Henry Street Settlement and Affiliate

Consolidated Financial Statements
and Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2024

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
Henry Street Settlement and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Henry Street Settlement and Affiliate (the "Settlement"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Settlement as of June 30, 2024, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Settlement and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Settlement's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Settlement'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 Settlement'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

Report on Summarized Comparative Information

We have previously audited the Settlement's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2025, on our consideration of the Settlement's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Settlement's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Settlement's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

January 8, 2025

Henry Street Settlement and Affiliate

Consolidated Statement of Financial Position
June 30, 2024
(with comparative amounts at June 30, 2023)

	2024	2023
ASSETS		
Cash (Note 15)	$ 967,963	$ 94,788
Investments (Note 3)	16,113,788	14,338,670
Due from contracting agencies, net (Note 2)	18,256,252	16,736,551
Accounts receivable, net (Note 2)	753,065	410,056
Contributions receivable, net (Note 4)	3,885,593	998,788
Deposits, prepaid expenses and other assets	258,948	769,954
Operating right-of-use assets ("ROU"), net (Note 14)	1,812,118	2,142,970
Property and equipment, net (Note 5)	24,571,500	22,945,960
Restricted investments (Note 3)	23,332,474	23,332,474
	$ 89,951,701	$ 81,770,211
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued salaries and related liabilities	$ 2,932,050	$ 3,132,250
Accounts and accrued expenses payable	3,422,641	3,518,032
Refundable advances (Note 2)	-	439,958
Line of credit (Note 8)	5,980,000	3,745,000
Mortgages payable (Note 9)	7,911,173	7,911,173
Operating lease liabilities, (Note 14)	1,863,189	2,172,885
Total Liabilities	22,109,053	20,919,298
Net Assets		
Without Donor Restrictions		
Undesignated and plant fund	14,483,981	12,050,704
Board reserve	9,990,103	9,361,755
Total Without Donor Restrictions	24,474,084	21,412,459
With Donor Restrictions (Notes 10 and 11)		
Temporary in nature	20,036,090	16,105,980
Permanent in nature	23,332,474	23,332,474
Total With Donor Restrictions	43,368,564	39,438,454
Total Net Assets	67,842,648	60,850,913
	$ 89,951,701	$ 81,770,211

See notes to consolidated financial statements

Henry Street Settlement and Affiliate

Consolidated Statement of Activities
Year Ended June 30, 2024
(with summarized totals for the year ended June 30, 2023)

	Without Donor Restrictions				Total	
	Undesignated and Plant Fund	Board Reserve	Total	With Donor Restrictions	2024	2023
REVENUES, GAINS AND OTHER SUPPORT						
Contributions	$ 1,951,191	$ -	$ 1,951,191	$ 12,893,967	$ 14,845,158	$ 11,102,491
Contributed assets (Note 13)	2,314,733	-	2,314,733	-	2,314,733	2,501,916
Special events, less costs of direct benefit to donors of $176,407 and $165,553	1,551,756	-	1,551,756	-	1,551,756	1,182,549
Legacies and bequests	2,000	-	2,000	251,386	253,386	111,163
Grants and fees from contracting agencies	36,185,736	-	36,185,736	500,000	36,685,736	34,381,905
Program service fees	3,598,863	-	3,598,863	-	3,598,863	2,990,581
Realized gains on sale of investments	-	145,628	145,628	205,028	350,656	439,806
Unrealized gains (losses) on investments	-	864,891	864,891	1,733,080	2,597,971	(136,895)
Interest and dividends	47,517	523,608	571,125	735,249	1,306,374	1,693,274
Income distribution (Note 2)	627,154	(627,154)	-	-	-	-
Rental revenue (Note 12)	1,268,136	-	1,268,136	-	1,268,136	1,265,799
Other income	383,764	-	383,764	-	383,764	388,375
Net Assets Released from Restrictions (Note 10)						
Satisfaction of program restrictions	11,527,754	-	11,527,754	(11,527,754)	-	-
Satisfaction of income distribution requirement (Note 2)	860,846	-	860,846	(860,846)	-	-
Total Revenues, Gains and Other Support	60,319,450	906,973	61,226,423	3,930,110	65,156,533	55,920,964
EXPENSES						
Program Services						
Shelter and transitional housing	13,456,733	-	13,456,733	-	13,456,733	14,852,751
Health and wellness	14,637,418	-	14,637,418	-	14,637,418	15,092,175
Education and employment	16,647,080	-	16,647,080	-	16,647,080	14,783,254
Performing and visual Arts	3,796,262	-	3,796,262	-	3,796,262	3,968,153
Total Program Services	48,537,493	-	48,537,493	-	48,537,493	48,696,333
Supporting Services						
Management and general	7,941,806	-	7,941,806	-	7,941,806	7,276,402
Fundraising	1,685,499	-	1,685,499	-	1,685,499	1,487,971
Total Supporting Services	9,627,305	-	9,627,305	-	9,627,305	8,764,373
Total Expenses	58,164,798	-	58,164,798	-	58,164,798	57,460,706
Change in Net Assets Before Other Changes	2,154,652	906,973	3,061,625	3,930,110	6,991,735	(1,539,742)
OTHER CHANGES						
Transfer from Board Designated Fund	278,625	(278,625)	-	-	-	-
Change in Net Assets	2,433,277	628,348	3,061,625	3,930,110	6,991,735	(1,539,742)
NET ASSETS						
Beginning of year	12,050,704	9,361,755	21,412,459	39,438,454	60,850,913	62,390,655
End of year	$ 14,483,981	$ 9,990,103	$ 24,474,084	$ 43,368,564	$ 67,842,648	$ 60,850,913

See notes to consolidated financial statements

Henry Street Settlement and Affiliate

Consolidated Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized totals for the year ended June 30, 2023)

	Program Services					Supporting Services				Total	
	Shelter and Transitional Housing	Health and Wellness	Education and Employment	Performing and Visual Arts	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	2024	2023
Salaries	$ 5,416,191	$ 6,924,514	$ 9,854,484	$ 1,834,383	$ 24,029,572	$ 4,256,423	$ 950,507	$ -	$ 5,206,930	$ 29,236,502	$ 28,291,882
Payroll taxes and employee benefits	1,371,457	2,003,461	2,195,542	457,954	6,028,414	1,246,424	293,417	-	1,539,841	7,568,255	6,807,974
Total Salaries and Related Expenses	6,787,648	8,927,975	12,050,026	2,292,337	30,057,986	5,502,847	1,243,924		6,746,771	36,804,757	35,099,856
Professional fees and contract service payments	1,765,233	1,919,542	958,326	746,441	5,389,542	763,459	189,513	340	953,312	6,342,854	6,001,068
Supplies	504,116	402,884	1,080,353	157,675	2,145,028	456,897	106,018	7,613	570,528	2,715,556	2,865,839
Telephone	177,033	111,543	111,642	21,435	421,653	174,823	16,221	-	191,044	612,697	644,444
Postage and shipping	11,180	29,863	27,335	58,010	126,388	46,192	37,278	-	83,470	209,858	301,752
Occupancy expense (Note 14)	1,437,745	609,408	842,111	255,424	3,144,688	309,461	10,908	-	320,369	3,465,057	4,108,536
Equipment purchases and rentals	660,984	195,136	244,484	131,755	1,232,359	125,084	31,947	26,991	184,022	1,416,381	1,749,317
Transportation	48,103	185,476	223,529	10,263	467,371	12,187	6,947	-	19,134	486,505	576,905
Insurance	452,986	110,662	98,591	35,517	697,756	23,907	1,556	-	25,463	723,219	690,172
Bank charges and custodial fees	-	6,914	1,810	2,738	11,462	36,645	8,060	-	44,705	56,167	62,517
Interest	671,041	-	-	-	671,041	278,625	-	-	278,625	949,666	695,909
Food	251,500	1,491,987	369,636	13,305	2,126,428	77,149	20,257	141,463	238,869	2,365,297	2,770,436
Stipends	-	465,822	79,498	8,365	553,685	5,318	6,922	-	12,240	565,925	512,944
Membership fees and conferences	2,969	12,569	85,327	9,194	110,059	92,996	3,591	-	96,587	206,646	169,529
Scholarships	-	-	266,329	-	266,329	-	-	-	-	266,329	250,940
Depreciation and amortization	686,195	167,637	208,083	53,803	1,115,718	36,216	2,357	-	38,573	1,154,291	1,114,798
Bad debt expense	-	-	-	-	-	-	-	-	-	-	11,297
Total Expenses	13,456,733	14,637,418	16,647,080	3,796,262	48,537,493	7,941,806	1,685,499	176,407	9,803,712	58,341,205	57,626,259
Less costs with direct benefit to donors	-	-	-	-	-	-	-	(176,407)	(176,407)	(176,407)	(165,553)
Total Expenses Reported by Function on the Consolidated Statement of Activities	$ 13,456,733	$ 14,637,418	$ 16,647,080	$ 3,796,262	$ 48,537,493	$ 7,941,806	$ 1,685,499	$ -	$ 9,627,305	$ 58,164,798	$ 57,460,706

See notes to consolidated financial statements

Henry Street Settlement and Affiliate

Consolidated Statement of Cash Flows
Year Ended June 30, 2024
(with comparative amounts for the year ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,991,735	$ (1,539,742)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,154,291	1,114,798
Amortization of right-of-use assets - operating leases	330,852	277,509
Realized gains on sale of investments	(350,656)	(439,806)
Unrealized (gains) losses on investments	(2,597,971)	136,895
Discount on contributions receivable	38,487	(7,150)
Bad debt expense	-	11,297
Changes in operating assets and liabilities		
Due from contracting agencies	(1,519,701)	(258,680)
Accounts receivable	(343,009)	(285,827)
Contributions receivable	(2,925,292)	543,562
Deposits, prepaid expenses and other assets	511,006	(539,011)
Accrued salaries and related liabilities	(200,200)	(26,218)
Accounts and accrued expenses payable	(95,391)	576,329
Refundable advances	(439,958)	(16,548)
Operating lease liability	(309,696)	(240,444)
Net Cash from Operating Activities	244,497	(693,036)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,682,214)	(10,840,295)
Proceeds from sale of investments	9,855,723	11,167,416
Purchase of property and equipment	(2,779,831)	(680,114)
Net Cash from Investing Activities	(1,606,322)	(352,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	5,980,000	1,795,000
Payments on line of credit	(3,745,000)	(1,300,000)
Net Cash from Financing Activities	2,235,000	495,000
Net Change in Cash	873,175	(551,029)
CASH		
Beginning of year	94,788	645,817
End of year	$ 967,963	$ 94,788
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 278,625	$ 143,861

See notes to consolidated financial statements

1. Nature of Organization and Tax Status

Henry Street Settlement ("Henry Street") was founded in 1893 on the Lower East Side of Manhattan to help newly arrived immigrants. Today, Henry Street provides a wide range of social services to the people who reside on the Lower East Side of Manhattan and in other communities of New York City through social service, arts, and health programs. Henry Street is supported primarily by grants and fees from contracting agencies and contributions.

Henry Street is the parent company of The Second Henry Street Housing Development Fund Corporation ("SHSHDFC"), which is consolidated within these financial statements, and are collectively referred to as the Settlement.

Both entities are not-for-profit corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Principles of Consolidation

In preparing the accompanying consolidated financial statements, all material intercompany account balances and transactions have been eliminated.

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Adoption of New Accounting Policies

Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard removes the previous requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current conditions and reasonable and supportive forecasts to estimate their future expected credit losses. The Settlement adopted ASU 2016-13 effective July 1, 2023. The adoption did not have a material impact on the consolidated financial statements.

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

Net Assets Without Donor Restrictions - Resources are classified for accounting and reporting purposes into net asset classes based on donor imposed restrictions. Net assets without donor restrictions are those whose use is not subject to any donor imposed restrictions. The Board Designated Fund is a component of net assets without donor restrictions and has been created by an action of the Settlement's Board of Directors. The accumulated balance is used to fund any fixed asset acquisitions which have not been otherwise funded, and to subsidize deficits in the Operating Fund. The balance is accumulated from the following sources:

- Contributions from board members as part of a campaign; legacies and bequests greater than $5,000 and not otherwise donor restricted; investment income from certain board-designated investments; and portions of realized and unrealized gains and losses on investments held as endowment, subject to restrictions by the New York Prudent Management of Institutional Funds Act ("NYPMIFA").

Net assets with donor restrictions - Represents amounts resulting from grants and contributions restricted by donors for specific activities of the Settlement, or to be used at a future date. The Settlement records contributions to net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Net assets held as endowment in perpetuity are donor restricted gifts that must be maintained permanently by the Settlement to provide present and future income for operations.

Summarized Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Settlement's consolidated financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived.

2. Summary of Significant Accounting Policies *(continued)*

Leases

The Settlement accounts for leases under ASU No. 2016-02, *Leases*. The Settlement determines if an arrangement is a lease at inception. Leases are included in ROU assets and lease liabilities in the consolidated statement of financial position.

Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The Settlement has made an accounting policy election to use a risk-free rate, determined using a period comparable with that of the lease term, to discount future lease payments. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Settlement's risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term within occupancy expense in the accompanying consolidated statement of functional expenses. (Lease and non-lease components are accounted for separately). Lease terms may include options to extend the lease and when it is reasonably certain that the Settlement will exercise that option, such amounts are included in the ROU assets and lease liabilities.

Fair Value Measurement

The Settlement follows U.S. GAAP guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Pursuant to U.S. GAAP guidance, alternative investments, where fair value is measured using the net asset value ("NAV") per share as a practical expedient, are not recognized within the fair value hierarchy.

2. Summary of Significant Accounting Policies *(continued)*

Investments Valuation

Investments are carried at fair value.

Effective July 1, 1999, the Settlement adopted its Statement of Investment Objectives and Guidelines (the "Statement") with the goal for its investment portfolio to maximize long-term total return through a combination of income and capital appreciation in a manner consistent with sound investment practice. The Statement included a distribution policy to provide for a relatively stable source of funds for the Settlement's operations and programs.

Funds are to be distributed at a level amount to be determined annually within a range of up to 4.5% of the portfolio's value, in addition to scholarship distributions. In fiscal years 2024 and 2023, the distribution amount was set at $1,488,000 and $1,956,000, representing approximately 5% of the portfolio value. The distribution is allocated between income distribution from the Board Designated Fund and net assets released from restrictions (provided sufficient expenses were incurred to demonstrate that purpose restrictions were satisfied) based on the current value of the funds associated with these investments.

This distribution amount is reflected in the Undesignated and Plant Fund as follows for the years ended June 30:

	2024	2023
Income distribution - Board Designated Fund	$ 627,154	$ 1,011,576
Net assets released from restrictions - satisfaction of income distribution requirement (See Note 10)	860,846	944,424
	$ 1,488,000	$ 1,956,000

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

2. Summary of Significant Accounting Policies *(continued)*

Due from Contracting Agencies, Accounts Receivable and Allowance for Doubtful Accounts

The Settlement records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Revenue is recognized when all measurable barriers are overcome and the right of return no longer exists. Receivables are stated net of an allowance. Receivables are charged to the allowance when they are determined to be uncollectible based upon a periodic review of the accounts by management.

Interest is not accrued or recorded on outstanding accounts receivable. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. The allowance for doubtful accounts on accounts receivable amounted to $121,209 and $27,942 at June 30, 2024 and 2023.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions on the consolidated statement of activities. Conditional contributions receivables are not included as support until the conditions are substantially met. There were no conditional contributions receivable at June 30, 2024 and 2023.

Property and Equipment

The Settlement capitalizes all expenditures for its property and equipment in excess of $5,000 and a useful life of at least five years. Maintenance and repairs of a routine nature are charged to expense, while those that extend the life of existing assets are capitalized. Depreciation is provided over the estimated useful lives of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful life of the equipment. The estimated lives by asset class are as follows:

Building, building improvements and leasehold improvements	5-40 years
Furniture and equipment	5-25 years

2. Summary of Significant Accounting Policies *(continued)*

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Settlement records impairment losses on long lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were required to be recognized during the years ended June 30, 2024 and 2023.

Conditional Asset Retirement Obligations

The Settlement accounts for Conditional Asset Retirement Obligations ("CARO") in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The fair value of the CARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no CARO liabilities that are required to be recorded.

Refundable Advances

Refundable advances consist of unspent cash receipts from contracting agencies as well as the cumulative excess of allowable program revenues over allowable program expenses.

Contributions

Transactions are analyzed to determine whether they should be accounted for as exchange transactions or as non-exchange transactions. Transactions where there is no benefit to the donor are recorded as contributions. Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

In-kind Contributions

Interest expense for mortgages which do not bear interest is recorded as in-kind contributions. The annual estimate of in-kind interest expense is computed by applying the weighted average of the prime rate to average annual mortgage balances.

In-kind contributions and occupancy expense are recorded for space provided to the Settlement for program purposes for which rent is not currently being charged. In-kind transactions are reviewed periodically to ensure that the estimates recorded reasonably reflect the estimated fair value of contributed rent. These in-kind contributions are valued using median square feet per location by estimated rates provided by New York City Housing Authority and adding overhead.

2. Summary of Significant Accounting Policies *(continued)*

Grants and Fees from Contracting Agencies

The Settlement receives funding for many of its programs through contracts principally entered into with New York State and New York City. Certain governmental revenues are recorded based on estimated expenditures incurred and are subject to audit and adjustment by Medicaid and other regulatory agencies. Third-party reimbursement adjustments are recorded when reasonably determinable. Revenues from fee-for-service and reimbursement contracts with New York State and New York City are recorded at rates established by the governmental payors.

Revenues are recorded based on estimated allowable costs and are subject to audit and adjustment by governmental payors. The effects of such adjustments are recorded when reasonably determinable.

The Settlement receives certain funding for its programs in the form of operational grants, which usually run for a period of one year or longer. The Settlement is required to determine whether transactions are conditional or unconditional. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions are accounted for as a liability and are not recognized as revenue initially and are disclosed in the notes to the consolidated financial statements. Once the barriers to entitlement are overcome, the transaction is recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions. For a donor-imposed condition to exist, a right of return or release must be stated, and the agreement must include a performance-related condition or other measurable barrier.

Program Service Fees

Program service fees are paid by program participants or third-party payors for participation in certain programs of the Settlement.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2023 and 2022 were $47,982 and $113,702.

Functional Allocation of Expenses

The costs of providing programs by the Settlement have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, expenses have been charged to program and supporting services as either direct expenses or using other specific allocation ratios based on a time and effort methodology. For personnel services and fringe benefits costs, allocations were based on the periodic time and expense studies and other bases as determined by management to be appropriate.

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Settlement recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Settlement had no uncertain tax positions that would require financial statement recognition or disclosure. The Settlement is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2021.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is January 8, 2025.

3. Investments

The Settlement's investments, stated at fair value, are as follows at June 30:

	2024		2023	
	Level 1	Total	Level 1	Total
Short-term investments	$ 10,245,177	$ 10,245,177	$ 10,989,876	$ 10,989,876
Common and Preferred Stock				
U.S. large cap equity	12,260,327	12,260,327	10,840,451	10,840,451
U.S. mid cap equity	992,154	992,154	929,300	929,300
International equity	6,921,821	6,921,821	6,670,605	6,670,605
	20,174,302	20,174,302	18,440,356	18,440,356
Mutual Funds				
Intermediate government	356,831	356,831	340,560	340,560
Real estate and commodities	1,379,861	1,379,861	1,202,483	1,202,483
	1,736,692	1,736,692	1,543,043	1,543,043
	$ 32,156,171	32,156,171	$ 30,973,275	30,973,275
Certificates of deposit, at cost		525,756		1,526,306
Investment in limited partnerships (1)		6,764,335		5,171,563
		$ 39,446,262		$ 37,671,144

(1) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

3. Investments *(continued)*

During the year ended June 30, 2024, there were no transfers in or out of Levels 1, 2, or 3 of the fair value hierarchy. During the year ended June 30, 2023, there was one transfer from a private investment (valued at NAV), which began trading publicly on the New York Stock Exchange, and whose shares were unlocked at July 1, 2022. The private investment is now valued using level 1 inputs.

Information regarding alternative investments measured at NAV using the practical expedient are as follows at June 30:

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity (a)	$ 6,764,335	$ 6,572,204	N/A	N/A

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity (a)	$ 5,171,563	$ 3,560,043	N/A	N/A

(a) This category includes several private equity funds that invest primarily in foreign technology companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of the fund will be liquidated over 10 to 11 years.

Investment Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as limited partnerships. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

4. Contributions Receivable

Contributions receivable have been reflected at present value. Those receivables that are due in more than one year have been discounted at 1.5% and are due as follows at June 30:

	2024	2023
Receivable in less than one year	$ 1,358,354	$ 998,788
Receivable in one to five years	2,565,726	-
Discount to net present value	(38,487)	-
	$ 3,885,593	$ 998,788

Management determined that there was no need for an allowance for doubtful accounts at June 30, 2024 and 2023. All receivables are expected to be collected in the normal course of business operations.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Land	$ 716,984	$ 716,984
Building, building improvements and leasehold improvements	36,337,852	34,649,780
Furniture and equipment	5,323,030	5,299,030
Construction in progress	7,262,411	6,194,652
	49,640,277	46,860,446
Accumulated depreciation and amortization	(25,068,777)	(23,914,486)
	$ 24,571,500	$ 22,945,960

6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, are comprised of the following at June 30:

	2024	2023
Financial assets at year end:		
Cash	$ 967,963	$ 94,788
Investments	39,446,262	37,671,144
Due from contracting agencies, net	18,256,252	16,736,551
Accounts receivable, net	753,065	410,056
Contributions receivable	3,885,593	998,788
Total Financial Assets	63,309,135	55,911,327
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(43,368,564)	(39,438,454)
Board reserve	(9,990,103)	(9,361,755)
Add: net assets with purpose restrictions expected to be met in less than one year	10,524,501	16,105,980
	(42,834,166)	(32,694,229)
Financial Assets at Year End Available to Meet Cash Needs for General Expenditures within One Year	$ 20,474,969	$ 23,217,098

Liquidity Management

As part of its liquidity management plan, the Settlement has a line of credit available to meet cash flow needs in the amount of $7,000,000. As of June 30, 2024, $1,020,000 was available for drawdown on this line of credit. The Settlement's Board Reserve balance of $9,990,103 is also available for operations after action by the Board of Directors.

7. Pensions

(a) *Defined Contribution Plan*

The Settlement provides a 403(b) defined contribution plan and contributes 5% of base salary for eligible employees, plus a match of up to 1%. Contributions for the years ended June 30, 2024 and 2023 totaled $1,350,407 and $1,114,854.

(b) *Deferred Compensation Plan*

The Settlement maintains a 457(b) deferred compensation arrangement for certain employees. Pension expense of $69,021 and $77,121 was recorded for the years ended June 30, 2024 and 2023 in connection with this plan. At June 30, 2024, $69,021 was payable (and was paid in July 2024), and at June 30, 2023, $77,121 was payable (and was paid in July 2023).

8. Line of Credit

The Settlement secured a $7,000,000 line of credit which renews annually in October. Interest is charged at the Secured Overnight Financing Rate plus 1.1%. The outstanding balance due on this line of credit at June 30, 2024 and 2023 was $5,980,000 and $3,745,000. Interest expense for the years ended June 30, 2024 and 2023 was $278,625 and $143,861. All investment accounts held with J.P. Morgan are identified as specific collateral for this commitment.

9. Mortgages Payable

Balances due to the following organizations are as follows at June 30, 2024 and 2023:

Department of Housing Preservation and Development (a)	$ 5,013,173
Federal Home Loan Bank (b)	530,000
Homeless Housing Assistance Corporation (c)	2,368,000
	$ 7,911,173

In May 2005, SHSHDFC entered into a construction financing agreement with the Department of Housing Preservation and Development ("DHPD"), Federal Home Loan Bank ("FHLB") and New York State Homeless Housing Assistance Corporation ("HHAC") in connection with the project at 290 East Third Street. Financing provided under this agreement is secured by SHSHDFC's land and building.

(a) The total amount available from DHPD was $5,476,465. As of June 30, 2024 and 2023, cumulative funds drawn down were $5,013,173. The balance of $463,292 was unused and is not available since construction is complete. Interest accrues at 1% beginning 270 days after substantial completion of construction, which was January 1, 2007. Interest of $50,132 was accrued for each of the years ended June 30, 2024 and 2023. Cumulative interest of $837,813 and $787,681 has been accrued as of June 30, 2024 and 2023. The loan principal and accrued interest will be deemed satisfied in 2037 if the project is operated in conformance with the contract requirements for 30 years.

(b) The total amount available from FHLB was $530,000. As of June 30, 2024 and 2023, cumulative funds drawn down were $530,000. The loan does not bear interest. The loan principal is scheduled to convert to a grant after the project has been operated in conformance with requirements for 15 years (2007 to 2022). This period has now ended. Management is working with FHLB to finalize the documentation necessary to obtain grant approval. No revenue has been recognized as of June 30, 2024.

(c) The total amount available for borrowing from HHAC was $2,368,000, which was fully drawn as of June 30, 2024 and 2023. The mortgage does not bear interest. The loan principal will be deemed satisfied in 2032 after operating the project in conformance with requirements for 25 years. It is the intention of management to operate this property in conformance with the requirements of each loan.

9. Mortgages Payable *(continued)*

As these financing arrangements bear no interest or below-market interest rates, an in-kind contribution and expense of $620,909 and $501,916 was included in the consolidated statement of activities for the years ended June 30, 2024 and 2023 to reflect the estimated value of contributed interest as required under U.S. GAAP. Imputed interest expense was calculated at the weighted average prime rates below:

7/1/23-7/26/23	8.25%
7/27/23 - 6/30/24	8.50%

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Subject to expenditure for specified purpose or period:		
Arts program	$ 2,249,894	$ 1,983,959
Capital campaign	1,136,100	1,136,100
Community and social development	5,023,474	5,679,738
Millennium campaign	1,646,506	1,404,594
Workforce development center	2,556,809	1,839,196
Youth activities	6,784,185	3,458,503
Youth programs	639,122	603,890
Total Subject to Expenditure for Specified Purpose or Period	20,036,090	16,105,980
Endowments subject to the Settlement's spending policy and appropriation:		
Arts program	2,373,168	2,373,168
Workforce development center	4,452,339	4,452,339
Youth activities	7,924,014	7,924,014
Youth programs	1,442,881	1,442,881
Youth Summer Camp	368,835	368,835
General purposes	6,771,237	6,771,237
Total Endowments Subject to the Settlement's Spending Policy and Appropriation	23,332,474	23,332,474
Total Net Assets with Donor Restrictions	$ 43,368,564	$ 39,438,454

10. Net Assets with Donor Restrictions *(continued)*

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or by the passage of time:

	2024	2023
Satisfaction of Program Restrictions		
Arts program	$ 1,098,449	$ 1,068,038
Community and social development	6,181,536	3,418,295
Workforce development center	2,240,845	2,436,424
Youth activities	1,804,267	1,934,069
Youth programs	202,657	1,099,557
	11,527,754	9,956,383
Income Distribution Requirement		
Arts program	126,712	263,772
Workforce development center	275,490	312,576
Youth activities	348,488	243,096
Youth programs	110,156	124,980
	860,846	944,424
	$ 12,388,600	$ 10,900,807

11. Endowment Fund

General

The Settlement's net assets with donor restrictions include endowment fund assets to be held in perpetuity. The income from the assets can be used to support various programs.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Settlement has adopted New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy based on certain specified standards of prudence. As a result of this interpretation, the Settlement retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Settlement in a manner consistent with the standards of prudence prescribed by NYPMIFA.

11. Endowment Fund *(continued)*

Return Objectives, Strategies Employed and Spending Policy

The objective of the Settlement is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as donor restricted income and released from restriction upon expenditure for the Program for which the endowment fund was established. The Settlement is now governed by the NYPMIFA spending policy, which establishes a prudent spending limit of 7% calculated at the lessor of the average fair value of the funds' previous five years' balance or life of the funds.

Funds with Deficiencies

The Settlement does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund

The following is a reconciliation of the activity in the donor restricted endowment funds portion of the investment portfolio for the years ended June 30, 2024 and 2023:

	Temporary in Nature	Permanent in Nature	Total
Balance, June 30, 2022	$ 6,145,211	$ 23,332,474	$ 29,477,685
Interest and dividends	895,200	-	895,200
Investment gain, net	233,800	-	233,800
Appropriation for expenditure	(944,424)	-	(944,424)
Balance, June 30, 2023	6,329,787	23,332,474	29,662,261
Interest and dividends	648,701	-	648,701
Investment gain, net	181,341	-	181,341
Appropriation for expenditure	(860,846)	-	(860,846)
Balance, June 30, 2024	$ 6,298,983	$ 23,332,474	$ 29,631,457

12. Rental Revenue

The Settlement leases apartments to qualifying low-income individuals under one-year non-cancelable leases. Rental revenue was $722,844 and $784,429 for the years ended June 30, 2024 and 2023.

The Settlement rented out space, including theater facilities, under per diem lease arrangements. Rental income totaled $545,292 and $481,370 for the years ended June 30, 2024 and 2023.

13. In-Kind Contributions

In-kind contributions for fiscal 2024 and 2023 consisted of the following:

	2024	2023
Interest on mortgages	$ 620,909	$ 501,916
Rent	1,693,824	2,000,000
	$ 2,314,733	$ 2,501,916

The Settlement recognized contributed nonfinancial assets within revenue, including interest on mortgages and rent. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

14. Operating Leases

Office Lease

On July 26, 2018, the Settlement entered into a lease agreement with Site 6 Commercial, LLC for the rental of office space located in Manhattan, New York. The lease term commenced on October 1, 2019 and expires on September 30, 2029, with an option to renew the lease for an additional ten years. Under the terms of the lease, the Settlement is also obligated to pay common charges and a proportionate share of real estate taxes.

Equipment Leases

The Settlement leases office equipment under non-cancelable lease agreements expiring on March 31, 2027.

Disclosure related to ASC 842 - Leases

Right of use assets consist of the following at June 30:

	2024	2023
Right of use assets - operating leases	$ 2,420,479	$ 2,420,479
Accumulated amortization - operating leases	(608,361)	(277,509)
	$ 1,812,118	$ 2,142,970

	2024	2023
Weighted average remaining lease term	5.23	6.19
Weighted average discount rate	3.02%	3.04%

14. Operating Leases *(continued)*

Disclosure related to ASC 842 – Leases (continued)

The future minimum lease payments under the office and equipment leases are as follows for the years ending June 30:

2025	$ 379,416
2026	388,710
2027	380,880
2028	338,544
2029	348,702
Thereafter	176,928
Total minimum lease payments	2,013,180
Present value discount	(149,991)
Present value of lease laibilities	$ 1,863,189

Operating lease cost for leases subject to ASC 842 was $391,547 and $339,347 for the year ended June 30, 2024 and 2023.

Cash paid for amounts included on the measurements of lease liabilities was $370,392 and 303,632 for the year ended June 30, 2024 and 2023.

Included within occupancy costs is rent expense (exclusive of in-kind rentals) of $525,337 and $662,151 for the years ended June 30, 2024 and 2023. These costs are largely associated with month-to-month rentals and include rental assistance paid on behalf of housing assistance program participants.

The Settlement provides program services from several locations for which rent is not currently being charged. In accordance with U.S. GAAP, the value of an in-kind contribution is included in the consolidated statement of activities and occupancy expense to reflect the estimated fair value of contributed rent. The value of the in-kind rent totaled $1,693,824 and $2,000,000 for the years ended June 30, 2024 and 2023. Total occupancy costs (including in-kind rentals) were $3,465,057 and $4,108,536 for the years ended June 30, 2024 and 2023.

15. Concentration of Credit Risk

Financial instruments that potentially subject the Settlement to concentrations of credit risk consist primarily of cash, investments and receivables. Approximately 86% and 53% of the Settlement's contributions receivable are from one and two donors, as of June 30, 2024 and 2023. The total of these contributions receivable as of June 30, 2024 and 2023 is $3,363,789 and $525,000, and is promised from long-standing donors to the Settlement.

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15. Concentration of Credit Risk *(continued)*

At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation's insurance limits. The uninsured portion of the cash balance was $1,030,000 as of June 30, 2024. All cash balances were insured as of June 30, 2023. The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment or group of investments represents a significant concentration of risk

Most of the Settlement's programs are funded by contracts from various government agencies. As a result, the Settlement is highly dependent on government reimbursement sources.

16. Contingencies

The Settlement is subject to numerous laws and regulations imposed by federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation as well as regulatory actions unknown and unasserted at this time.

The Settlement is not aware of any allegations of noncompliance that could have a material adverse effect on the amounts recorded in the consolidated financial statements. In addition, management believes that the Settlement has an effective compliance program in place to assist in complying with current laws and regulations and is in compliance, in all material respects, with applicable laws and regulations.

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Henry Street Settlement and Affiliate

Uniform Guidance Schedules and Reports

June 30, 2024

Henry Street Settlement and Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Pass-through from New York State ("NYS") Department of Health				
Child and Adult Care Food Program	10.558	3392	$ -	$ 158,500
Snap Cluster				
Pass-through from Office of Temporary and Disability Assistance				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program	10.561	C00897GG	-	202,405
Total Department of Agriculture			-	360,905
Department of Housing and Urban Development				
Pass-through from New York City ("NYC") Department of Housing				
Preservation and Development				
Home Investment Partnerships Program	14.239	Loan #01-006	-	5,013,173
Continuum of Care Program	14.267	NY0594L2T002012	-	571,841
CDBG Entitlement Grants Cluster				
Pass-through from NYC Department of Youth and Community Development				
Community Development Block Grants/Entitlement Grants	14.218	9917/6780	-	70,158
Total Department of Housing and Urban Development			-	5,655,172
Department of Health and Human Services				
Aging Cluster				
Pass-through from NYC Department for the Aging				
Special Programs for the Aging, Title III, Part B, Grants for				
Supportive Services and Senior Centers	93.044	20228804171	-	51,192
Special Programs for the Aging, Title III, Part B, Grants for				
Supportive Services and Senior Centers	93.044	20211412797/20248804662	-	651,762
			-	702,954
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	20211412797/20248804662	-	1,039,640
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	20228804171	-	112,401
			-	1,152,041
Nutrition Services Incentive Program	93.053	20228804171	-	18,749
Nutrition Services Incentive Program	93.053	20211412797/20248804662	-	805,960
			-	824,709
Total Aging Cluster			-	2,679,704
Pass-through from NYC Department for the Aging				
Special Programs for the Aging, Title III, Part D, Disease Prevention				
and Health Promotion Services	93.043	20228804171	-	3,492
Pass-through from NYC Department for the Aging				
National Family Caregiver Support, Title III, Part E	93.052	20248804662	-	25,435
Pass-through from NYC Department of Homeless Services				
Temporary Assistance for Needy Families (TANF)	93.558	20248800568	-	1,310,692
Temporary Assistance for Needy Families (TANF)	93.558	20228800312	-	551,015
Temporary Assistance for Needy Families (TANF)	93.558	20248800086	-	505,435
Pass-through from NYS Office of Children and Family Services				
Temporary Assistance for Needy Families (TANF)	93.558	C028631	-	270,000
			-	2,637,142
Pass-through from NYC Department of Youth and Community Development				
Community Services Block Grant	93.569	20238800667	-	103,593
Community Services Block Grant	93.569	20240000498	-	29,842
			-	133,435
Pass-through from NYS Office of Children and Family Services				
Child Care and Development Block Grant	93.575	2101NYCCCC5	-	150,913
Child Care and Development Block Grant	93.575	2101NYCCCC6	-	188,407
			-	339,320
Pass-through from NYC Department of Health and Mental Hygiene				
Block Grants for Community Mental Health Services	93.958	OMHo-1A2206899	-	43,280
Pass-through from NYS Office of Children and Family Services				
Family Violence Prevention and Services/				
Domestic Violence Shelter and Supportive Services	93.671	C028824	-	24,596
Pass-through from NYC Department for the Aging				
Social Services Block Grant	93.667	20228804171	-	33,178
Pass-through from NYC Department of Homeless Services				
Social Services Block Grant	93.667	20228800312	-	40,203
Pass-through from United Jewish Organizations of Williamsburg				
and North Brooklyn				
Congressional Directives	93.493	ACF CDCP 9OXPO582	-	385,634
Total Department of Health and Human Services			-	6,345,419
Department of Education				
Pass-through from NYS Education Department				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	CO13468	-	49,502
Department of the Treasury				
Pass-through from NYC Department of Health and Mental Hygiene				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	MHy #8128	-	1,260,005
Corporation for National and Community Service				
Foster Grandparent/Senior Companion Cluster				
AmeriCorps Seniors Senior Companion Program (SCP) 94.016	94.016		-	705,082
Total Expenditures of Federal Awards			$ -	$ 14,376,085

See independent auditors' report and notes to Schedule of Expenditures of Federal Awards

Henry Street Settlement and Affiliate

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Henry Street Settlement and Affiliate (the "Settlement") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Settlement, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Settlement.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Federal Loan Program

The outstanding loan balance at the beginning of the year is included in the federal expenditures presented in the Schedule. The balance of the outstanding loan at June 30, 2024 consists of federal assistance listing number 14.239, Home Investment Partnerships Program, in the amount of $5,013,173.

4. Indirect Cost Rate

The Settlement has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
Independent Auditors' Report

Board of Directors
Henry Street Settlement and Affiliate

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Henry Street Settlement and Affiliate (the "Settlement"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

January 8, 2025

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Henry Street Settlement and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Henry Street Settlement and Affiliate's (the "Settlement") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Settlement's major federal programs for the year ended June 30, 2024. The Settlement's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Settlement complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Settlement's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Settlement's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Settlement's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Settlement as of and for the year ended June 30, 2024 and have issued our report thereon dated January 8, 2025 which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

March 17, 2025

Henry Street Settlement and Affiliate
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Noncompliance material to the financial statements noted?	_____ yes __X__ no

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)	_____ yes __X__ no

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	__X__ yes ____ no

Section II – Financial Statement Findings

During our audit, we noted no material findings.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no instance of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.