OUTREACH DEVELOPMENT CORPORATION

Financial Statements
(Together with Independent Auditor's Report)

Year Ended June 30, 2023

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(Together with Independent Auditor's Report)

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Outreach Development Corporation

Opinion

We have audited the accompanying financial statements of Outreach Development Corporation (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Desire + Company CPAs

New York, New York
January 8, 2024

OUTREACH DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash, including cash restricted for capital projects of $4,434,800	$ 9,865,988
Receivable from supporting agencies	3,383,039
Other receivables	56,395
Prepaid expenses	236,934
Total Current Assets	13,542,356
Property and equipment - at cost, net of accumulated depreciation of $8,347,686 (Notes 2D and 3)	19,077,973
Right-of-use asset - operating - at cost, net of accumulated amortization of $610,471 (Note 4)	3,386,953
OTHER ASSETS	
Security deposits	56,469
Total Other Assets	56,469
TOTAL ASSETS	36,063,751
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 680,742
Accrued expenses	820,129
Accrued compensated absences (Note 16)	588,855
Deferred revenue	4,417,532
Post retirement benefits payable - current portion (Note 10)	12,800
Lease liability - Operating - current portion (Note 4)	628,807
Long-term debt - Current portion (Note 5)	1,690,407
Due to OPI (Note 12)	619,914
Total Current Liabilities	9,459,186
LONG-TERM LIABILITIES	
Long-term debt - net of current portion (Note 5)	13,503,788
Lease liability - operating (Note 4)	2,870,579
Post retirement benefits payable (Note 10)	206,175
Total Long-Term Liabilities	16,580,542
TOTAL LIABILITIES	26,039,728
NET ASSETS	
Net assets without donor restrictions (Note 2B)	10,004,023
Net assets with donor restrictions (Notes 2B and 11)	20,000
TOTAL NET ASSETS	10,024,023
TOTAL LIABILITIES AND NET ASSETS	$ 36,063,751

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

OUTREACH DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Government reimbursement contracts (Note 6)	$ 16,692,486	$ -	$ 16,692,486
Government welfare programs (Note 7)	468,209	-	468,209
Client fees (Note 7)	11,687,671	-	11,687,671
Outreach Project, Inc. grant (Note 12)	386,000	-	386,000
Grants	95,526	-	95,526
Rent income	17,500	-	17,500
Interest income	4,178	-	4,178
Other income	43,773	-	43,773
TOTAL REVENUE AND SUPPORT	29,395,343	-	29,395,343
EXPENSES			
Program services:			
Residential Services	11,912,878	-	11,912,878
Outpatient Services	11,586,678	-	11,586,678
Women and Children Services	1,264,903	-	1,264,903
Training Evaluation and Enhancement	523,796	-	523,796
Total Program Services	25,288,255	-	25,288,255
Supporting Services:			
Administration	4,594,648	-	4,594,648
TOTAL EXPENSES	29,882,903	-	29,882,903
CHANGE IN NET ASSETS BEFORE PENSION RELATED CHANGES	(487,560)	-	(487,560)
Pension related changes (Note 10)	(11,968)	-	(11,968)
CHANGE IN NET ASSETS	(499,528)	-	(499,528)
NET ASSETS - Beginning of Year	10,503,551	20,000	10,523,551
NET ASSETS - End of Year	$ 10,004,023	$ 20,000	$ 10,024,023

OUTREACH DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES					SUPPORTING SERVICES	
	RESIDENTIAL SERVICES	OUTPATIENT SERVICES	WOMEN AND CHILDREN SERVICES	TRAINING EVALUATION AND ENHANCEMENT	TOTAL PROGRAM SERVICES	ADMINISTRATION	TOTAL
Salaries	$ 6,719,336	$ 6,203,655	$ 722,476	$ 187,316	$ 13,832,783	$ 2,975,240	$ 16,808,023
Payroll taxes and employee benefits	1,948,059	1,972,582	208,409	87,346	4,216,396	955,377	5,171,773
Total salaries and related costs	8,667,395	8,176,237	930,885	274,662	18,049,179	3,930,617	21,979,796
Rent	482,972	606,861	88,536	-	1,178,369	-	1,178,369
Equipment and betterments (Note 2D)	87,753	84,064	63,098	12,772	247,687	17,634	265,321
Utilities	243,398	129,855	13,016	27,866	414,135	12,350	426,485
Telephone	54,366	74,721	11,894	12,519	153,500	24,581	178,081
Consultants	305,121	1,020,676	25,944	45,855	1,397,596	167,486	1,565,082
Transportation	33,204	58,954	9,591	516	102,265	73,863	176,128
Postage	419	1,594	150	1,117	3,280	3,797	7,077
Supplies and material	477,168	350,939	30,112	15,195	873,414	67,370	940,784
Repairs and maintenance	213,652	377,892	6,429	14,517	612,490	10,901	623,391
Professional fees	43,650	24,750	3,250	1,500	73,150	98,847	171,997
Conferences and staff development	10,046	83,058	642	150	93,896	10,207	104,103
Interest and bank charges	3,007	334	-	4,072	7,413	44,684	52,097
Food	583,312	7,557	2,732	218	593,819	17,125	610,944
Insurance	93,499	93,500	20,704	5,000	212,703	39,467	252,170
Advertising and promotion	8,534	18,114	2,344	874	29,866	3,862	33,728
Printing	1,052	2,551	291	163	4,057	1,382	5,439
Outside contractors	83,071	214,350	43,887	67,558	408,866	7,611	416,477
Community relations	50,948	13,222	1,382	768	66,320	16,647	82,967
Computer services	20,258	38,209	3,564	3,630	65,661	6,931	72,592
Rubbish removal	39,613	13,604	1,684	1,119	56,020	1,212	57,232
Dues and subscriptions	5,357	23,444	2,532	36	31,369	4,290	35,659
Miscellaneous	6,573	82,634	2,236	232	91,675	11,743	103,418
Depreciation (Notes 2D and 3)	398,510	89,558	-	33,457	521,525	22,041	543,566
Total Other Expenses	3,245,483	3,410,441	334,018	249,134	7,239,076	664,031	7,903,107
Total Operating Expenses	$ 11,912,878	$ 11,586,678	$ 1,264,903	$ 523,796	$ 25,288,255	$ 4,594,648	$ 29,882,903

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

OUTREACH DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (499,528)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	543,566
Amortization	610,471
Post retirement benefits payable	11,968
Changes in:	
Receivable from supporting agencies	(1,014,123)
Other receivables	85,246
Prepaid expenses	(43,087)
Security deposits	(5,232)
Right-of-use asset - operating	(3,997,424)
Accounts payable	110,371
Accrued expenses	(894,569)
Accrued compensated absences	(53,184)
Deferred rent	(35,901)
Deferred revenue	(21,833)
Lease liability - operating	3,499,386
Subtotal	(1,204,345)
Net cash used in operating activities	(1,703,873)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to construction in progress	(2,800,862)
Net Cash Used in Investing Activities	(2,800,862)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on loan payable - affiliate	(217,852)
Net Cash Used in Financing Activities	(217,852)
NET DECREASE IN CASH	(4,722,587)
CASH - Beginning of year	14,588,575
CASH - End of year	$ 9,865,988

SUPPLEMENTAL DISCLOSURE

Cash paid during the year for interest	$ 11,505

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

NOTE 1 – ORGANIZATION AND PURPOSE

Outreach Development Corporation ("ODC" or the "Organization") operates two residential substance use disorder programs for adolescents, two residential facilities for adults, six outpatient substance use disorder treatment programs, a substance use disorder rehabilitation outpatient program for women with children, a mental health outpatient clinic, and an education and training institute. These programs are substantially funded by governmental agencies.

ODC has been determined by the Internal Revenue Service to be exempt from Federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code of 1986, as amended.

ODC has an affiliate, Outreach Project, Inc. ("OPI"), which is also an Organization exempt from Federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. ODC and OPI share certain common personnel and facilities. In addition, OPI provides a grant to ODC (see Note 12). They each have a separate and independent board of directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) ***Basis of Accounting*** – The books and records of ODC are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

B) ***Financial Statement Presentation*** – ODC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - represent resources available for support of the Organization's operation over which the Board of Directors has discretionary control.

Net assets with donor restrictions – net assets resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations. Some donor restrictions are temporary in nature and may expire with the passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. Other donor restrictions are perpetual in nature and must be maintained in perpetuity.

C) ***Tax Status*** – ODC is exempt from income taxes under Internal Revenue Code Section 501(c) (3). Accordingly, no provision for income taxes is included in the financial statements. The Organization has evaluated the recognition requirements for uncertain tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at June 30, 2023.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) ***Property and Equipment*** – Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives (5 - 40 years) of the related assets. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Betterments and major renewals or replacements are capitalized, except when the cost of the equipment or betterment is reimbursed by a funding agency. Accordingly, the title to such assets remains in the name of the reimbursing agency. Purchases of equipment and expenditures for betterments of leased offices of $180,457 were recorded as expenses because of such reimbursements and are included in the Statement of Functional Expenses in these financial statements.

Right-of-use assets (“ROU”) are amortized systematically and rationally over the shorter of the lease term or the useful life of the underlying asset.

E) ***Revenue Recognition*** – The principal activities of ODC are funded under the terms of expense reimbursement contracts with various governmental agencies. Revenue under these government reimbursement contracts is recognized as the related expenses are incurred. Such revenue is restricted in use and is subject to future audit and adjustment by the related government agency.

Contributions and grants are generally non-exchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08 “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made” (Topic 958). Contributions are recognized as revenue when barriers within the agreements are overcome, and there is no right of return. Once the barriers are overcome, the Organization determines if there are any donor-imposed restrictions (e.g., for a specific purpose or period of time). The contribution is then recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions (see Note 2B). Once the restrictions are met, the contribution is then transferred to net assets without donor restrictions. Contributions amounted to $481,526 for the year ended June 30, 2023, and are included in the statement of activities.

Conditional contributions received (contributions with donor-imposed conditions) are accounted for as deferred revenues or are unrecognized initially until barriers to entitlement are overcome. The donor-imposed condition represents a barrier that must be overcome before the Organization is entitled to the revenue. Failure to overcome the barrier gives the contributor a right of return of the revenue it has transferred or gives the promisor a right of release from its obligations to make a contribution.

Unconditional promises to give (without barriers) are recorded as revenues when pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Client fee revenue is reported at the amount that reflects the consideration to which ODC expects to be entitled in exchange for providing care to the clients. These amounts are due from the clients, third-party payers (including health insurers, Medicaid, and Medicare, and others), and include variable consideration for retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Generally, ODC bills the clients and third-party payers several days after the services are performed or the client is discharged from the facility. Revenue is recognized when performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by ODC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. ODC believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to Clients receiving services at ODC’s facilities. ODC measures the performance obligation from the commencement of a client service, to the point when it is no longer required to provide services to that client, which is generally at the time of completion of the services.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because all of its performance obligations relate to contracts with a duration of less than one year, ODC has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. ODC's performance obligations consist primarily of client services that occur within one day of a client's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

Throughout the year, rates may vary, as determined by NYS and federal agencies and Medicaid, and ODC will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and ODC considers these amounts in the determination of the transaction price. ODC determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience.

ODC determines its estimates of explicit or implicit price concessions based on its historical collection experience. Laws and regulations governing NYS and federal programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from these programs. ODC is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, ODC utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. ODC accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. ODC considers the similar nature and characteristics of the contract and customers in using the portfolio approach. ODC believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Client fees that are received in advance are deferred to the applicable period and are recorded as deferred revenue on the Statements of Financial Position.

F) ***Allowance for Doubtful Accounts*** – Management determined that no allowance for uncollectible receivables was necessary as of June 30, 2023. ODC evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management's assessment of the aged basis of its government funding sources, the creditworthiness of funders and contributors, current economic conditions, and historical experience. Management determined that no allowance for uncollectible receivables was necessary as of June 30, 2023.

G) ***Use of Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H) ***Functional Allocation of Expenses*** – The costs of providing the various programs of the Organization have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs, and supporting services benefited as determined by management. Expenses that can be identified with a specific program are charged directly to the program.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, repairs and maintenance which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, and others which are allocated based on time spent in each functional category or program.

NOTE 2 − SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) **Recently Adopted Accounting Standards**

In February 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, Leases to increase transparency and comparability among Organizations by requiring the recognition of ROU assets and lease liabilities on the Statement of Financial Position.

The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the adoption period) using a modified retrospective approach, with certain practical expedients available.

The Organization is a lessee in several noncancellable operating leases for office spaces, equipment, and automobiles. The Organization determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or other the Organization uses a risk-free discount rate. The implicit rates of the leases are not readily determinable and accordingly, the Organization used a risk-free discount rate using a period comparable with that of the individual lease terms. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with the short-term leases on a straight-line basis over the lease term.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, a lease liability of $4,033,327, which represents the present value of the remaining operating lease payments discounted using a risk-free discount rate with a weighted average of 2.16%, and a ROU asset of $3,997,424 (see Note 4).

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Buildings	$ 21,742,637	(40 years)
Furniture and equipment	217,248	(5-7 years)
Construction in progress	4,536,468	
	26,496,353	
Accumulated depreciation	(8,347,686)	
	18,148,667	
Land	929,306	
Net book value	$ 19,077,973	

The buildings have been pledged to secure their respective mortgages. Depreciation expense for the year ended June 30, 2023 was $543,566.

NOTE 4 – LEASES

The Organization is a lessee in various noncancellable operating leases for buildings, office equipment, and automobiles as follows:

A) In January 2008, the Organization signed a ten-year lease for one of its programs in Bellport, NY. The lease had two five-year renewal options. In July 2018, the Organization exercised its first five-year option, and the lease was scheduled to expire on June 30, 2023. In July 2023, the Organization exercised its final five-year option. The current lease is from July 1, 2023, to June 30, 2028. The lease calls for monthly payments of $15,392 with annual escalations.

B) In November 2021, the Organization signed a ten-year lease for one of its programs in Greenpoint, Brooklyn. The lease is from January 1, 2022, to December 31, 2031. The lease calls for monthly rents of $13,884 with annual escalations.

C) In October 2012, the Organization signed a ten-year lease for one of its programs in Brentwood, NY. The lease was scheduled to expire on October 31, 2022. In October 2022, the Organization extended the lease from November 1, 2022, to October 31, 2027. The lease calls for monthly rental payments of $14,750 with annual escalations.

D) The Organization leases seven vehicles with three-year leases with maturity dates ranging from 2023 to 2025. The monthly lease payments range from $400 to $700 with a total annual cost of approximately $43,000. The leases are treated as operating leases.

E) The Organization leases various equipment (copiers, faxes, etc.) for its operational use. The leases are generally for thirty-nine months with maturity dates ranging from 2023 to 2026. The annual lease cost is approximately $85,000. The leases are treated as operating leases.

As of June 30, 2023, the total Right-of-use asset and lease liabilities are as follows:

Right-of-use assets – operating	$ 3,997,424
Less: Accumulated amortization	(610,471)
Right-of-use assets – operating -net	$ 3,386,953
Lease liabilities – operating	$ 3,499,386

Total lease costs for the year ended June 30, 2023, amounted to $ 689,358. The weighted average of the remaining lease term and weight-average discount rate are 6.37 years and 2.16%, respectively.

The future minimum lease payments under operating leases are as follows:

Year Ending June 30,	Amounts
2024	$ 628,807
2025	602,847
2026	605,907
2027	609,896
2028	497,663
Thereafter	789,801
Total lease payments	$ 3,734,921
Less interest	(235,535)
Present value of lease liabilities	$ 3,499,386

NOTE 5 – LONG-TERM DEBT

Long-term debt is summarized as follows:

	Total Long - Term Debt	Current Portion	Long-Term Portion
A)	$ 5,969,000	$ -	$ 5,969,000
B)	1,690,407	1,690,407	-
C)	4,579,500	-	4,579,500
D)	2,955,288	-	2,955,288
	$ 15,194,195	$1,690,407	$ 13,503,788

A) This represents advances from the NYS Office of Addiction Services and Supports on a capital contract to renovate the residential facility in Brentwood, NY. As part of the capital contract, upon completion, ODC has agreed to participate in a bond issue authorized by the New York State Dormitory Authority. As of June 30, 2023, the outstanding balance on the loan was $5,969,000. There is no scheduled maturity of this loan.

B) This represents advances from the NYS Office of Addiction Services and Supports on a capital contract to renovate the residential facility in Richmond Hill, NY. As part of the capital contract, upon completion, ODC has agreed to participate in a bond issue authorized by the New York State Dormitory Authority. As of June 30, 2023, the outstanding balance on the loan was $1,690,407. Subsequent to the fiscal yearend, the capital project was canceled and $1,127,112 which included $7,079 of interest, was repaid to the funder. The Organization also recognized a grant revenue and expense in the amount of $570,373.

C) This represents advances from the NYS Office of Addiction Services and Supports on a capital contract to renovate the residential facility in Brentwood, NY. As part of the capital contract, upon completion, ODC has agreed to participate in a bond issue authorized by the New York State Dormitory Authority. As of June 30, 2023, the outstanding balance on the loan was $4,579,500. There is no scheduled maturity date for this loan.

D) This represents advances from the NYS Office of Addiction Services and Supports on a capital contract to construct a community residential facility for young adults in Brentwood, NY. As part of the capital contract, upon completion, ODC has agreed to participate in a bond issue authorized by the New York State Dormitory Authority. As of June 30, 2023, the outstanding balance on the loan was $2,955,288. There is no scheduled maturity date for this loan.

NOTE 6 – GOVERNMENT REIMBURSEMENT CONTRACTS

Government reimbursement contracts consist of the following:

NYS Office of Addiction Services & Supports	$ 13,361,022
County of Suffolk Department of Alcoholism And Substance Abuse Services	971,734
NYS Department of Health	403,687
Research Foundation for Mental Health	1,283,034
Brentwood Union Free School District	217,450
Western Suffolk BOCES	155,000
United States Department of Health	290,559
Federal Emergency Management Agency	10,000
Total	$ 16,692,486

NOTE 7 – GOVERNMENT WELFARE PROGRAMS AND CLIENT FEES

Government welfare programs consist of the following:

Public Assistance	$ 272,329
Breakfast and Lunch program	141,874
Food stamps	54,006
Total	$ 468,209

Client fees consist of the following:

Medicaid	$ 5,044,216
Medicaid managed care	4,482,080
Private insurance	1,409,108
Client payments	677,540
Medicare	74,727
Total	$ 11,687,671

NOTE 8 – EMPLOYEE BENEFIT PLAN

ODC has a non-contributory defined contribution plan covering all employees who meet age and service requirements. The Organization makes monthly contributions to the plan and the total pension expense of $795,972 is included in payroll taxes and fringe benefits in the Statements of Functional Expenses of these financial statements.

NOTE 9 – DEFERRED COMPENSATION

ODC has a Section 457 deferred compensation plan calling for quarterly payments of 2% to 8% of the officers' salaries, according to years of service, to be deposited with the Organization's agent. A deferred compensation expense of $138,928 has been included in payroll taxes and fringe benefits in the Statements of Functional Expenses of these financial statements. As of June 30, 2023, the deferred compensation liability balance was $37,447 and is included in accounts payable in the Statements of Financial Position of these financial statements.

NOTE 10 – POST-RETIREMENT BENEFITS PAYABLE

In 2008, the Board of Directors of ODC established a supplemental post-retirement benefits plan (the "Plan") for two of its officers. Upon reaching both 25 years of service and 55 years of age, these officers are eligible at retirement for one year of compensation and lifetime medical, dental, and long-term care insurance coverage. The medical portion of this benefit converts to supplemental coverage when each officer becomes eligible for Medicare coverage. For every additional year of service above 25 years, these officers are entitled to an additional two weeks of compensation. As of June 30, 2023, the estimated actuarial liability for these benefits is $218,975.

NOTE 10 – POST-RETIREMENT BENEFITS PAYABLE (Continued)

The funded status of the Plan as of June 30, 2023 is as follows:

Change in benefit obligation:	
Benefit obligation at beginning of year	$ 207,007
Actuarial loss (gain)	11,968
Benefits paid	-
Benefit obligation at end of year	218,975
Fair value of plan assets	-
Funded status (unfunded)	$ (218,975)

The amounts recognized in net assets without donor restrictions as of June 30, 2023 is as follows:

Actuarial loss (gain)	$ 11,968

The weighted assumptions used as of and for the year ended June 30, 2023 is as follows:

Discount rate	5.10%
Rate of compensation increase	N/A
Medical care cost trend rate	5.00%
Dental care cost trend rate	4.00%
Long-term care cost trend rate	4.00%

The projected benefit payments are as follows:

Year Ending June 30,	Amounts
2024	$ 12,800
2025	13,500
2026	14,700
2027	15,300
2028	16,600
Thereafter	146,075
Total	$ 218,975

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the year ended June 30, 2023 is summarized as follows:

	July 1, 2022	Additions	Releases	June 30, 2023
Other services	$ 20,000	$ -	$ -	$ 20,000

NOTE 12 – RELATED-PARTY TRANSACTIONS

Outreach Development Corporation and Outreach Projects, Inc. share common management and staffing. During the fiscal year ended June 30, 2023, the following were considered to be related party transactions:

A) OPI made restricted contributions to ODC of $386,000.

B) ODC leases one of its facilities from OPI calling for average annual rentals of $314,000 on a month-to-month basis. Rents paid to OPI totaled $319,375.

C) ODC owed OPI for unpaid net operating transactions. A 7% interest is charged for unpaid balances. Total interest incurred with respect to this obligation was $40,593. As of June 30, 2023, the Due to OPI reflected on the Statement of Financial Position was $619,914.

NOTE 13 – CONTRIBUTED SERVICES

The New York City Department of Education and the Eastern Suffolk Board of Cooperative Educational Services (BOCES) contribute a significant amount of teachers' time to augment ODC's programs. The value of this time, which has not been included in the Statements of Activities or Functional Expenses, cannot be determined. In addition, a substantial number of unpaid volunteers have made significant contributions of their time to develop ODC's programs. The value of this contributed time is also not reflected in these financial statements since it does not meet the requirements to be recorded under generally accepted accounting principles in the United States of America.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The contractual agreements with various funding sources include provisions for claims and program audits in subsequent years. These audits may result in disallowance and repayment of costs previously reimbursed by the funding sources. Management estimates potential disallowances based on past experiences. Management has not established a contingency reserve to cover the cost of future disallowances, if any, in the accompanying statements of financial position.

NOTE 15 – CONCENTRATIONS

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The FDIC insures deposits up to $250,000 per depositor per insured bank. During the fiscal year ending June 30, 2023, the Organization had cash accounts that from time to time exceeded the FDIC insurance limits. Management monitors its financial risks regularly.

A concentration of risk also exists between ODC and the New York State Office of Addiction Services and Supports (OASAS). For the year ending June 30, 2023, ODC received 51% of its funding from OASAS.

NOTE 16 – ACCRUED COMPENSATED ABSENCES

ODC has a policy that allows for the accrual of unused vacation pay up to a maximum of 30 days per employee. An employee will not be reimbursed for more than 20 days of accrued vacation leave upon separation from the Organization. Unused sick leave pays lapses upon termination of employment. As of June 30, 2023, accrued compensated absences amounted to $588,855.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and receivables. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization's cash.

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

Cash	$ 9,865,988
Receivables	3,439,434
Less: Restricted cash	(4,434,800)
Net asset with donor restrictions	(20,000)
Total	$ 8,850,622

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through January 8, 2024, the date the financial statements were available to be issued. Other than the item mentioned below, there were no events that have occurred subsequent to the statement of financial position date through January 8, 2024, that would require adjustment to or disclosure in the financial statements.

In July 2023, the Organization signed a five-year lease starting July 1,2023 to June 30, 2028. The lease calls for monthly payments of $15,392 with annual escalations.