	131,447,384	91,323,187
Investment in unconsolidated affiliates	1,120,266	1,179,755
Other assets	2,875,015	1,511,871
Due from unconsolidated affiliates	349,975	314,562
Total other assets	<u>135,792,640</u>	<u>94,329,375</u>
Total assets	<u>\$ 838,458,972</u>	<u>\$ 689,599,622</u>
Liabilities and Net Assets		
Current liabilities		
Notes payable - current portion (Note 7)	\$ 21,599,583	\$ 20,160,772
Lease liabilities - operating - current portion (Note 10)	28,769,441	31,728,634
Accounts payable and other current liabilities	12,465,280	15,350,106
Construction costs payable	3,234,390	4,838,624
Contractual advances	26,941,815	15,659,061
Total current liabilities	<u>93,010,509</u>	<u>87,737,197</u>
Other liabilities		
Notes payable - net (Note 7)	407,272,930	266,961,243
Lease liabilities - operating, net of current portion (Note 10)	226,732,574	224,260,314
Forgivable mortgage notes payable (Note 9)	14,391,692	14,760,785
Accrued mortgage interest	3,311,660	2,892,811
Due to County of Westchester Department of Social Services, rent advances (Note 11)	856,210	856,210
Security deposits	737,502	651,087
Other liabilities	3,034,745	1,566,354
Total other liabilities	<u>656,337,313</u>	<u>511,948,804</u>
Total liabilities	<u>749,347,822</u>	<u>599,686,001</u>
Net assets		
Without donor restrictions		
Controlling interest	17,345,324	20,005,977
Non-controlling interests (Note 18)	37,468,973	35,085,659
	<u>54,814,297</u>	<u>55,091,636</u>
With donor restrictions (Note 14)	34,296,853	34,821,985
Total net assets	<u>89,111,150</u>	<u>89,913,621</u>
Total liabilities and net assets	<u>\$ 838,458,972</u>	<u>\$ 689,599,622</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Westhab, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Housing income, net	\$ 164,478,739	\$ -	\$ 164,478,739	\$ 133,173,673	\$ -	\$ 133,173,673
Contracts for services	18,892,466	-	18,892,466	18,156,908	-	18,156,908
Fees and contributions	1,730,967	598,401	2,329,368	1,858,222	369,841	2,228,063
Contributions of nonfinancial assets	360,000	-	360,000	360,000	-	360,000
Capital grants	111,237	726,611	837,848	583,820	726,380	1,310,200
Special events, net	862,308	-	862,308	797,222	-	797,222
	<u>186,435,717</u>	<u>1,325,012</u>	<u>187,760,729</u>	<u>154,929,845</u>	<u>1,096,221</u>	<u>156,026,066</u>
Assets released from restrictions (Note 14)	<u>1,850,144</u>	<u>(1,850,144)</u>	<u>-</u>	<u>1,698,561</u>	<u>(1,698,561)</u>	<u>-</u>
Total revenues	<u>188,285,861</u>	<u>(525,132)</u>	<u>187,760,729</u>	<u>156,628,406</u>	<u>(602,340)</u>	<u>156,026,066</u>
Operating expenses						
Program services	181,552,966	-	181,552,966	151,396,572	-	151,396,572
General and administrative	12,523,469	-	12,523,469	9,751,043	-	9,751,043
Fundraising	570,413	-	570,413	473,801	-	473,801
Total operating expenses	<u>194,646,848</u>	<u>-</u>	<u>194,646,848</u>	<u>161,621,416</u>	<u>-</u>	<u>161,621,416</u>
Changes in net assets before other income (expenses)	(6,360,987)	(525,132)	(6,886,119)	(4,993,010)	(602,340)	(5,595,350)
Other income (expenses)						
Gain (loss) on disposal of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,712,590</u>	<u>-</u>	<u>1,712,590</u>
Changes in net assets	(6,360,987)	(525,132)	(6,886,119)	(3,280,420)	(602,340)	(3,882,760)
Changes attributable to limited partners	<u>3,700,334</u>	<u>-</u>	<u>3,700,334</u>	<u>2,319,007</u>	<u>-</u>	<u>2,319,007</u>
Changes in net assets attributable to Westhab, Inc.	(2,660,653)	(525,132)	(3,185,785)	(961,413)	(602,340)	(1,563,753)
Net assets						
Beginning of year						
Controlling interest	20,005,977	34,821,985	54,827,962	20,967,390	35,424,325	56,391,715
Non-controlling interests	<u>35,085,659</u>	<u>-</u>	<u>35,085,659</u>	<u>24,158,041</u>	<u>-</u>	<u>24,158,041</u>
	55,091,636	34,821,985	89,913,621	45,125,431	35,424,325	80,549,756
Contributed capital						
Controlling interest	-	-	-	-	-	-
Non-controlling interests	<u>6,110,716</u>	<u>-</u>	<u>6,110,716</u>	<u>13,246,625</u>	<u>-</u>	<u>13,246,625</u>
Distributed capital						
Non-controlling interests	<u>(27,068)</u>	<u>-</u>	<u>(27,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year						
Controlling interest	17,345,324	34,296,853	51,642,177	20,005,977	34,821,985	54,827,962
Non-controlling interests	<u>37,468,973</u>	<u>-</u>	<u>37,468,973</u>	<u>35,085,659</u>	<u>-</u>	<u>35,085,659</u>
Total net assets	<u>\$ 54,814,297</u>	<u>\$ 34,296,853</u>	<u>\$ 89,111,150</u>	<u>\$ 55,091,636</u>	<u>\$ 34,821,985</u>	<u>\$ 89,913,621</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Westhab, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services					General and Administrative	Fundraising	Total
	Housing Operations	Shelter Operations	Employment Services	Real Estate Development	Total			
Personnel costs	\$ 12,902,463	\$ 60,839,781	\$ 2,115,068	\$ 1,383,536	\$ 77,240,848	\$ 9,073,005	\$ 516,903	\$ 86,830,756
Rent	10,244,087	46,771,747	57,950	5,100	57,078,884	621,609	-	57,700,493
Insurance	1,349,252	2,588,991	14,530	3,698	3,956,471	110,187	-	4,066,658
Professional fees	921,493	404,935	36,232	70,336	1,432,996	834,056	15,209	2,282,261
Real estate taxes	659,706	1,575,729	-	2,876	2,238,311	-	-	2,238,311
Utilities	1,961,291	3,710,423	7,989	607	5,680,310	142,670	-	5,822,980
Communications	265,778	462,650	24,072	3,843	756,343	52,477	904	809,724
Maintenance and repairs	1,741,953	8,670,279	40,039	373	10,452,644	149,226	-	10,601,870
Program activities	792,119	8,297,365	627,642	630	9,717,756	40,228	475	9,758,459
Office expense	990,579	804,595	60,300	13,740	1,869,214	256,497	15,618	2,141,329
Travel	143,735	136,075	4,583	7,104	291,497	39,881	2,695	334,073
Depreciation and amortization	5,437,066	1,148,580	357	-	6,586,003	704,206	-	7,290,209
Interest	3,312,331	165,178	-	-	3,477,509	343,066	-	3,820,575
Other	106,070	35,437	175	3,950	145,632	156,361	18,609	320,602
Bad debt expense	589,766	18,546	20,236	-	628,548	-	-	628,548
	<u>\$ 41,417,689</u>	<u>\$ 135,630,311</u>	<u>\$ 3,009,173</u>	<u>\$ 1,495,793</u>	<u>\$ 181,552,966</u>	<u>\$ 12,523,469</u>	<u>\$ 570,413</u>	<u>\$ 194,646,848</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Westhab, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services					General and Administrative	Fundraising	Total
	Housing Operations	Shelter Operations	Employment Services	Real Estate Development	Total			
Personnel costs	\$ 12,149,080	\$ 46,333,473	\$ 1,081,514	\$ 1,021,675	\$ 60,585,742	\$ 7,223,767	\$ 412,479	\$ 68,221,988
Rent	9,731,907	38,830,235	52,610	5,100	48,619,852	590,443	-	49,210,295
Insurance	966,890	1,941,867	11,003	6	2,919,766	85,086	-	3,004,852
Professional fees	564,929	224,806	23,411	110,180	923,326	878,910	3,532	1,805,768
Real estate taxes	653,025	2,510,225	-	3,262	3,166,512	-	-	3,166,512
Utilities	1,958,580	3,228,708	11,611	576	5,199,475	109,987	-	5,309,462
Communications	253,207	381,139	15,373	2,586	652,305	32,262	859	685,426
Maintenance and repairs	1,739,739	8,752,579	32,778	197	10,525,293	92,968	165	10,618,426
Program activities	1,120,924	6,683,626	224,278	486	8,029,314	33,105	199	8,062,618
Office expense	319,151	1,574,084	41,012	15,684	1,949,931	287,544	11,756	2,249,231
Travel	113,410	139,186	5,000	1,547	259,143	43,238	847	303,228
Depreciation and amortization	4,572,071	674,200	7,364	-	5,253,635	101,401	-	5,355,036
Interest	2,259,483	197,031	-	-	2,456,514	136,121	-	2,592,635
Other	94,036	40,506	2,142	2,070	138,754	136,211	43,964	318,929
Bad debt expense	699,542	17,468	-	-	717,010	-	-	717,010
	<u>\$ 37,195,974</u>	<u>\$ 111,529,133</u>	<u>\$ 1,508,096</u>	<u>\$ 1,163,369</u>	<u>\$ 151,396,572</u>	<u>\$ 9,751,043</u>	<u>\$ 473,801</u>	<u>\$ 161,621,416</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Westhab, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Changes in net assets	\$ (6,886,119)	\$ (3,882,760)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	7,246,251	5,295,256
Amortization of right of use assets - operating	25,672,637	22,330,003
Interest expense	75,793	59,780
Bad debt expense	628,548	717,010
Gain on disposal of property and equipment	-	(1,712,590)
Changes in operating assets and liabilities		
Due from government agencies	(6,220,997)	(11,461,457)
Pledges receivable	105,000	146,000
Other current assets	(1,215,161)	(587,527)
Other assets	(1,363,144)	(27,649)
Due from/to unconsolidated affiliates	(35,413)	40,992
Accounts payable and other current liabilities	(2,884,826)	7,302,741
Construction costs payable	(1,604,234)	(2,468,405)
Contractual advances	11,282,754	(1,141,340)
Accrued mortgage interest	418,849	861,927
Lease liabilities	(24,480,623)	(21,084,727)
Security deposits	86,415	25,987
Other liabilities	1,468,391	(34,533)
Net cash provided by (used in) operating activities	<u>2,294,121</u>	<u>(5,621,292)</u>
Investing activities		
Return of (investment in) unconsolidated affiliates	59,489	(235,105)
Sales (purchases) of investments, net	712,370	(5,654,569)
Additions to property and equipment	(20,978,011)	(16,766)
Proceeds from sale of property and equipment	-	2,118,740
Additions to deferred financing fees	(1,627,896)	(742,551)
Additions to property under development	(87,895,742)	(74,418,829)
Net cash used in investing activities	<u>(109,729,790)</u>	<u>(78,949,080)</u>
Financing activities		
Principal payments on notes payable	(2,284,690)	(15,206,863)
Proceeds from notes payable	145,657,291	60,187,697
Principal payments on forgivable mortgage notes payable	(1,400,000)	-
Proceeds from forgivable mortgage notes payable	1,030,907	929,136
Distributions to limited partners	(27,068)	-
Capital contributions from limited partners	6,110,716	13,246,625
Net cash provided by financing activities	<u>149,087,156</u>	<u>59,156,595</u>
Net change in cash and restricted cash	41,651,487	(25,413,777)
Cash and restricted cash		
Beginning of year	<u>106,019,405</u>	<u>131,433,182</u>
End of year	<u>\$ 147,670,892</u>	<u>\$ 106,019,405</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Westhab, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ 13,983,000	\$ 11,369,000
Supplemental disclosure of non-cash investing and financing activities		
Property under development placed in service and reclassified to		
property and equipment	\$ 91,059,778	\$ 35,203,456
Increases to right of use assets and lease liabilities at lease inception	23,993,690	69,452,580
Interest capitalized as property and equipment or property under		
development	11,309,000	9,107,000
Reconciliation of cash and restricted cash to the consolidated statements of financial position		
Cash	\$ 16,223,508	\$ 14,696,218
Assets restricted as to use (Note 16)		
Westhab Group		
Construction escrows	123,469,422	82,585,488
Rent reserve	359,234	514,149
Dayspring campaign	122,149	117,461
EHAP replacement reserve	115,347	110,920
Other escrows	661,171	635,877
Other replacement reserves	431,576	397,588
Tenant security deposit	107,733	108,149
Operating reserves	89,391	78,996
Tax Credit Entities		
Construction escrows	994,804	2,071,981
Replacement reserves	2,689,612	2,371,875
Operating reserves	1,932,151	1,906,214
Tenant security deposit	440,790	353,102
Other restricted deposits	34,004	71,387
Total assets restricted as to use	<u>131,447,384</u>	<u>91,323,187</u>
Total cash and restricted cash	<u>\$ 147,670,892</u>	<u>\$ 106,019,405</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. ORGANIZATION AND PURPOSE OF THE COMPANY

Westhab, Inc. and Affiliates (the "Company") are companies organized starting in 1981 for the purpose of providing affordable housing in Westchester County, New York, and the surrounding region. Over the years, the Company has grown into a comprehensive community development organization delivering a wide range of housing options and social services programs throughout the New York metropolitan region. The Company develops and manages quality affordable and supportive housing, operates a network of transitional housing options, scattered-site housing programs and rental assistance programs. The Company delivers robust services and support, including employment services, youth services, and case management, to ensure that all members of the community have the opportunity to thrive.

The consolidated financial statements include the accounts of the following entities: 1) Operating companies: Westhab, Inc. ("Westhab"), Westhab In Yonkers, Inc. ("WIY"), 60-64 Elliott Housing Development Fund Company ("Elliot") and Bay House HDFC ("Bay House"); 2) Holding companies with nominee ownership and no assets: 4-12 Gouverneur Place Housing Development Fund Corporation ("Gouverneur HDFC"), Westhab East 181 Housing Development Fund Corporation ("East 181"), Shiloh Kress Housing Development Fund Corporation ("Shiloh HDFC"), and Ludlow Housing Development Fund Corporation ("Ludlow HDFC"); and 3) Purpose built shelters providing temporary housing: 138-50 Queens Blvd. HDFC ("Queens Blvd."), 108 St. Edwards HDFC ("Fort Greene"), 92-54 QB HDFC ("Lionheart"), 6661 Broadway Borrower HDFC ("Van Cortlandt"), and 2134 Coyle Housing Development Fund Corporation ("Coyle HDFC"). With the exception of Elliot, all of which are non-profit companies tax exempt under Section 501(c)(3) of the Internal Revenue Code. Collectively, these entities are referred to as the Westhab Group.

The consolidated financial statements also include the accounts of the following Low Income Housing Tax Credit ("LIHTC") entities: Westhab Bruce Knowles, L.P. ("WBK"), Elm Street Associates, L.P. ("Elm"), Westhab Community Revitalization, LLC ("WCR"), Clinton Place New Housing, LLC ("Clinton"), Shiloh Kress, L.P. ("Shiloh"), Westhab 22 Housing, LLC ("Westhab22"), Gouverneur Place Apartments, LLC ("Gouverneur"), Ludlow Commons, L.P. ("Ludlow"), Dayspring Commons, LP ("Dayspring"), 76 Locust Hill, L.P. ("Locust Hill"), and 1940 Jerome Ave Holdings LLC ("Jerome LLC"). Collectively, these entities are referred to as the Tax Credit Entities.

All inter-company transactions and balances have been eliminated upon consolidation.

Business Operations

Westhab is a comprehensive community development organization with the mission: "Building Communities. Changing Lives." Westhab develops and manages quality affordable and supportive housing and operates a broad range of social service programs designed to empower lower income people and communities to thrive.

Westhab's real estate development efforts include ground-up new developments, rehabilitation of distressed housing, and the management and oversight of both our own portfolio as well as for other mission compatible organizations. Westhab has built uniquely designed housing for veterans, young adults, seniors, and other special-needs populations.

Westhab's housing efforts also include a continuum of services and support that span from emergency shelter to transitional housing to permanent affordable and supportive housing. Our social services staff work with singles and families every step of the way to secure appropriate permanent affordable housing and achieve stability.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

To extend our mission and work to break the cycle of poverty and foster long-term self-sufficiency, Westhab delivers robust employment services and youth services programs. The Company's Employment Services programs work with job seekers with obstacles to employment and deliver the training and support needed to secure jobs and get on career tracks. Westhab's Youth Services programs deliver comprehensive out-of-school-time services including academics, enrichment, athletics, and leadership development to guide young people towards higher education, careers, and life-long success.

Westhab continues to deepen its impact and advance its mission with added scale and capacity. The organization's combined housing and services efforts reach over 15,000 New Yorkers annually. Westhab is working towards a future where everyone's needs are met and everyone has a safe, quality place to call home.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Company has no donor restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

Functional Expense

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and detailed by natural classification in the consolidated statements of functional expenses. Costs that are directly related to a specific program or general and administrative are directly charged to their functional category. Certain costs have been allocated among the program and supporting services in ratios determined by management to reflect the benefit received. Examples of these costs include utilities, insurance, maintenance and repairs, professional fees, office expense, travel, interest, and depreciation and were allocated based on a percentage of use calculation. The percentage of use is determined by a variety of cost allocation techniques such as square footage (occupancy costs) and time and effort (personnel costs).

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Revenue and Support Recognition

A significant portion of the Company's revenue is related to and derived from the provision of temporary housing to eligible residents of the County of Westchester and New York City. This revenue is earned pursuant to certain cost reimbursement contracts with the County of Westchester and New York City and from rent paid directly by tenants. Revenue related to housing and shelter operations is recognized when earned. Rent income paid directly by tenants is earned pursuant to leases that generally do not exceed more than one year. Certain tenants are required to provide a security deposit equal to one month's rent. The Company establishes an allowance for current estimated credit losses that result from the inability of tenants to make their required payments.

This allowance is based on the aging of the rent receivables, assessments of historical collection trends, and an evaluation of the impact of current economic conditions as well as the financial status of the individual tenants.

The Company reports gifts of cash and other assets as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Company accounts for revenue from grants and contracts receivables as expenses related to those grants and contracts when incurred or when services are provided. A receivable from the funding agency is recognized to the extent expenses have been incurred or services provided but not reimbursed. A liability is recorded when contract funds paid exceed expenses. Because these funds are generally due from governmental agencies and payments are contractually due, the receivable balance is not reduced by an allowance for uncollectible accounts. The Company's history has substantially been that all of the grant and contract revenue billed has been collected.

The Company accounts for contract and grant revenues which have been determined to be conditional grants in the consolidated statements of activities and changes in net assets to the extent that services have been provided or expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance. Funds received in advance of their restricted use are accounted for as contractual advances in the consolidated statements of financial position. Amounts received related to conditional contributions for which conditions have not yet been met are recognized as contractual advances in the consolidated statements of financial position.

The Company receives grants to purchase and/or rehabilitate new or existing properties. These grants are recorded as restricted contributions at the time the commitment is made and all significant conditions precedent to the grant are satisfied. Expenditures related to the grants are usually capitalized as additions to property and equipment as incurred. In addition, pursuant to the terms of the Emergency Housing Apartment Program ("EHAP") contract, the Company is permitted to record contract revenue for reimbursement from the County of Westchester for certain mortgage principal payments.

Development fees are recognized in the period in which the service is provided and the terms and conditions for payment are completed.

Due from Government Agencies

Amounts due from government agencies represent contract revenues earned in excess of cash received. Such amounts are recorded at cost and no interest is accrued on these balances.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets by accelerated and straight-line methods. Property purchased under the Company's EHAP and Shelter contracts with the Westchester County Department of Social Services ("WCDSS") are expensed as WCDSS retains a reversionary interest in these assets. The principal periods used for computing depreciation are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Building and improvements	20-40
Equipment	5
Office furniture and fixtures	3.5-7
Leasehold improvements	*
Hardware and software	5
Vehicles	5

* Estimated useful life of the assets or life of lease, whichever is shorter.

Measure of Operations

The consolidated statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities reflect all transactions attributable to the Company's ongoing programs. Non-operating activities reflect transactions considered to be nonrecurring nature or not directly relating to the Company's mission. The Company did not have any non-operating activities at December 31, 2024 and 2023.

Fair Value Measurements

Accounting standards establish a framework for measuring fair value that utilizes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, the Company develops inputs using the best information available in the circumstances. The Company's did not have any Level 3 inputs at December 31, 2024 and 2023.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

The assets 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 during the years ended December 31, 2024 and 2023.

Mutual funds: Valued at the daily closing prices as reported by the fund. Mutual funds held by the Company are open-ended and closed-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Company are deemed to be actively traded. All of the Company's mutual funds held at December 31, 2024 and 2023 were valued using Level 1 inputs.

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. All of the Company's fixed income investments held at December 31, 2024 and 2023 were valued using Level 2 inputs.

This valuation methodology may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Rehabilitation Expenses

Major improvements on owned properties are capitalized and depreciated over the estimated useful life of the building. Major improvements and rehabilitation costs associated with leased buildings are capitalized and amortized over the remaining life of the lease. Repairs and improvements on scattered apartment sites are expensed as incurred.

Property Under Development

The Company capitalizes all reasonable costs related to the acquisition and development of new properties. These include direct pre-acquisition costs, acquisition costs, carrying costs such as insurance, real estate taxes and interest and all construction costs. Capitalization of project development costs ceases at the completion of construction or when a determination has been made that the project is no longer viable. Projects that are determined not to be viable are written off as loss on disposal of assets in the consolidated statements of activities and changes in net assets.

Valuation of Long-Lived Assets

In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, the Company reviews long-lived assets, including property and equipment and property under development, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. The Company has concluded that no impairment occurred for its long-lived assets during the periods presented within these consolidated financial statements.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Investment in Unconsolidated Affiliates

Investments in unconsolidated affiliates consist of two investments: 1) an investment of less than 1% in an affordable housing project in Bronx, NY of approximately \$798,000 as of December 31, 2024 and 2023; and 2) an investment of approximately 26% in an LLC with fee owner title to undeveloped property in Bronx, NY of approximately \$322,000 and \$382,000 as of December 31, 2024 and 2023, respectively. Both investments are carried based on the cost method.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates included in the preparation of these consolidated financial statements include the estimated useful lives of depreciable assets. Further, amounts recorded as property under development are subject to estimates regarding the Company's ability to obtain required financing and complete the projects.

Income Taxes

Westhab and certain affiliates are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements associated with these entities.

Certain other affiliates such as the tax credit entities are partnerships treated as pass-through entities for federal and state reporting purposes. No provision or liability for federal or state income taxes has been recorded in the consolidated financial statements because all income or loss is passed through to the partners.

The Company has no unrecognized income tax liabilities and had no income tax related penalties or interest for the years ended December 31, 2024 and 2023. Furthermore, there are no tax related interest or penalties included in the consolidated financial statements.

Leases

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of twelve months or less are not recorded on the consolidated statements of financial position. The Company had no finance leases as of December 31, 2024 and 2023.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Company accounts for these other services as a component of the lease.

For all other leases, the services are accounted for separately and the Company allocates payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. Right of use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2024 and 2023, the Company's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash	\$ 16,223,508	\$ 14,696,218
Investments	4,942,199	5,654,569
Due from government agencies	24,415,634	18,823,185
Committed revolving credit facility	<u>25,000,000</u>	<u>25,000,000</u>
	70,581,341	64,173,972
Less: Amounts not available to be used within one year:		
Net assets with donor restrictions (see Note 14)	<u>(3,167,261)</u>	<u>(3,692,393)</u>
	<u>(3,167,261)</u>	<u>(3,692,393)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 67,414,080</u>	<u>\$ 60,481,579</u>

The Company regularly monitors liquidity required to meet its operating needs and commitments and maintains a committed revolving credit facility of approximately \$25,000,000 to help fund short-term liquidity needs.

4. DUE FROM GOVERNMENT AGENCIES

Amounts due from government agencies at December 31, 2024 and 2023 represent un-reimbursed amounts earned under contracts. There is no reserve for uncollectible amounts as of December 31, 2024 and 2023.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

5. PROPERTY AND EQUIPMENT, NET

Property and equipment on December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Westhab Group		
Land	\$ 30,118,467	\$ 17,018,467
Buildings and improvements	89,029,279	41,003,655
Equipment	1,634,963	1,329,054
Office furniture and fixtures	3,544,653	2,061,205
Leasehold improvements	6,266,129	6,134,154
Hardware and software	4,267,904	3,691,237
Vehicles	<u>1,524,267</u>	<u>1,040,424</u>
Total Westhab Group property and equipment, at cost	136,385,662	72,278,196
Less: Accumulated depreciation	<u>14,415,420</u>	<u>11,269,060</u>
Total Westhab Group property and equipment, net	<u>121,970,242</u>	<u>61,009,136</u>
Tax Credit Entities		
Land	9,300,076	9,000,975
Buildings and improvements	181,742,231	130,137,285
Equipment	893,624	248,792
Office furniture and fixtures	<u>2,800,862</u>	<u>2,625,864</u>
Total Tax Credit Entities property and equipment, at cost	194,736,793	142,012,916
Less: Accumulated depreciation	<u>35,614,736</u>	<u>31,226,280</u>
Total Tax Credit Entities property and equipment, net	<u>159,122,057</u>	<u>110,786,636</u>
Eliminations	<u>(15,128,862)</u>	<u>(10,553,873)</u>
Total property and equipment, net	<u>\$ 265,963,437</u>	<u>\$ 161,241,899</u>

Depreciation expense amounted to approximately \$7,317,000 and \$5,355,000 for the years ended December 31, 2024 and 2023, respectively.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

6. PROPERTY UNDER DEVELOPMENT

Property under development on December 31, 2024 and 2023, consists of land, buildings, and construction costs for the following projects in varying stages of development:

		2024	2023
Westhab Group			
Project	Address		
Lionheart Family Residence	92-54 Queens Blvd., Flushing, NY 11374	\$ -	\$ 50,568,332
Fort Greene Family Residence	108 St. Edwards St., Brooklyn NY 11205	59,424,977	36,648,700
Van Cortlandt Rapid Rehousing Center	6661 Broadway, Bronx NY 10471	13,709,744	8,804,575
Travers House Renovation	100 Vark St., Yonkers 10701	2,322,415	1,924,314
30 West Project	30 West St., Haverstraw, NY 10927	920,904	106,768
Coyle Family Residence	2134 Coyle St., Brooklyn, NY 11229	38,729,147	-
	Total Westhab Group property under development	<u>115,107,187</u>	<u>98,052,689</u>
Tax Credit Entities			
Project	Address		
Summit on Hudson	76 Locust Hill Yonkers, NY 10701	\$ -	\$ 40,491,446
La Olazul	1940-1942 Jerome Avenue, Bronx, NY 10453	21,716,616	-
	Total Tax Credit Entities properties under development	<u>21,716,616</u>	<u>40,491,446</u>
Eliminations		<u>(3,482,039)</u>	<u>(2,038,335)</u>
	Total property under development	<u>\$ 133,341,764</u>	<u>\$ 136,505,800</u>

Lionheart Family Residence

The HDFC, controlled by Westhab, purchased vacant land at 92-54 Queens Blvd. in August 2022 to construct a multifamily shelter for families with children in Queens, NY with funding primarily from NYC DHS. The project cost was expected to be approximately \$66.3 million and funded by a 100% loan to cost through a CTL loan that gets paid directly by NYC DHS. The property was placed in service during 2024.

Fort Greene Family Residence

The HDFC, controlled by Westhab, purchased an abandoned church at 96 St. Edwards Street in November 2022 to demo the existing building and construct a multifamily shelter for families with children in Brooklyn, NY with funding primarily from NYC DHS. The project cost is expected to be approximately \$72.9 million and will be funded by a 100% loan to cost through a CTL loan that gets paid directly by NYC DHS.

Van Cortlandt Rapid Rehousing Center

The HDFC, controlled by Westhab, purchased the buildings known as 6661 Broadway in November 2023 to demo the existing building and construct a dormitory style singles shelter in Bronx, NY with funding from NYC DHS. The project cost is expected to be approximately \$36,050,000 and will be funded by 100% loan to cost through a CTL loan that gets paid directly by NYC DHS.

Travers House Renovation

Renovation costs for 101 Vark Street with funding through New York State Homeless Housing Assistance Program.

30 West Project

The tax credit partnership anticipates acquiring 30 West Street in the Village of Haverstraw, NY in November 2025 for the purpose of constructing 81 units of affordable housing. The total development cost is anticipated to be approximately \$52.5 million. Funding for the project includes \$23 million of tax credit equity through the sale of low-income housing tax credits and State low-income housing credits issued by HCR, and a variety of subsidy loans, grants and operating and rental subsidies.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Coyle Family Residence

The HDFC, controlled by Westhab, closed on the acquisition of 2134 Coyle Street in December 2024 to demo the existing building and construct a families with children shelter in Brooklyn, NY. The project cost is expected to be approximately \$124,000,000 and will be funded by 100% loan to cost through a CTL loan that gets paid directly by NYC DHS.

Summit on Hudson

The tax credit partnership purchased 76 Locust Avenue in December 2021 for the purpose of constructing 113 units of affordable housing. Construction of the building was completed in May 2024 with a total development cost of \$56.9 million. The project is fully leased and converted from construction to permanent financing in May 2025.

La Olazul

The tax credit partnership purchased 1940 Jerome Avenue in the Bronx, NYC in March 2024 for the purpose of constructing 115 units of affordable housing. The total development cost is expected to be approximately \$81.3 million. Funding for the project includes \$35 million of tax credit equity through the sale of low-income housing tax credits issued by HCR, NYS and NYC subsidy loans and NY 15/15 rental and operating subsidies for the supportive housing units. There is a retail space that will be split into its own Condo and sold following receipt of the project's TCO.

7. NOTES PAYABLE

Notes payable consist of the following on December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Westhab Group		
Refundable grant (JP Morgan Chase Bank) dated June 19, 2006 payable in a lump sum in November 2008. The bank has not made a demand for payment. (Funds utilized for 157 Bruce Ave., Yonkers, New York.)	\$ 100,000	\$ 100,000
Twenty-four year mortgage note (DASNY) dated April 29, 2015 payable in semi-annual installments of \$363,190 including interest at 3.4652%. The note matures April 2039, is secured by property at 4-12 Gouverneur Place, Bronx, New York and subject to a regulatory agreement with DASNY. The Company is entitled to receive semi-annual debt service subsidies from NYSOMH in the amount of \$363,190 and has assigned these subsidies to DASNY.	8,003,732	8,441,359
Mortgage note (Valley Bank) dated April 10, 2022 with a seven year term, principal and interest based on a twenty-five year amortization payable in monthly installments of \$1,480 including interest at 4.55% maturing March 2029 secured by land and building at 28 Pier St., Yonkers, New York.	246,585	252,783
Drawdowns under thirty year, \$150,000 unsecured (City of Yonkers Home Investment Partnership Program) 1% note available for renovations at 28 Pier St., Yonkers, New York. There are no set repayment terms. Repayment is made out of available cash flow.	150,000	150,000

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Drawdowns under thirty year, \$1,315,000 unsecured loan (City of Yonkers Home Investment Partnership Program) available for renovations at 5 Hudson St., Yonkers, New York. There are no set repayment terms; repayment is made out of available cash flow. The loan bears interest at 1%.	1,315,000	1,315,000
Mortgage note (New York State HTFC), dated October 28, 1996 with interest (1%) only payable for fifteen years subject to availability of excess income from the specific property secured by land and building at 60-64 Elliott Ave., Yonkers, New York. The loan is due in October 2095.	2,202,644	2,202,644
Mortgage note (New York State HTFC), dated November 24, 1998 with interest only payable subject to availability of excess income from the specific property secured by land and building at 60-64 Elliott Ave., Yonkers, New York. The loan is due in 2097.	222,119	222,119
Mortgage note (Westchester County Department of Planning) payable in monthly installments of \$354 including interest at rates ranging from 1% to 6% through September 2025 secured by land and building at 2 East Cross St., North Salem, New York.	3,414	7,783
Mortgage note (Westchester County Department of Planning) interest accruing at 6% through 2009, -0-% interest thereafter. Repayment of the loan and interest will only occur if the property is sold. Secured by land and building at 2 East Cross St., North Salem, New York.	282,355	282,355
Mortgage note with New York State HHAC bearing simple interest at 1%. No payments are due until 2030. Secured by property at 97 Bruce Ave and 12 Knowles St., in Yonkers, New York.	333,628	333,628
Fifteen-year mortgage note (M&T Bank) dated December 19, 2008 payable in monthly installments of \$3,193 including interest at 4.79%. Interest rate will be reset after 5 years. The note matures February 1, 2024 and is secured by property at 103 Elm St., Yonkers, New York.	-	15,635
Mortgage note (Leviticus) dated August 1, 2016 payable in 120 monthly installments of \$4,514 including interest at 5.5%, maturing July 1, 2026 secured by land and building at 5 Lawrence St., Yonkers, New York.	684,360	700,404
Term loan (Valley Bank) dated October 18, 2019 secured by all business assets. Loan repayable in 60 monthly installments of \$2,412 including interest at 4.25%, maturing October 18, 2024.	-	23,643
Term loan (Valley Bank) dated July 15, 2020 secured by all business assets. Loan repayable in 60 monthly installments of \$12,339 including interest at 4.00%, maturing July 15, 2025.	85,114	226,582

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Mortgage note (Leviticus) dated June 23, 2020 requiring monthly payments of principal and interest of \$11,596, interest at 5.25%, maturing June 23, 2050, secured by property at 5 Hudson St., Yonkers, New York.	1,956,672	2,001,013
Term loan (Valley Bank) dated August 1, 2022 secured by all business assets. Loan repayable in 60 monthly installments of \$26,203 including interest at 5.00%, maturing July 1, 2027.	758,850	1,027,246
Term loan (Valley Bank) dated September 24, 2021 secured by all business assets. Loan repayable in 60 monthly installments of \$11,301 including interest at 4.45%, maturing September 24, 2026.	227,790	350,042
Mortgage note (UMB Bank - Acquisition Loan) dated December 10, 2021 payable in monthly installments of interest only through February 2023 in the amount of \$52,036 followed by monthly installments of principal and interest of \$75,417, interest at 3.91%. The note matures February 28, 2053 and is secured by property at 138-50 Queens Boulevard, Jamaica, NY.	15,437,623	15,732,728
Mortgage note (UMB Bank - Building Loan) dated December 10, 2021 payable in monthly installments of interest only through February 2023 in the amount of \$36,114 followed by monthly installments of principal and interest of \$52,341, interest at 3.91%. The note matures February 28, 2053 and is secured by property at 138-50 Queens Boulevard, Jamaica, NY.	10,713,954	10,918,761
Mortgage note (UMB Bank - Project Loan) dated December 10, 2021 payable in monthly installments of interest only through February 2023 in the amount of \$28,695 followed by monthly installments of principal and interest of \$41,589, interest at 3.91%. The note matures February 28, 2053 and is secured by property at 138-50 Queens Boulevard, Jamaica, NY.	8,513,204	8,675,942
Mortgage note (UMB Bank - Acquisition Loan) dated August 3, 2022 payable in monthly installments of interest only through October 2024 in the amount of \$58,077 followed by monthly installments of principal and interest of approximately \$73,000, interest at 5.32%. The note matures October 1, 2054 and is secured by property at 92-54 Queens Blvd., Queens, NY.	13,070,355	13,100,000
Mortgage note (UMB Bank - Building Loan) dated August 3, 2022 payable in monthly installments of interest only through October 2024 in the amount of \$136,423 followed by monthly installments of principal and interest of approximately \$171,000, interest at 5.32%. The note matures October 1, 2054 and is secured by property at 92-54 Queens Blvd., Queens, NY.	30,702,579	30,772,215
Mortgage note (UMB Bank - Project Loan) dated August 3, 2022 payable in monthly installments of interest only through October 2024 in the amount of \$99,363 followed by monthly installments of principal and interest of approximately \$124,000, interest at 5.32%. The note matures October 1, 2054 and is secured by property at 92-54 Queens Blvd., Queens, NY.	22,362,066	22,412,785

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Mortgage note (UMB Bank - Acquisition Loan) dated November 3, 2022 payable in monthly installments of interest only through June 2025 in the amount of \$44,515 followed by monthly installments of principal and interest of approximately \$53,000, interest at 5.98%. The note matures June 1, 2055 and is secured by property at 96 St. Edwards St., Brooklyn, NY.	8,932,800	8,932,800
Mortgage note (UMB Bank - Building Loan) dated November 3, 2022 payable in monthly installments of interest only through June 2025 in the amount of \$204,069 followed by monthly installments of principal and interest of approximately \$245,000, interest at 5.98%. The note matures June 1, 2055 and is secured by property at 96 St. Edwards St., Brooklyn, NY.	40,950,400	40,950,400
Mortgage note (UMB Bank - Project Loan) dated November 3, 2022 payable in monthly installments of interest only through June 2025 in the amount of \$114,551 followed by monthly installments of principal and interest of approximately \$138,000, interest at 5.98%. The note matures June 1, 2055 and is secured by property at 96 St. Edwards St., Brooklyn, NY.	22,986,800	22,986,800
Mortgage note (UMB Bank - Acquisition Loan) dated November 17, 2023 payable in monthly installments of interest only through November 2025 in the amount of \$28,239 followed by monthly installments of principal and interest of approximately \$33,000, interest at 6.39%. The note matures November 15, 2055 and is secured by property at 6661 Broadway, Bronx, NY.	5,303,041	5,303,041
Mortgage note (UMB Bank - Building Loan) dated November 17, 2023 payable in monthly installments of interest only through November 2025 in the amount of \$120,677 followed by monthly installments of principal and interest of approximately \$142,000, interest at 6.39%. The note matures November 15, 2055 and is secured by property at 6661 Broadway, Bronx, NY.	22,662,371	22,662,371
Mortgage note (UMB Bank - Project Loan) dated November 17, 2023 payable in monthly installments of interest only through November 2025 in the amount of \$43,050 followed by monthly installments of principal and interest of approximately \$51,000, interest at 6.39%. The note matures November 15, 2055 and is secured by property at 6661 Broadway, Bronx, NY.	8,084,588	8,084,588
Mortgage note (Valley Bank) dated May 5, 2023 payable in monthly installments of principal and interest of \$14,431, interest at 6%. The note matures April 5, 2028 and is secured by property at 829 Tilden St., Bronx, NY.	520,510	657,229
Mortgage note (Wilmington Trust, NA - Acquisition Loan) dated December 17, 2024 payable in monthly installments of interest only through April 2027 in the amount of \$155,850 followed by monthly installments of principal and interest of approximately \$184,875, interest at 6.202%. The note matures April 15, 2057 and is secured by property at 2134 Coyle St., Brooklyn, NY.	30,154,777	-

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Mortgage note (Wilmington Trust, NA - Building Loan) dated December 17, 2024 payable in monthly installments of interest only through April 2027 in the amount of \$358,711 followed by monthly installments of principal and interest of approximately \$425,500, interest at 6.202%. The note matures April 15, 2057 and is secured by property at 2134 Coyle St., Brooklyn, NY.	69,405,546	-
Mortgage note (Wilmington Trust, NA - Project Loan) dated December 17, 2024 payable in monthly installments of interest only through April 2027 in the amount of \$126,087 followed by monthly installments of principal and interest of approximately \$149,500, interest at 6.202%. The note matures April 15, 2057 and is secured by property at 2134 Coyle St., Brooklyn, NY.	24,396,005	-
	350,768,882	228,841,896
Less: Current maturities	3,263,980	2,021,573
Less: Unamortized debt issuance costs	2,398,426	779,863
Westhab Group, net of current maturities and unamortized debt issuance costs	<u>\$ 345,106,476</u>	<u>\$ 226,040,460</u>
Tax Credit Group		
Note payable, City of Yonkers, requiring payments of principal and interest to the extent of available cash, based on a thirty-year amortization. No amounts were paid for principal or interest in 2020 and 2019. Secured by property at 125, 129, 131, 141 and 145 Elm St., Yonkers, New York.	\$ 425,000	\$ 425,000
Note payable, City of Yonkers, no stated interest, originally requiring payment over a thirty year period commencing with the completion of the construction. To date, the City of Yonkers has not required any repayments. The mortgage matures March 2023. The proceeds were used for improvements at 125, 129, 131, 141 and 145 Elm St., Yonkers, New York.	150,000	150,000
Mortgage payable (Community Preservation Corp.) in monthly payments including interest at 4.25% maturing in 2033. Interest on the mortgage is adjustable every five years and is based on the then current yield for 5 year U.S. Treasury securities plus 366 basis points. Secured by property at 125, 129, 131, 141 and 145 Elm St., Yonkers, New York.	531,512	577,660
Mortgage payable (NYS HHAC) secured by property at 97 Bruce Avenue bearing interest at the rate of 1%. No payments of principal or interest are due until 2029.	1,030,002	1,030,002
Mortgage payable (NYS HHAC) secured by property at 12-15 Knowles St. bearing interest at the rate of 1%. No payments of principal or interest are due until 2029.	950,000	950,000
Note payable (HHAP), secured by property at 97 Bruce Avenue bearing interest at the rate of 1%. No payments of principal or interest are due until 2029.	79,800	79,800

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Drawdowns on mortgage note (HHAC) dated June 21, 2016, \$3,765,000 total available, compounded interest at 1% per annum (effective interest rate of 1.12%), principal and interest due and payable July 1, 2046, secured by property on South 4th Ave., South Waverly St. and Livingston Ave. in Yonkers, NY.	3,765,000	3,765,000
1st mortgage note (CPC) dated June 21, 2016, \$750,000, payable in monthly installments of \$3,940 including interest at 4.81% maturing on July 1, 2046, secured by property on South 4th Ave., South Waverly St. and Livingston Ave. in Yonkers, NY.	634,083	650,430
Mortgage payable (NYS HHAP) secured by property at 41-47 Clinton Place bearing interest at the rate of 1% and is forgivable if no default occurs.	1,300,000	1,300,000
Mortgage payable (NYS HTF) secured by property at 41-47 Clinton Place bearing interest at the rate of 1% and is forgivable if no default occurs.	1,200,000	1,200,000
Note payable (Community Preservation Corporation), monthly amortizing payments of principal and interest of \$3,442, interest at a rate of 4.88% per annum, matures August 1, 2044, secured by property at 22 Tarrytown Rd.	521,571	537,009
Promissory note agreement (New York State Housing Trust Fund Corporation), interest at 1% per annum payable from excess income as defined in the regulatory agreement, matures July 14, 2044, secured by property at 22 Tarrytown Rd.	1,600,000	1,600,000
Thirty year mortgage (Webster Bank) bearing interest at 7.2% with monthly installments of principal and interest until the maturity date on March 16, 2040, secured by property at 41-47 Clinton Place.	561,764	581,550
Note payable (NYS HFA) secured by property at 29 Kress Avenue with no interest. Balance of this note is due and payable on the maturity date of January 1, 2053.	35,871	35,871
Mortgage payable (NYS HFA) dated November 6, 2019, \$19,430,000 total available, interest at 2% per annum on the short term loan (\$12,290,000) and 4% per annum on the long term loan (\$7,140,000), a servicing fee of 0.25% per annum on the outstanding principal amount of the loan as well as a SONYMA premium of 0.50% per annum on the outstanding principal amount of the loan beginning on the conversion date. The short term loan matured November 1, 2023. The long term loan requires monthly payments of principal and interest of \$34,087 and matures January 1, 2052. The loan is secured by property at 227 Elm St., Yonkers, NY.	6,781,769	6,916,608
Mortgage payable (NYS HFA) dated November 6, 2019, \$10,960,000 total available, simple interest at 0.50% per annum, interest only payable on the conversion date followed by monthly interest only payments and matures January 1, 2052. The loan is secured by property at 227 Elm St., Yonkers, NY.	10,937,210	10,960,000

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Mortgage payable (NYS HFA) dated November 6, 2019, \$2,550,000 total available, interest free, no principal payments required until maturity on January 1, 2052. The loan is secured by property at 227 Elm St., Yonkers, NY.	2,550,000	2,550,000
Mortgage payable (NYS HFA) dated December 16, 2021, \$28,270,000 total available, interest at 1.25% per annum on the short term loan (\$17,900,000) and 3.75% per annum on the long term loan (\$10,370,000), a servicing fee of 0.25% per annum on the outstanding principal amount of the loan as well as a SONYMA premium of 0.50% per annum on the outstanding principal amount of the loan beginning on the conversion date (October 1, 2024). The short term loan requires monthly interest payments of \$51,052 and matures October 1, 2025, while the long term loan requires monthly principal and interest payments of \$48,025 and matures August 1, 2054. The loan is secured by property at 76 Locust Hill Avenue, Yonkers, NY.	28,254,381	24,642,553
Subsidy note payable (NYS HFA) dated December 16, 2021, \$3,338,671 total available, simple interest at 2.00% through the conversion date (October 1, 2024) followed by compounding interest at 2.00% with 0.50% payable monthly and the remaining amount shall accrue and be payable on the maturity date, no principal payments required until maturity (August 1, 2054). The loan is secured by property at 76 Locust Hill Avenue, Yonkers, NY.	2,077,114	1,120,443
Subsidy note payable (COY HOME) dated December 16, 2021, \$600,000 total available, bearing an interest rate of one (1.00%) percent per annum, compounding annually, for a term of thirty (30) years. Commencing on the first day of the first calendar quarter following the day the Temporary Certificate of Occupancy is issued, Borrower shall pay quarterly installments of interest to Lender. The loan is secured by property at 76 Locust Hill Avenue, Yonkers, NY.	600,000	550,000
Mortgage payable (NYS HFA) dated March 27, 2024, \$39,185,000 total available, interest at 4.60% per annum on the short term loan (\$30,850,000) and 6.00% per annum on the long term loan (\$8,335,000), a servicing fee of 0.25% per annum on the outstanding principal amount of the loan as well as a SONYMA premium of 0.50% per annum on the outstanding principal amount of the loan beginning on the conversion date (May 1, 2027). The short term loan requires monthly interest payments of \$159,933 and matures May 1, 2027, while the long term loan requires monthly principal and interest payments of \$45,860 and matures March 1, 2067. The loan is secured by property at 1940-1942 Jerome Ave., Bronx, NY.	12,913,176	-

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Subsidy loan payable (NYS SHOP) dated March 27, 2024, \$14,945,331 total available, interest at 2.87% per annum until the conversion date, a permanent interest rate of 0.25%, as well as a servicing fee of 0.25% per annum on the full principal amount of the loan. The loan matures March 1, 2067. The loan is secured by property at 1940-1942 Jerome Ave., Bronx, NY.	3,152,824	-
Construction loan payable (NYC HPD) dated March 27, 2024, \$11,500,000 total available, bearing an interest rate of 4.31% per annum, compounding annually, as well as 0.25% servicing fee per annum on the portion of the loan actually advanced, until the conversion date, after which interest is incurred at a rate of 5.37% per annum. The loan matures on May 27, 2027, or on the 40th anniversary of the conversion date. The loan is secured by property at 1940-1942 Jerome Ave., Bronx, NY.	1,016,464	-
	81,067,541	59,621,926
Less: Current maturities	18,335,603	18,139,199
Less: Unamortized debt issuance costs	565,484	561,944
Total Tax Credit Group, net of current maturities and unamortized debt issuance costs	<u>\$ 62,166,454</u>	<u>\$ 40,920,783</u>
Consolidated notes payable	\$ 431,836,423	\$ 288,463,822
Less: Consolidated current maturities	21,599,583	20,160,772
Less: Consolidated unamortized debt issuance costs	2,963,910	1,341,807
Total consolidated notes payable, net of current maturities and unamortized debt issuance costs	<u>\$ 407,272,930</u>	<u>\$ 266,961,243</u>

Aggregate maturities of long-term debt due within the next five years ending December 31 are as follows:

2025	\$ 21,599,583
2026	5,224,644
2027	5,530,625
2028	6,034,210
2029	6,516,339
Thereafter	386,931,022
	<u>\$ 431,836,423</u>

The Company's policy is to amortize debt issuance costs over the term of the related note payable. Amortization expense for each of the years ended December 31, 2024 and 2023 amounted to approximately \$76,000 and \$68,000, respectively, and is included in interest expense.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Amortization expense over the next five years ending December 31 is expected as follows:

2025	\$ 120,415
2026	119,484
2027	117,701
2028	114,960
2029	112,219
Thereafter	<u>2,379,131</u>
	<u>\$ 2,963,910</u>

8. LINES OF CREDIT

The Company is party to a committed revolving credit facility (maximum available \$25,000,000) with Valley Bank, with interest at prime (7.50% and 8.50% at December 31, 2024 and 2023, respectively). The line of credit matures on June 1, 2027, secured by certain real property and a 2nd security interest in certain personal property. As of December 31, 2024 and 2023, the outstanding balances amounted to \$-0-.

9. FORGIVABLE MORTGAGE NOTES PAYABLE

In connection with the Company's financing of its development of affordable housing, the Company is party to certain capital grant agreements which are secured by enforcement mortgages on the property. The mortgages bear no interest and repayment is not required so long as the housing continues to meet various affordability restrictions during the compliance period.

Forgivable mortgage notes payable consists of the following at December 31, 2024 and 2023:

<u>Grantor</u>	<u>Project</u>	<u>Compliance Period (Years)</u>	<u>2024</u>	<u>2023</u>
Westchester County	Windham	50	\$ 787,500	\$ 787,500
Federal Home Loan Bank	Dayspring	15	600,000	600,000
Enterprise Community Partners, Inc.	Summit on Hudson	30	10,871,660	10,871,660
Westchester County		50	-	1,400,000
City of Yonkers		30	<u>172,489</u>	<u>172,489</u>
			11,044,149	12,444,149
New York State Homeless Housing and Assistance Program	Travers	25	<u>1,960,043</u>	<u>929,136</u>
	Total forgivable mortgage notes payable		<u>\$ 14,391,692</u>	<u>\$ 14,760,785</u>

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

10. LEASES

The Company is party to numerous operating lease agreements entered into in connection with its housing and shelter operations. The following is a summary of these leases and the typical lease terms:

Purpose of lease	Shelter program	Housing program	Administrative
Program funding source	New York City	Westchester County	n/a
Number of leases - December 31, 2024	16	4	2
Number of leases - December 31, 2023	13	3	2
Initial lease term (years) (1)	4.5-13	10-17	9-17
Lease term expiration date	2026-2053	2024-2033	2029-2033
Renewal option (2)	None	5 year option	None
Average annual rent increase	2-3%	2%	2%
Cancellable without penalty	Yes (3)	Yes (3)	No

- (1) The initial lease term for 2 of these 13 leases is 30 years which expire in 2052 and 2053.
(2) The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.
(3) Each of these leases are cancellable without penalty to the Company in the event the funding source terminates its contract with the Company.

Because the rates implicit in the leases are generally not available, the Company utilizes an estimated incremental borrowing rate as the discount rate.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31:

2025	\$ 40,057,384
2026	37,574,117
2027	32,419,387
2028	29,450,505
2029	21,275,326
Thereafter	<u>223,380,431</u>
Gross payments due	384,157,150
Less: Discount to net present value	(128,655,135)
Less: Current portion	<u>(28,769,441)</u>
	<u>\$ 226,732,574</u>

Rent expense comprises the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 37,798,000	\$ 32,974,000
Short-term lease expense	<u>19,899,000</u>	<u>16,232,000</u>
	<u>\$ 57,697,000</u>	<u>\$ 49,206,000</u>

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

The weighted average discount rates used in estimating the net present value of operating leases were 4.72% and 4.98% as of December 31, 2024 and 2023, respectively. The weighted average remaining lease terms as of December 31, 2024 and 2023 were 16.94 and 14.21 years, respectively. Gross cash payments on operating leases totaled \$36,353,000 and \$31,728,634 for the years ended December 31, 2024 and 2023, respectively.

11. DUE TO COUNTY OF WESTCHESTER, DEPARTMENT OF SOCIAL SERVICES - RENT ADVANCES

This amount, totaling \$856,210 as of December 31, 2024 and 2023, represents non-interest bearing cash advances by the Westchester County Department of Social Services ("WCDSS") related to specific lease agreements under the EHAP program. In accordance with the terms of an agreement with WCDSS, the outstanding rent advances will be repaid at the rate of \$4,628 per unit when and if the total number of EHAP-approved units drops below a specified benchmark.

12. PENSION PLAN

The Company has an employee profit sharing plan covering all qualified employees funded by discretionary contributions. The plan does not include any benefits attributable to past service. It is the Company's policy to fund pension costs when incurred. Pension expense under the profit sharing plan for the years ended December 31, 2024 and 2023 totaled approximately \$1,779,000 and \$1,373,000, respectively.

13. CONCENTRATIONS

For the year ended December 31, 2024, approximately 73% and 11% of the Company's total revenue was received from or passed through New York City and Westchester County, respectively. For the year ended December 31, 2023, approximately 69% and 11% of the Company's total revenue was received from or passed through New York City and Westchester County, respectively.

For the years ended December 31, 2024 and 2023, approximately 17% and 11% of total revenues, respectively, was received via pass-through from state, county or local government agencies.

As of December 31, 2024, approximately 92% and 3% of the Company's amounts due from government agencies is due from or passed through New York City and Westchester County, respectively. As of December 31, 2023, approximately 92% and 3% of the Company's amounts due from government agencies is due from or passed through New York City and Westchester County, respectively.

The Company has contracted with various funding agencies to perform certain services. Reimbursements received under these contracts are subject to audit by federal, state, and local governments and other agencies. Upon audit, if discrepancies are discovered, the Company could be held responsible for reimbursing the agencies for the amount in question. In addition, the loss of funding from a particular agency could have a material effect on the Company's operations.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and receivables from government agencies. The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. While the Company has taken several remedial actions intended to limit risk, any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. The Company has a long history of dealing with various federal, New York State and local municipalities under grants and cost reimbursement contracts and has not experienced significant losses related to transactions with these entities.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

14. NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions on December 31, 2024 and 2023, comprised of contributions which require the passage of time and contributions which require the Company to perform certain obligations, are detailed as follows:

	2024		2023	
	With Donor Restrictions	Restrictions Relieved	With Donor Restrictions	Restrictions Relieved
Purpose Restrictions				
Housing services	\$ 137,123	\$ 38,342	\$ 134,358	\$ 54,421
Youth services and education	488,083	311,193	469,710	166,202
OMH debt service subsidy	-	726,611	-	726,380
Dayspring campaign	2,461,875	697,208	2,971,355	42,188
Development	10,000	-	10,000	30,000
Employment services	69,485	76,790	106,275	228,546
Senior programs	695	-	695	30,000
	3,167,261	1,850,144	3,692,393	1,277,737
Time Restrictions	31,129,592	-	31,129,592	420,824
	<u>\$ 34,296,853</u>	<u>\$ 1,850,144</u>	<u>\$ 34,821,985</u>	<u>\$ 1,698,561</u>

Time restrictions are primarily comprised of capital advances used as development sources for various development projects with continuing use restrictions typically ranging from 30-40 years. Upon the adoption of ASU 2018-08 effective January 1, 2020, the Company discontinued releasing amounts from restriction ratably over the continuing use period. Upon maturity of the continuing use restriction period the Company will release from restriction the respective portion that remains within the time restriction balance.

15. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

Legal Matters

The Company is currently involved in various claims and legal actions. Management is currently of the opinion that these claims and legal actions have no merit, and any ultimate outcome will not have a material adverse impact on the consolidated financial position of the Company or the results of its operations.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

16. ASSETS RESTRICTED AS TO USE

Assets restricted as to use represent cash in various reserves; cash received for tenant security deposits, and cash and contributions receivable whose use is restricted to the purchase or renovation of low-income housing properties or for specific programs. Use of these funds may require approval by a third party. A summary of both current and non-current assets restricted as to use follows:

	<u>2024</u>	<u>2023</u>
Westhab Group		
Construction escrows	\$ 123,469,422	\$ 82,585,488
Rent reserve	359,234	514,149
Dayspring campaign	122,149	117,461
EHAP replacement reserve	115,347	110,920
Other escrows	661,171	635,877
Other replacement reserves	431,576	397,588
Tenant security deposit	107,733	108,149
Operating reserves	89,391	78,996
Total Westhab Group assets restricted as to use	<u>125,356,023</u>	<u>84,548,628</u>
Tax Credit Entities		
Construction escrows	994,804	2,071,981
Replacement reserves	2,689,612	2,371,875
Operating reserves	1,932,151	1,906,214
Tenant security deposit	440,790	353,102
Other restricted deposits	34,004	71,387
Total Tax Credit Entities assets restricted as to use	<u>6,091,361</u>	<u>6,774,559</u>
Consolidated total assets restricted as to use	<u><u>\$ 131,447,384</u></u>	<u><u>\$ 91,323,187</u></u>

17. RELATED PARTY TRANSACTIONS

One of the Company's board members provides insurance advisory services to the Company. The insurance carrier pays the board member a commission based on the Company's insurance premiums paid.

Westhab controls Washingtonville Housing Alliance, Inc. ("Washingtonville"), a not-for-profit organization located in the Village of Mamaroneck, NY, through a majority voting interest in its Board. The following is a summary of amounts billed by the Company to Washingtonville and affiliates of Washingtonville for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Washingtonville</u>		
Management fees	\$ 75,000	\$ 75,000
Personnel costs	300,000	295,000
	<u><u>\$ 375,000</u></u>	<u><u>\$ 370,000</u></u>

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

At December 31, 2024 and 2023, the Company had amounts due from Washingtonville of approximately \$337,000 and \$242,000, respectively. The amounts due from Washingtonville are unsecured, non-interest bearing and not subject to a definitive repayment schedule. Select financial information of Washingtonville and its consolidated affiliates as of and for the period ended December 31, 2024 is presented as follows: Assets - \$5,757,000; Liabilities - \$2,480,000; Net assets - \$3,277,000; Revenues - \$1,098,000; Change in net assets – 128,000.

18. NON-CONTROLLING INTERESTS

Westhab, Inc., either directly or through its control of other entities, is the general partner or managing member (hereafter collectively referred to as the “general partner”) of several low-income tax credit entities. These entities receive significant capital contributions from their limited partners or investor members (hereafter collectively referred to as “limited partners”). In return for their capital contributions, the limited partners receive certain tax benefits under the Internal Revenue Code primarily in the form of low-income housing tax credits. As of December 31, 2024, approximately \$52,553,000 remains to be contributed by the limited partners. The underlying properties must be maintained as low-income housing projects for specified periods. Allocation of profits and losses, proceeds of sales of property and distributable cash flow is governed by the individual partnership agreements. Generally, between .01% to 1% of the tax credit entities’ profits and losses are allocated to the general partner although individual partnership agreements may contain provisions allowing for changes in those amounts. Partnership agreements generally prioritize the distribution of distributable cash, if any, at the end of each of the tax credit entities’ life.

The limited partners’ share of tax credit entity losses is reflected in the consolidated statements of activities and changes in net assets as the change in net assets attributable to limited partners and the net capital balances of the limited partners is reflected in the consolidated statements of financial position as limited partners’ capital.

19. CONTRIBUTIONS IN-KIND

Contributions of donated noncash assets (in-kind donations) are recorded at their fair values in the period pledged or received and are reported as support without donor restriction unless explicit donor stipulation specify how donated assets must be used. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

For the years ended December 31, 2024 and 2023, the Company was the recipient of the following contributed nonfinancial assets:

	<u>2024</u>	<u>2023</u>
Deferred financing fees	\$ 70,000	\$ -
In-kind rent	<u>360,000</u>	<u>360,000</u>
	<u>\$ 430,000</u>	<u>\$ 360,000</u>

The donor of in-kind rent for program space to operate a shelter is based on the rent paid by the landlord on behalf of the Company.

Westhab, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring after the consolidated statement of financial position date through August 28, 2025, which is the date the consolidated financial statements were available to be issued. Based on that evaluation, the Company has determined that, other than the matter noted below, no subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements.

During 2025, the White House has issued a series of executive orders affecting federal spending. The extent to which these and other federal actions impacts the Company's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability. As a result, the Company is unable to estimate what impact, if any, the federal actions have on the December 31, 2024 financial statements or future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SUPPLEMENTARY INFORMATION

Westhab, Inc. and Affiliates
Consolidating Schedule of Financial Position
December 31, 2024

	Westhab Group	Tax Credit Entities	Total	Eliminations	Consolidated Total
Assets					
Current assets					
Cash	\$ 14,314,327	\$ 1,909,181	\$ 16,223,508	\$ -	\$ 16,223,508
Investments	4,942,199	-	4,942,199	-	4,942,199
Due from government agencies (Note 4)	24,415,634	-	24,415,634	-	24,415,634
Pledges receivable	100,000	-	100,000	-	100,000
Other current assets	4,420,682	1,162,208	5,582,890	-	5,582,890
Total current assets	48,192,842	3,071,389	51,264,231	-	51,264,231
Property and equipment, net (Note 5)	121,970,242	159,122,057	281,092,299	(15,128,862)	265,963,437
Property under development (Note 6)	115,107,187	21,716,616	136,823,803	(3,482,039)	133,341,764
Right of use assets - operating, net (Note 10)	252,096,900	-	252,096,900	-	252,096,900
Other assets					
Assets restricted as to use (Note 16)	125,356,023	6,091,361	131,447,384	-	131,447,384
Investment in affiliates	7,635,035	-	7,635,035	(6,514,769)	1,120,266
Notes receivable - affiliates, net	46,402,400	(17,738,640)	28,663,760	(28,663,760)	-
Other assets	1,151,038	1,723,977	2,875,015	-	2,875,015
Due from unconsolidated affiliates	4,839,799	(4,519,058)	320,741	29,234	349,975
Total other assets	185,384,295	(14,442,360)	170,941,935	(35,149,295)	135,792,640
Total assets	\$ 722,751,466	\$ 169,467,702	\$ 892,219,168	\$ (53,760,196)	\$ 838,458,972
Liabilities and Net Assets					
Current liabilities					
Line of credit (Note 8)	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable - current portion (Note 7)	3,263,980	18,335,603	21,599,583	-	21,599,583
Lease liabilities - operating - current portion (Note 10)	28,769,441	-	28,769,441	-	28,769,441
Accounts payable and other current liabilities	12,351,779	1,407,370	13,759,149	(1,293,869)	12,465,280
Construction costs payable	1,079,968	2,154,422	3,234,390	-	3,234,390
Contractual advances	26,941,815	-	26,941,815	-	26,941,815
Total current liabilities	72,406,983	21,897,395	94,304,378	(1,293,869)	93,010,509
Other liabilities					
Notes payable - net (Note 7)	345,106,476	90,988,292	436,094,768	(28,821,838)	407,272,930
Lease liabilities - operating, net of current portion (Note 10)	226,732,574	-	226,732,574	-	226,732,574
Forgivable mortgage notes payable (Note 9)	3,520,032	10,871,660	14,391,692	-	14,391,692
Accrued mortgage interest	-	3,311,660	3,311,660	-	3,311,660
Due to County of Westchester Department of Social Services, rent advances (Note 11)	856,210	-	856,210	-	856,210
Developer fees payable	-	7,401,496	7,401,496	(7,401,496)	-
Security deposits	315,661	421,841	737,502	-	737,502
Other liabilities	1,584,745	1,450,000	3,034,745	-	3,034,745
Total other liabilities	578,115,698	114,444,949	692,560,647	(36,223,334)	656,337,313
Total liabilities	650,522,681	136,342,344	786,865,025	(37,517,203)	749,347,822
Net assets					
Without donor restrictions					
Controlling interest	37,931,932	2,840,587	40,772,519	(23,427,195)	17,345,324
Non-controlling interests (Note 18)	-	30,284,771	30,284,771	7,184,202	37,468,973
	37,931,932	33,125,358	71,057,290	(16,242,993)	54,814,297
With donor restrictions (Note 14)	34,296,853	-	34,296,853	-	34,296,853
Total net assets	72,228,785	33,125,358	105,354,143	(16,242,993)	89,111,150
Total liabilities and net assets	\$ 722,751,466	\$ 169,467,702	\$ 892,219,168	\$ (53,760,196)	\$ 838,458,972

See Independent Auditor's Report.

Westhab, Inc. and Affiliates
Consolidating Schedule of Financial Position
December 31, 2023

	Westhab Group	Tax Credit Entities	Total	Eliminations	Consolidated Total
Assets					
Current assets					
Cash	\$ 12,175,233	\$ 2,520,985	\$ 14,696,218	\$ -	\$ 14,696,218
Investments	5,654,569	-	5,654,569	-	5,654,569
Due from government agencies (Note 4)	18,823,185	-	18,823,185	-	18,823,185
Pledges receivable	205,000	-	205,000	-	205,000
Other current assets	3,487,690	880,039	4,367,729	-	4,367,729
Total current assets	40,345,677	3,401,024	43,746,701	-	43,746,701
Property and equipment, net (Note 5)	61,009,136	110,786,636	171,795,772	(10,553,873)	161,241,899
Property under development (Note 6)	98,052,689	40,491,446	138,544,135	(2,038,335)	136,505,800
Right of use assets - operating, net (Note 10)	253,775,847	-	253,775,847	-	253,775,847
Other assets					
Assets restricted as to use (Note 16)	84,548,628	6,774,559	91,323,187	-	91,323,187
Investment in affiliates	7,694,424	-	7,694,424	(6,514,669)	1,179,755
Notes receivable - affiliates	46,187,982	(17,591,216)	28,596,766	(28,596,766)	-
Other assets	1,046,118	465,753	1,511,871	-	1,511,871
Due from unconsolidated affiliates	16,221,494	(15,936,166)	285,328	29,234	314,562
Total other assets	155,698,646	(26,287,070)	129,411,576	(35,082,201)	94,329,375
Total assets	\$ 608,881,995	\$ 128,392,036	\$ 737,274,031	\$ (47,674,409)	\$ 689,599,622
Liabilities and Net Assets					
Current liabilities					
Line of credit (Note 8)	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable - current portion (Note 7)	2,021,573	18,139,199	20,160,772	-	20,160,772
Lease liabilities - operating - current portion (Note 10)	31,728,634	-	31,728,634	-	31,728,634
Accounts payable and other current liabilities	13,731,018	2,781,215	16,512,233	(1,162,127)	15,350,106
Construction costs payable	4,838,624	-	4,838,624	-	4,838,624
Contractual advances	15,659,061	-	15,659,061	-	15,659,061
Total current liabilities	67,978,910	20,920,414	88,899,324	(1,162,127)	87,737,197
Other liabilities					
Notes payable - net (Note 7)	226,040,460	69,742,621	295,783,081	(28,821,838)	266,961,243
Lease liabilities - operating, net of current portion (Note 10)	224,260,314	-	224,260,314	-	224,260,314
Forgivable mortgage notes payable (Note 9)	14,760,785	-	14,760,785	-	14,760,785
Accrued mortgage interest	-	2,892,811	2,892,811	-	2,892,811
Due to County of Westchester Department of Social Services, rent advances (Note 11)	856,210	-	856,210	-	856,210
Developer fees payable	-	2,388,148	2,388,148	(2,388,148)	-
Security deposits	315,661	335,426	651,087	-	651,087
Other liabilities	1,566,353	1	1,566,354	-	1,566,354
Total other liabilities	467,799,783	75,359,007	543,158,790	(31,209,986)	511,948,804
Total liabilities	535,778,693	96,279,421	632,058,114	(32,372,113)	599,686,001
Net assets					
Without donor restrictions					
Controlling interest	38,281,317	3,657,914	41,939,231	(21,933,254)	20,005,977
Non-controlling interests (Note 18)	-	28,454,701	28,454,701	6,630,958	35,085,659
	38,281,317	32,112,615	70,393,932	(15,302,296)	55,091,636
With donor restrictions (Note 14)	34,821,985	-	34,821,985	-	34,821,985
Total net assets	73,103,302	32,112,615	105,215,917	(15,302,296)	89,913,621
Total liabilities and net assets	\$ 608,881,995	\$ 128,392,036	\$ 737,274,031	\$ (47,674,409)	\$ 689,599,622

See Independent Auditor's Report.

Westhab, Inc. and Affiliates
Consolidating Schedule of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Westhab Group			Tax		
	Without Donor Restrictions	With Donor Restrictions	Total	Credit Entities	Eliminations	Total
Revenues						
Housing income, net	\$ 157,536,637	\$ -	\$ 157,536,637	\$ 6,942,102	\$ -	\$ 164,478,739
Contracts for services	19,619,077	-	19,619,077	-	(726,611)	18,892,466
Fees and contributions	3,465,326	598,401	4,063,727	311,678	(2,046,037)	2,329,368
Contributions of nonfinancial assts	360,000	-	360,000	-	-	360,000
Capital grants	111,237	726,611	837,848	-	-	837,848
Special events, net	862,308	-	862,308	-	-	862,308
	181,954,585	1,325,012	183,279,597	7,253,780	(2,772,648)	187,760,729
Assets released from restrictions (Note 14)	1,850,144	(1,850,144)	-	-	-	-
Total revenues	183,804,729	(525,132)	183,279,597	7,253,780	(2,772,648)	187,760,729
Operating expenses						
Program services	170,480,447	-	170,480,447	11,790,044	(717,525)	181,552,966
General and administrative	13,103,254	-	13,103,254	534,741	(1,114,526)	12,523,469
Fundraising	570,413	-	570,413	-	-	570,413
Total operating expenses	184,154,114	-	184,154,114	12,324,785	(1,832,051)	194,646,848
Changes in net assets before other income (expenses)	(349,385)	(525,132)	(874,517)	(5,071,005)	(940,597)	(6,886,119)
Other income (expenses)						
Gain on disposal of property	-	-	-	-	-	-
Changes in net assets	(349,385)	(525,132)	(874,517)	(5,071,005)	(940,597)	(6,886,119)
Changes attributable to limited partners	-	-	-	4,253,578	(553,244)	3,700,334
Changes in net assets attributable to Westhab, Inc.	(349,385)	(525,132)	(874,517)	(817,427)	(1,493,841)	(3,185,785)
Net assets						
Beginning of year						
Controlling interest	38,281,317	34,821,985	73,103,302	3,657,914	(21,933,254)	54,827,962
Non-controlling interests	-	-	-	28,454,701	6,630,958	35,085,659
	38,281,317	34,821,985	73,103,302	32,112,615	(15,302,296)	89,913,621
Contributed capital						
Controlling interest	-	-	-	100	(100)	-
Non-controlling interests	-	-	-	6,110,716	-	6,110,716
	-	-	-	6,110,816	(100)	6,110,716
Distributed capital						
Non-controlling interests	-	-	-	(27,068)	-	(27,068)
End of year						
Controlling interest	37,931,932	34,296,853	72,228,785	2,840,587	(23,427,195)	51,642,177
Non-controlling interests	-	-	-	30,284,771	7,184,202	37,468,973
	\$ 37,931,932	\$ 34,296,853	\$ 72,228,785	\$ 33,125,358	\$ (16,242,993)	\$ 89,111,150

See Independent Auditor's Report.

Westhab, Inc. and Affiliates
Consolidating Schedule of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Westhab Group			Tax Credit Entities	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Revenues						
Housing income, net	\$ 126,869,371	\$ -	\$ 126,869,371	\$ 6,304,302	\$ -	\$ 133,173,673
Contracts for services	18,883,288	-	18,883,288	-	(726,380)	18,156,908
Fees and contributions	4,151,157	369,841	4,520,998	317,003	(2,609,938)	2,228,063
Contributions of nonfinancial assts	360,000	-	360,000	-	-	360,000
Capital grants	583,820	726,380	1,310,200	-	-	1,310,200
Special events, net	797,222	-	797,222	-	-	797,222
	151,644,858	1,096,221	152,741,079	6,621,305	(3,336,318)	156,026,066
Assets released from restrictions (Note 14)	1,698,561	(1,698,561)	-	-	-	-
Total revenues	153,343,419	(602,340)	152,741,079	6,621,305	(3,336,318)	156,026,066
Operating expenses						
Program services	142,466,001	-	142,466,001	9,584,275	(653,704)	151,396,572
General and administrative	9,887,552	-	9,887,552	475,821	(612,330)	9,751,043
Fundraising	473,801	-	473,801	-	-	473,801
Total operating expenses	152,827,354	-	152,827,354	10,060,096	(1,266,034)	161,621,416
Changes in net assets before other income (expenses)	516,065	(602,340)	(86,275)	(3,438,791)	(2,070,284)	(5,595,350)
Other income (expenses)						
Gain on disposal of property	1,712,590	-	1,712,590	-	-	1,712,590
Changes in net assets	2,228,655	(602,340)	1,626,315	(3,438,791)	(2,070,284)	(3,882,760)
Changes attributable to limited partners	-	-	-	2,916,678	(597,671)	2,319,007
Changes in net assets attributable to Westhab, Inc.	2,228,655	(602,340)	1,626,315	(522,113)	(2,667,955)	(1,563,753)
Net assets						
Beginning of year						
Controlling interest	36,052,662	35,424,325	71,476,987	3,729,070	(18,814,342)	56,391,715
Non-controlling interests	-	-	-	18,124,754	6,033,287	24,158,041
	36,052,662	35,424,325	71,476,987	21,853,824	(12,781,055)	80,549,756
Contributed capital						
Controlling interest	-	-	-	450,957	(450,957)	-
Non-controlling interests	-	-	-	13,246,625	-	13,246,625
	-	-	-	13,697,582	(450,957)	13,246,625
End of year						
Controlling interest	38,281,317	34,821,985	73,103,302	3,657,914	(21,933,254)	54,827,962
Non-controlling interests	-	-	-	28,454,701	6,630,958	35,085,659
	\$ 38,281,317	\$ 34,821,985	\$ 73,103,302	\$ 32,112,615	\$ (15,302,296)	\$ 89,913,621

See Independent Auditor's Report.

Westhab, Inc. and Affiliates

1

See Independent Auditor's Report.

Westhab, Inc. and Affiliates

100

Westhab, Inc. and Affiliates
Property Directory (Unaudited)
December 31, 2024

<u>Property</u>	<u>Location</u>	<u>No. of Units</u>	<u>Square Footage</u>	<u>Original Cost and Improvements</u>
Westhab Group				
Buildings				
2 East Cross Street	North Salem, New York	3	3,500	\$ 428,154
93 Bruce Avenue	Yonkers, New York	10	12,500	1,327,025
103 Elm Street	Yonkers, New York	4	3,100	914,173
5 Lawrence Street	Yonkers, New York	10	12,070	1,838,612
28 Pier Street	Yonkers, New York	12	3,804	1,248,058
62-64 Elliott Avenue	Yonkers, New York	17	20,000	2,676,677
5 Hudson Street	Yonkers, New York	42	17,500	4,567,591
100 Vark Street	Yonkers, New York	24	18,754	2,160,000
87 Locust Hill	Yonkers, New York	21	16,300	1,921,104
138-50 Queens Blvd	Briarwood, New York	175	40,000	34,423,318
157 and 161 Bruce Avenue	Yonkers, New York	4	7,590	4,534,364
320 Walnut Street	Yonkers, New York	Community space	8,000	2,014,111
92 54 Queens Blvd (Rego Park)	Queens, New York	88	64,124	61,094,559
				<u>\$ 119,147,746</u>
Leasehold Improvements				
8 Bashford Street	Yonkers, New York	Offices	17,893	\$ 96,241
2500 Halsey Street	Bronx, New York	Offices	33,942	333,739
		Purpose Built		
62-68 Hanson Place	Brooklyn, New York	Shelter	57,200	130,400
		Purpose Built		
160-11 89th Ave (El Camino)	Jamaica, New York	Shelter	60,000	1,575
320 Walnut Street	Yonkers, New York	Community space	8,000	5,704,174
				<u>\$ 6,266,129</u>

See Independent Auditor's Report.