TSINY
Transitional Services
for New York, Inc.

Consolidated Financial Statements
and Auditors' Report

at 30 June 2022 and 2021 and
for the years then ended

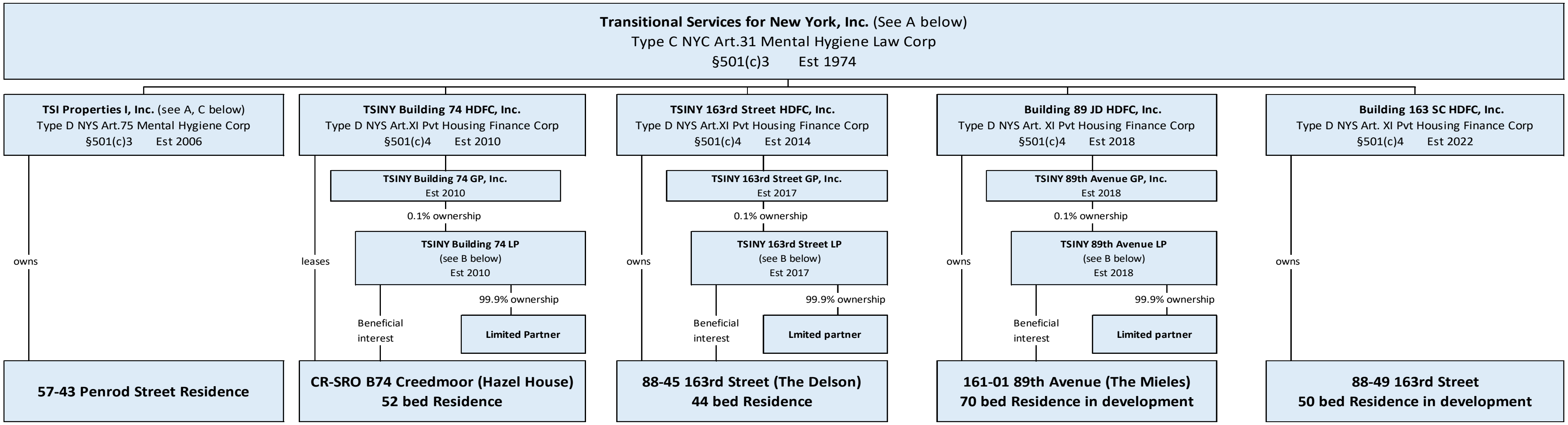
Consolidated Balance Sheets		
at 30 June	***2022***	***2021***
Assets		
Cash & equivalents	$ 2,051,311	$ 2,987,753
Cash - Replacement reserve	909,672	684,280
Cash - Security deposits received	12,225	12,068
Total cash	2,973,208	3,684,101
Accounts receivable, net of allowance of $747,369 and $796,492	5,109,607	5,369,679
Investments	9,332,807	12,469,946
Financial assets	17,415,622	21,523,726
Prepaid expenses & other assets	212,552	68,634
Security deposits paid	666,074	642,804
Property & equipment	68,867,812	60,333,205
	$ 87,162,060	$ 82,568,369
Liabilities		
Accounts payable & accrued expenses	$ 3,143,575	$ 5,522,281
Accrued compensation	1,998,886	1,818,012
Deferred revenue	3,746,780	3,389,847
Due to governmental funders	4,700,375	4,209,368
Liability for pension benefits	3,363,444	5,368,301
Mortgages and loans	1,036,851	2,713,105
Nonrecourse mortgages	23,690,970	16,435,669
Deferred construction funding	16,975,532	17,764,995
Security deposits received	12,225	12,068
	58,668,638	*57,233,646*
Net assets		
Without donor resrictions	25,590,112	20,882,904
Board designations	2,128,785	2,128,785
	27,718,897	23,011,689
With donor restrictions	135,205	126,061
Noncontrolling interest	639,320	2,196,973
	28,493,422	*25,334,723*
	$ 87,162,060	$ 82,568,369

1 Organization and Nature of Activities

Transitional Services for New York, Inc. (“TSINY”) develops facilities for and provides housing to those with low incomes, operates community residences and supported housing programs and provides other outpatient, day training, vocational, rehabilitation and clinical services to the mentally disabled.

Consolidated Statements of Activities and Net Assets without Donor Restrictions for the years ended 30 June	***2022***	***2021***
Operating revenue:		
Fees for services	$ 10,617,071	$ 9,820,947
Government contracts	18,042,520	17,248,153
Client resident fees	2,495,956	2,537,068
Rents	1,438,154	1,354,653
Developer's fees	-	652,467
Other program income	99,192	384,962
	32,692,893	31,998,250
Operating expense:		
Outpatient services	3,670,157	3,778,590
Community residences	5,685,095	5,583,183
Supportive housing	16,643,827	15,727,350
Case management	3,548,633	4,011,207
Administration	3,439,680	3,077,066
	32,987,392	32,177,396
Operating (loss)/income	*(294,499)*	*(179,146)*
Public support:		
Special event income	67,792	-
Special event expense	(38,887)	-
	28,905	-
Grants & contributions	1,039,119	501,298
Contribution of building	1,091,728	-
Fundraising expense	(60,911)	(60,269)
	2,098,841	441,029
Net assets without donor restrictions:		
Change	*1,804,342*	*261,883*
Investments	(1,476,907)	2,608,808
Gain from debt extinguishment	1,529,042	-
Pension liability adjustment	1,930,160	(235,898)
Non-service net periodic pension cost	(70,142)	(175,733)
Change in prior year contracts & claims	(265,811)	8,950
Net grants & fees from construction	808,234	777,809
Depreciation & amortization	(1,538,111)	(1,638,289)
Beginning of year	23,011,689	19,395,477
Limited partners' share of losses	1,986,401	2,008,682
End of year	$ 27,718,897	$ 23,011,689

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



A Classified as publically-supported organizations as defined in §509(a)(2) in the Internal Revenue Code.
B Funding for purchase and refurbishment of the residence was provided through the sale of federal low income tax credits to commercial investors. The interest of the limited partners is shown in these financial statements as Noncontrolling interest.

C Funding for purchase and refurbishment of the residence was provided by the U.S. Department of Housing and Urban Development and the New York State Office of Mental Health

These consolidated financial statements present the consolidated financial position and changes in net assets and of cash flows of TSINY. TSINY's sub-entities and control structures are shown in the table included above.

In 2022 TSINY created Building 163 SC HDFC, Inc. to develop a residence for use in its Supported housing program. Bridge financing has been obtained for the purchase of the property. Construction funding is intended to be provided through the sale of federal low-income housing tax credits to commercial investors.

2 Summary of significant accounting policies

A. These statements have been prepared on the accrual basis. In their preparation, TSINY follows accounting principles and reporting requirements that are generally accepted for not-for-profit entities in the United States of America (GAAP), including specialized requirements promulgated by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants.

B. TSINY reports unconditional contributions as unrestricted support unless received with donor stipulations that limit the use of the donated assets.

C. TSINY earns fees from third-party reimbursement

Consolidated Statement of Functional Expenses for the year ended 30 June 2022

	Outpatient services	Community residences	Supportive housing	Case management	Total program services	Administration	Total
Staff salaries	$ 2,092,610	$ 3,503,640	$ 5,592,334	$ 2,319,660	$ 13,508,244	$ 2,015,004	$ 15,523,248
Employee benefits	427,824	868,374	1,433,342	599,337	3,328,877	553,698	3,882,575
	2,520,434	*4,372,014*	*7,025,676*	*2,918,997*	*16,837,121*	*2,568,702*	*19,405,823*
Occupancy	460,912	652,136	7,689,699	188,749	8,991,496	59,088	9,050,584
Professional fees	324,360	2,051	94,332	47,390	468,133	341,779	809,912
Food	-	35	634	44	713	1,367	2,080
Client expenses	53,215	199,196	607,779	50,949	911,139	-	911,139
Equipment & furnishings	20,527	91,718	253,005	23,170	388,420	31,306	419,726
Travel & transportation	670	12,764	42,956	38,663	95,053	14,364	109,417
Miscellaneous	78,485	77,699	131,407	59,536	347,127	85,063	432,190
Insurance	61,939	111,818	380,556	74,995	629,308	79,810	709,118
Supplies	41,377	108,023	115,135	19,529	284,064	120,024	404,088
Communication	108,238	57,641	240,110	126,611	532,600	77,002	609,602
Interest	-	-	62,538	-	62,538	61,175	123,713
Operating expenses	3,670,157	5,685,095	16,643,827	3,548,633	29,547,712	3,439,680	32,987,392
Depreciation & amortization	8,396	257,546	1,231,011	19,499	1,516,452	21,659	1,538,111
	$ 3,678,553	$ 5,942,641	$ 17,874,838	$ 3,568,132	$ 31,064,164	$ 3,461,339	$ 34,525,503

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

agencies for services provided to clients. Revenues from these fees are based on predetermined rates and are subject to audit and retroactive adjustment. The effects of any such adjustments are recorded when they are reasonable determinable.

D. In accordance with FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* many government contracts are considered conditional contributions and are earned based on allowable costs incurred. Reimbursements for prior year contracts are sometimes adjusted in the current year for circumstances not known at the close of the prior year. Such adjustments might be due to funder audit findings, post-completion awards of additional funds, rate appeal results, and other matters.

E. Because TSINY operates multiple programs and receives funding from multiple sources, costs have been allocated to programs in accordance with various methods used in reporting its activities to its funders. Bases for these allocations include proportional consumer census, employee wages and salaries, and facility square footage.

F. TSINY considers all unencumbered highly liquid instruments with original maturities of 90 days or less to be cash or equivalents.

G. TSINY provides an allowance for current uncollectible accounts based upon management's evaluation of the current record of its debtors and current economic conditions.

H. TSINY reports investments at quoted market values which are all level 1 measurements under the hierarchy established under Accounting Standards Codification §820 – *Fair Value Measurements.*

I. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. TSINY capitalizes individual pieces of property and equipment with a cost of $5,000 or more and a useful life of two years or more. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the shorter of the useful life of the improvement or the remaining term of the lease.

J. TSINY reports its liability for employee's vacation time earned, but not yet used in these financial statements. The cumulative expense charged to operations is included in reimbursable costs reported to funders in subsequent periods along with the associated income when the vacation time is used by the employee and paid by TSINY.

K. Cash—replacement reserves are set aside as required by various contracts to fund approved capital costs for certain properties.

Consolidated Statement of Functional Expenses
for the year ended 30 June 2021

	Outpatient services	Community residences	Supportive housing	Case management	Total program services	Administration	Total
Staff salaries	$ 2,185,170	$ 3,338,747	$ 5,233,495	$ 2,596,873	$ 13,354,285	$ 1,786,042	$ 15,140,327
Employee benefits	469,327	903,689	1,400,480	739,305	3,512,801	515,477	4,028,278
	2,654,497	*4,242,436*	*6,633,975*	*3,336,178*	*16,867,086*	*2,301,519*	*19,168,605*
Occupancy	489,003	593,961	7,356,356	201,169	8,640,489	41,113	8,681,602
Professional fees	341,142	864	87,160	43,612	472,778	331,729	804,507
Food	22	37,996	22,856	12	60,886	465	61,351
Client expenses	20,723	247,954	492,716	52,875	814,268	-	814,268
Equipment & furnishings	20,972	100,127	264,052	32,330	417,481	36,508	453,989
Travel & transportation	502	4,708	35,311	61,181	101,702	7,261	108,963
Miscellaneous	36,557	39,668	103,208	42,664	222,097	97,558	319,655
Insurance	58,179	118,604	355,218	88,017	620,018	64,888	684,906
Supplies	57,991	135,769	145,524	39,805	379,089	56,755	435,844
Communication	99,002	61,096	169,136	113,364	442,598	72,120	514,718
Interest	-	-	61,838	-	61,838	67,150	128,988
Operating expenses	3,778,590	5,583,183	15,727,350	4,011,207	29,100,330	3,077,066	32,177,396
Depreciation & amortization	-	317,429	1,238,501	8,429	1,564,359	73,930	1,638,289
	$ 3,778,590	$ 5,900,612	$ 16,965,851	$ 4,019,636	$ 30,664,689	$ 3,150,996	$ 33,815,685

Consolidated Statements of Changes in Net Assets
With Donor Restrictions and Noncontrolling interest

for the years ended 30 June	2022	2021
Activity with donor restrictions		
Contributions	$ 9,144	$ 9,095
Balance:		
Beginning of year	126,061	116,966
End of year	$ 135,205	$ 126,061
Noncontrolling interest		
Contributions	$ 428,748	$ 1,282,453
Limited partners' share of losses	(1,986,401)	(2,008,682)
Balance:		
Beginning of year	2,196,973	2,923,202
End of year	$ 639,320	$ 2,196,973

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

Consolidated Statements of Cash Flows for the years ended 30 June	*2022*	*2021*
Cash flows from operating activities:-		
Change in net assets without donor restrictions:	$ 1,804,342	$ 261,883
Investments	(1,476,907)	2,608,808
Pension adjustments	1,860,018	(411,631)
Change in prior year contracts	(265,811)	8,950
Limited partners' share of losses	1,986,401	2,008,682
Adjustments to reconcile the change in net assets without donor restrictions to net cash from operating activities:		
Liability for pension benefits	(2,004,857)	337,433
Amortization of financing costs	16,032	17,623
Forgiveness of debt	(1,529,042)	-
Net realized and unrealized gains	1,727,414	(2,412,728)
	2,117,590	*2,419,020*
Changes in operating assets & liabilities		
(Increase)/decrease in assets:		
Accounts receivable	260,072	(1,390,103)
Prepaid expenses & other assets	(143,918)	20,283
Security deposits	(23,113)	(103,073)
Increase/(decrease) in liabilities:		
Accounts payable & accrued expenses	(2,908,796)	4,143,981
Accured compensation	180,874	300,143
Deferred revenue	356,933	3,370,479
Due to government funders	1,021,097	(528,853)
Net cash from operating activities	*860,739*	*8,231,877*

	2022	*2021*
Cash flows from investing activities:		
Net acquisitions of property & equipment	(10,072,718)	(12,410,207)
Net (purchases)/sales of investments	1,409,725	(3,640,921)
Net cash from investing activities	(8,662,993)	(16,051,128)
Cash flows from financing activities:		
Capital contributions received	428,748	1,282,453
Limited partners' share of losses	(1,986,401)	(2,008,682)
Net grants and fees for construction	808,234	777,809
Additional construction financing	4,555,301	10,006,992
Mortgage repayment	(147,212)	(155,846)
Repayment of construction financing	1,910,537	(762,312)
Gain from debt extinguishment	1,529,042	-
Payment of deferred financing	(16,032)	(17,622)
Endowment contributions received	9,144	9,095
Net cash from financing activities	*7,091,361*	*9,131,887*
Total cash:		
Change	(710,893)	1,312,636
Beginning of the year	3,684,101	2,371,465
End of the year	$ 2,973,208	$ 3,684,101
Supplemental disclosures:		
Cash paid for interest	$ 123,713	$ 128,988

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

L. Due to Governmental Funders consists of over and under reimbursements made by funders and outstanding settlements of contractual obligations.

M. Developer's fees are earned as determined by agreements reached with the limited partners funding those projects. The Board of TSINY has determined that cash received for such fees is to be designated for specific purposes identified by the Board—primarily for continuing residential facility development.

N. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses reported during the period. Actual results could differ from those estimates.

3 Concentrations & liquidity

Financial instruments

Cash accounts at financial institutions more than FDIC insurance limits could expose TSINY to a concentration of credit risk.

Contracts

TSINY receives much of its revenue from contracts with New York State and New York City agencies.

Liquidity

TSINY monitors its cash position daily, striving to maintain sufficient liquidity to meet its operating needs and other contractual commitments and to maximize the yield from its investable funds.

An analysis of financial assets available at 30 June is as follows:

	2022	2021
Financial assets at year end	$17,415,622	$21,523,726
Board designated net assets	(2,128,785)	(2,128,785)
Restricted by donors or contract as to use	(1,057,101)	(822,409)
Financial assets available to meet short-term needs	$14,229,736	$18,572,532

4 Revenue from consumers

Fees for services

In 2021, TSINY adopted FASB Accounting Standards Update ("ASU") No.2014-09 *Revenue from Contracts with Customers (Topic 606)*. The adoption did not have an impact on the recognition of net revenues for any periods prior to adoption. The most significant impact of adopting this new standard is that Fee for services revenue, representing revenues for services provided to consumers, is presented net of implicit price concessions in the Consolidated Statements of Activities and Net Assets without Donor Restrictions.

Client resident fees

Such fees are charged to consumers, usually monthly, for services provided while they reside in TSINY residential facilities. These fees are primarily supported by SSI/SSA and other sources of consumer income.

The new standard requires disaggregated disclosure of the components of Fee for services revenue for the years ended 30 June as follows:

	2022	2021
Medicaid	$8,481,244	$6,575,875
Medicaid Managed Care	1,865,061	2,402,304
Medicare	256,899	743,753
Other sources	13,867	99,015
Total	$10,617,071	$9,820,947

5 Net assets with donor restrictions

TSINY solicits funds with the specific understanding that the gifts will be invested and only the income from those gifts expended for the general operations of TSINY. These gifts are commingled with other investments. Spending from endowments by a not-for-profit corporation in New York State is currently governed by the New York Prudent Management of Institutional Funds Act (NYPMIFA), enacted in 2010. TSINY interprets NYPMIFA as requiring that, unless the donor specifies otherwise, the total historical dollar value of contributions with such donor restrictions be maintained as the minimum fair value of the endowment. At 30 June 2022 and 2021 TSINY exceeded this threshold by $9,197,602 and $12,343,885, respectively.

6 Investments

Investments consisted of the following at 30 June:

	2022	2021
Mutual funds – Fixed income	$2,599,599	$2,956,635
Mutual funds - Equities	6,733,208	9,513,311
	$9,332,807	$12,469,946

Investment results for the years ended 30 June were as follows:

	2022	2021
Opening balance	$12,469,946	$6,416,297
Deposits/(withdrawals)	(113,245)	1,273,905
Purchases	3,412,962	3,748,406
Sales	(4,709,442)	(1,381,390)
Realized net gain	1,126,234	372,834
Unrealized net gain/(loss)	(2,853,648)	2,039,894
	$9,332,807	$12,469,946

Investment income for 2022 and 2021 included $214,293 and $193,665, respectively, in interest and dividends. Investments are subject to market volatility which could change their carrying value in the near term.

7 Nonrecourse mortgages

Nonrecourse mortgages are debts assumed by partnerships controlled by TSINY secured only by the specific assets covered by the respective agreement.

In May 2022, Building 163 SC HDFC, Inc. arranged a $2.7 million loan from the Corporation for Supported Housing. Inc., at an interest rate of 4.37%, giving a security interest in the real property that was then purchased, to develop a 50 bed residential facility. This loan will be due and replaced by permanent funding as development continues.

In June 2019, TSINY 89th Avenue LP arranged a maximum debt facility of $21,667,805 from a bank giving a mortgage and security interest in real property, including a building being constructed in Jamaica, New York. The due dates of these mortgages, originally June 2022, were extended to June 2023 at an interest rate of 2.1145% over one-month SOFR. These mortgages will be replaced by permanent financing when construction is complete.

8 Property & equipment

Property & equipment consisted of the following at 30 June:

	2022	2021	Est useful lives
Land	$2,107,226	$1,707,226	
Works of art	41,849	41,849	
Buildings & improvements	30,975,263	30,234,927	40 years
Co-op apartments	148,000	148,000	40 years
Leasehold improvements	20,587,489	20,571,779	20-50 years
Furniture & equipment	2,682,606	2,461,601	5 years
Construction in progress	30,231,147	21,600,210	
	86,773,580	76,765,592	
Accumulated depreciation	17,905,768	16,432,387	
	$68,867,812	$60,333,205	

These balances do not include remaining construction contract commitments of $2,166,512 as of 30 June 2022.

9 Mortgages & loans

Mortgages and loans are debts assumed by TSINY secured by its general assets. Terms on such outstanding debts at 30 June were as follows :

Origination		2022	2021	Rate	Monthly	Due
2019	$525,000	$490,253	$503,365	4.34%	$2,892	2029
2015	435,000	121,108	168,431	4.15%	4,452	2025
2013	1,000,000	646,310	688,817	4.48%	6,364	2024
2014	973,000	352,299	424,258	4.61%	7,502	2026
2020	1,500,000	-	1,517,384	1.00%	-	-
		1,609,970	3,302,255			
Net financing		(573,119)	(589,150)			
		1,036,851	2,713,105			

The 2020 borrowing noted above was received as part of the Small Business Administration's Payroll Protection Program. In accordance with the terms of the program this loan was fully forgiven in 2022 and was recorded in the Statement of Activities and Net Assets without Donor Restrictions as a "Gain from debt extinguishment".

Future annual principal payments of these debts are due as follows:

2023	$784,059
2024	144,237
2025	117,597
2026	101,776
2027	44,859
Thereafter	417,442
	1,609,970

10 Deferred construction financing

These amounts represent income to be recognized in the future associated with construction projects financed or partly financed by the New York State Office of Mental

Health (NYSOMH). These mortgages were all issued with the understanding that as long as TSINY used these properties "for charitable purposes benefitting the community mental health service for which this mortgage has been made" no payments would be made to NYSOMH by TSINY and that NYSOMH would make payments to the property's owner, the Dormitory Authority of the State of New York (DASNY), on TSINY's behalf.

Construction of TSINY's residence in the Bronx and leasehold improvements to the Hillside Avenue facility (Building #67) owned by and leased from DASNY to TSINY were financed with non-recourse mortgages from NYSOMH directly to TSINY. Because TSINY does not expect to violate this agreement by not operating in accordance with its exempt purpose, these mortgages are not reflected in these financial statements.

Renovations of the facilities on Winchester Boulevard by TSINY Building 74LP and on 163 Street by TSINY 163rd Street LP were financed by loans from DASNY and equity investments from partnerships established by TSINY with independent purchasers of federal low-income housing tax credits generated by those projects.

11 Provider Relief Fund

In March 2020, as part of the CARES Act, Congress created a Provider Relief Fund to provide financial support for healthcare providers. TSINY received $19,511 and $530,090 in 2022 and 2021, respectively as part of this funding. The 2021 amount was recorded in accordance with FASB ASC 958-605 guidance for conditional contributions and was included in the 2021 Balance Sheet as part of "Due to governmental funders". In accordance with the funding's terms, TSINY applied the total funding against eligible expenses and included $549,601 in "Grants & contributions" in the Statement of Activities and Net Assets without Donor Restrictions.

12 Contribution of Nonfinancial Asset

In 2022 TSINY was contributed a building which is being refurbished for use in its Supported housing program. This contribution was made without restrictions. In valuing the contributed building, located in Corona, Queens, TSINY estimated the fair value based upon recent property sales in the area.

13 Pension

TSINY maintains a qualified defined benefit pension plan (the "Plan") for all eligible employees. Pension benefits are generally based on years of service and employee's average compensation. Plan assets consist of mutual funds held by an investment company. The Plan is funded solely through TSINY contributions, which are actuarially determined, and are designed to meet the minimum funding standards of the Employee Retirement Income Security Act of 1974.

Plan activity for years ended 30 June:

	2022	2021
Service (included in employee benefits)	$775,039	$661,051
Interest	388,010	383,558
Expected asset return	(608,701)	(488,482)
Recognized actuarial loss	290,833	280,657
Total pension cost	845,181	836,784
Employer contributions	1,004,616	1,076,381
Benefits paid	904,616	916,074
Accumulated benefit obligation	10,652,667	14,145,290

Plan funding

The funded status of the Plan and the amounts reflected in TSINY's balance sheets as of 30 June are as follows:

	2022	2021
Projected benefit obligation	$11,397,794	$14,558,703
Plan assets at fair value	8,034,350	9,190,402
Funding deficit	3,363,444	5,368,301
Accrued pension cost	221,963	381,398

Plan assumptions

Considering the historical return on the Plan's assets and the current allocation of those assets, the measurement of the net periodic pension cost was based upon the following weighted-average assumptions:

	2022	2021
Discount rate	4.40%	2.75%
Rate of increase of future compensation levels	1.25%	1.25%
Expected long-term rate of return on plan assets	6.00%	6.00%

Plan assets

Considering the demographics of the Plan's participants and the Trustee's wish to limit the Plan's investment risk, the Trustees have determined a target allocation of plan assets of 60% equity, 35% fixed-income, and 5% alternative-based investments. This allocation is reviewed periodically by the Trustees.

As of 30 June, assets of the Plan were as follows:

	2022	2021
Mutual funds – Equities	57.5%	66.3%
Mutual funds – Fixed income	28.5%	25.3%
Cash and equivalents	3.8%	2.5%
Amounts due from the sponsor	10.2%	5.9%
	100.0%	100.0%

Prospective plan cash flows

TSINY expects to contribute a minimum of $900,000 to the Plan in 2023. The Plan expects to pay the following amounts, which include amounts for services to be provided in the future, as follows:

2023	$382,605
2024	563,568
2025	578,674
2026	629,263
2027	686,418
Next five years	3,583,260

14 Commitments & contingencies

TSINY is subject to certain claims and pending litigation, which are covered by insurance policies, that have arisen in the ordinary course of business. They are not expected to have a materially adverse effect on TSINY's financial position or changes in net assets.

New York State and New York City Program Reviews

In accordance with TSINY's contractual relationships with certain governmental funders, those funders have the right to examine TSINY's books and records as they pertain to those contracts.

Operating lease obligations

TSINY is obligated, in accordance with various leases, to pay annual minimum real property rentals in the future. Many of these operating lease payments are for apartments occupied by TSINY clients who, as part of their agreements with TSINY, contribute to the cost of their apartments. The rental obligation in the following table is not offset by any possible recipient rental payments:

2021 Actual	$7,303,887
2022 Actual	7,605,043
2023	3,469,544
2024	1,754,059
2025	639,558
2026	642,467
2027	656,893
2028	338,365

Facility construction and renovations

TSINY operates programs at sites which it leases from New York State and which are being renovated. The funds for these renovations are advanced to TSINY by New York State (see also Note 10). When these renovations are complete, management expects that New York State will contribute the renovations to TSINY either in the form of long-term financing which will not be repaid or as an outright contribution. TSINY has been notified by NYSOMH of allocation of 50 beds in the Lower Hudson Valley region. In addition, TSINY has been awarded a total of a 50 bed and two 30 bed allotments under the NYS Empire State Supportive Housing Initiative. Placing these beds into service will depend upon the acquisition and development of suitable residential facilities. TSINY anticipates accomplishing this over the next four to five years with a mixture of NYSOMH and external financing.

TSINY has also been notified that NYSOMH has approved the development of a 10 bed short-term respite program in Queens.

15 Subsequent events

TSINY has evaluated all events taking place subsequent to the balance sheet date and through 14 February 2023, the date these statements were available to be issued. There were no events or transactions occurring during that period which require recognition or disclosure in these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

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Board of Directors
Transitional Services for New York, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of Transitional Services For New York, Inc. and Affiliates (the "Organization"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets without donor restrictions, changes in net assets with donor restrictions and noncontrolling interest, functional expenses and cash flows for the years 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 Organization as of June 30, 2022 and 2021, and the consolidated changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable based on the consolidated statements.

In performing an audit in accordance with GAAS, we:

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

New York, New York
February 14, 2023

Baker Tilly US, LLP