



New York City Energy Efficiency Corporation

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2023 and 2022

NEW YORK CITY ENERGY EFFICIENCY CORPORATION

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2023 AND 2022

CONTENTS

	<u>Pages</u>
Independent Auditors' Report.....	1-2
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-18



INDEPENDENT AUDITORS' REPORT

The Board of Directors of
New York City Energy Efficiency Corporation
New York, NY

Opinion

We have audited the financial statements of New York City Energy Efficiency Corporation ("NYCEEC"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NYCEEC as of June 30, 2023 and 2022, and the changes in its net assets and its 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYCEEC 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.

Change in Accounting Principle

As discussed in Note 2N to the financial statements, NYCEEC changed its method of accounting for leases as a result of the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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

Auditors' 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Mayer Hoffman McCann CPAs

The New York Practice of Mayer Hoffman P.C.
An Independent CPA Firm
685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
Fax: 212.370.3759
mhmcpa.com

A member of Kreston Global – a global network of accounting firms



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 NYCEEC'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 NYCEEC'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.

Mayer Hoffman McCann CPAs

New York, NY
November 20, 2023

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2H, 3 and 4)	\$ 10,197,869	\$ 11,098,438
Investments (Notes 2L and 8)	3,370,213	-
Government grants receivable (Notes 2K, 3 and 6)	514,776	729,163
Loans receivable, net (Notes 2D, 2E, 3, 7 and 10)	7,715,720	5,451,430
Contributions receivable (Notes 2J, 3 and 5)	578,290	182,498
Fees and interest receivable (Notes 2K and 3)	173,958	309,916
Prepaid expenses and other assets	143,850	111,106
Total current assets	22,694,676	17,882,551
Noncurrent assets		
Restricted cash and cash equivalents (Notes 3 and 4)	4,148,279	8,028,287
Restricted cash - escrows held (Notes 3, 4 and 10)	99,378	99,378
Restricted deposit with NYCHDC (Notes 3 and 9)	-	985,000
Loans receivable, net (Notes 2D, 2E, 3, 7 and 11)	16,649,728	19,597,267
Property and equipment, net (Notes 2F and 13)	4,711	7,538
Operating lease right-of-use assets (Notes 2N and 15)	654,964	-
Total noncurrent assets	21,557,060	28,717,470
TOTAL ASSETS	\$ 44,251,736	\$ 46,600,021
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 2G)	\$ 947,777	\$ 1,262,859
Unearned revenue (Note 2J)	60,734	39,820
Operating lease liabilities (Notes 2N and 15)	154,937	-
Total current liabilities	1,163,448	1,302,679
Noncurrent liabilities		
Escrows due (Note 10)	124,378	124,378
Notes payable (Note 14)	13,311,790	14,900,000
Operating lease liabilities (Notes 2N and 15)	585,062	-
Total noncurrent liabilities	14,021,230	15,024,378
TOTAL LIABILITIES	15,184,678	16,327,057
COMMITMENTS AND CONTINGENCIES (Note 17)		
NET ASSETS (Note 2B)		
Net assets without donor restrictions	3,304,318	3,122,779
Net assets with donor restrictions (Note 18)	25,762,740	27,150,185
TOTAL NET ASSETS	29,067,058	30,272,964
TOTAL LIABILITIES AND NET ASSETS	\$ 44,251,736	\$ 46,600,021

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

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
SUPPORT AND REVENUE						
Contributions (Notes 2J and 5)	\$ -	\$ 1,550,000	\$ 1,550,000	\$ -	\$ 775,000	\$ 775,000
Government grants (Notes 2K and 6)	1,192,855	-	1,192,855	1,441,305	-	1,441,305
Other grants	21,175	-	21,175	167,900	-	167,900
Fee income (Note 2K)	248,711	-	248,711	356,258	-	356,258
Interest from loans receivable (Note 2K)	1,730,668	-	1,730,668	1,571,471	-	1,571,471
Investment activity (Notes 2L and 8)	38,243	-	38,243	-	-	-
Interest income (Note 2L)	111,254	-	111,254	1,560	-	1,560
Paycheck Protection Program loan forgiveness (Note 16)	-	-	-	303,297	-	303,297
Net assets released from restrictions (Notes 2B and 18)	2,937,445	(2,937,445)	-	4,414,359	(4,414,359)	-
TOTAL SUPPORT AND REVENUE	6,280,351	(1,387,445)	4,892,906	8,256,150	(3,639,359)	4,616,791
EXPENSES (Note 2C)						
Program services	5,160,021	-	5,160,021	6,601,381	-	6,601,381
Management and administration	914,786	-	914,786	903,096	-	903,096
Fundraising	24,005	-	24,005	29,290	-	29,290
TOTAL EXPENSES	6,098,812	-	6,098,812	7,533,767	-	7,533,767
CHANGE IN NET ASSETS	181,539	(1,387,445)	(1,205,906)	722,383	(3,639,359)	(2,916,976)
Net assets - beginning of year	3,122,779	27,150,185	30,272,964	2,400,396	30,789,544	33,189,940
NET ASSETS - END OF YEAR	\$ 3,304,318	\$ 25,762,740	\$ 29,067,058	\$ 3,122,779	\$ 27,150,185	\$ 30,272,964

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

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Totals for the Year Ended June 30, 2022)

	For the Year Ended June 30, 2023					
	Program Services	Supporting Services		2023 Total		2022 Total
		Management and Administration	Fundraising			
Salaries and wages	\$ 1,547,137	\$ 367,773	\$ 17,588	\$ 1,932,498	\$ 1,721,687	
Payroll taxes and employee benefits (Note 19)	<u>331,202</u>	<u>78,731</u>	<u>3,765</u>	<u>413,698</u>	<u>380,620</u>	
Total personnel services	1,878,339	446,504	21,353	2,346,196	2,102,307	
Professional and consulting fees	186,868	387,082	22	573,972	532,659	
Occupancy (Note 15)	138,336	29,662	1,376	169,374	186,505	
Utilities	3,749	804	37	4,590	4,882	
Insurance	33,139	7,106	330	40,575	33,555	
Travel, meetings and conferences	16,665	3,573	166	20,404	9,489	
Supplies and office expense	9,544	2,046	95	11,685	11,265	
Telecom, internet and website	48,690	10,440	484	59,614	47,125	
Postage and delivery	412	88	4	504	1,300	
Minor furniture, equipment and leases	11,527	2,472	115	14,114	28,366	
Payroll and benefits processing fees	-	17,622	-	17,622	11,722	
Banking, finance and miscellaneous fees (Note 14)	574,142	6,892	-	581,034	508,133	
Depreciation (Note 13)	<u>2,309</u>	<u>495</u>	<u>23</u>	<u>2,827</u>	<u>19,338</u>	
Total expenses before provision for loan losses	2,903,720	914,786	24,005	3,842,511	3,496,646	
Provision for loan losses (Notes 2E and 7)	<u>2,256,301</u>	<u>-</u>	<u>-</u>	<u>2,256,301</u>	<u>4,037,121</u>	
Total expenses	<u>\$ 5,160,021</u>	<u>\$ 914,786</u>	<u>\$ 24,005</u>	<u>\$ 6,098,812</u>	<u>\$ 7,533,767</u>	

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

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total Supporting Services	2022 Total
		Management and Administration	Fundraising		
Salaries and wages	\$ 1,348,614	\$ 352,442	\$ 20,631	\$ 373,073	\$ 1,721,687
Payroll taxes and employee benefits (Note 19)	298,143	77,916	4,561	82,477	380,620
Total personnel services	<u>1,646,757</u>	<u>430,358</u>	<u>25,192</u>	<u>455,550</u>	<u>2,102,307</u>
Professional and consulting fees	162,211	370,448	-	370,448	532,659
Occupancy (Note 15)	146,091	38,179	2,235	40,414	186,505
Utilities	3,824	999	59	1,058	4,882
Insurance	26,284	6,869	402	7,271	33,555
Travel, meetings and conferences	7,433	1,942	114	2,056	9,489
Supplies and office expense	8,824	2,306	135	2,441	11,265
Telecom, internet and website	36,913	9,647	565	10,212	47,125
Postage and delivery	1,018	266	16	282	1,300
Minor furniture, equipment and leases	22,219	5,807	340	6,147	28,366
Payroll and benefits processing fees	-	11,722	-	11,722	11,722
Banking, finance and miscellaneous fees (Note 14)	487,539	20,594	-	20,594	508,133
Depreciation (Note 13)	<u>15,147</u>	<u>3,959</u>	<u>232</u>	<u>4,191</u>	<u>19,338</u>
Total expenses before provision for loan losses	2,564,260	903,096	29,290	932,386	3,496,646
Provision for loan losses (Notes 2E and 7)	<u>4,037,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,037,121</u>
Total expenses	<u>\$ 6,601,381</u>	<u>\$ 903,096</u>	<u>\$ 29,290</u>	<u>\$ 932,386</u>	<u>\$ 7,533,767</u>

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

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,205,906)	\$ (2,916,976)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Forgiveness of Paycheck Protection Program loan payable	-	(303,297)
Depreciation	2,827	19,338
Provision for loan losses	2,256,301	4,037,121
Amortization of deferred rent	-	(6,924)
Amortization of right of use asset	138,728	-
Subtotal	1,191,950	829,262
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government grants receivable	214,387	356,802
Contributions receivable	(395,792)	187,743
Fees and interest receivable	135,958	79,522
Prepaid expenses and other assets	(32,744)	(47,543)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(223,125)	157,070
Unearned revenue	20,914	39,820
Lease liability	(145,650)	-
Net Cash Provided by Operating Activities	765,898	1,602,676
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest capitalized	(179,071)	(255,706)
Disbursements of loans	(8,301,126)	(10,072,088)
Repayments of loans	6,907,145	10,792,765
Acquisitions of property and equipment	-	(13,066)
Net Cash (Used in) Provided by Investing Activities	(1,573,052)	451,905
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	10,000,000	2,400,000
Repayments of notes payable	(11,588,210)	(2,500,000)
Net Cash Used in Financing Activities	(1,588,210)	(100,000)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,395,364)	1,954,581
Cash, cash equivalents and restricted cash – Beginning of year	20,211,103	18,256,522
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – END OF YEAR	\$ 17,815,739	\$ 20,211,103
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 571,300	\$ 553,813
Statement of Financial Position Reconciliation:		
Cash and cash equivalents	\$ 10,197,869	\$ 11,098,438
Investments	3,370,213	-
Restricted cash and cash equivalents	4,148,279	8,028,287
Restricted cash - escrows held	99,378	99,378
Restricted deposit with NYCHDC	-	985,000
Cash, cash equivalents and restricted cash – End of year	\$ 17,815,739	\$ 20,211,103

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

New York City Energy Efficiency Corporation (“NYCEEC”) is a non-profit, specialty finance company that delivers financing solutions and advances markets for energy efficiency and clean energy in buildings. NYCEEC finances energy efficiency, fuel conversion, demand response and building-scale renewable energy and storage projects.

NYCEEC is governed by a Board of Directors whose membership includes public officials and private individuals. In fiscal year 2014, NYCEEC’s Board of Directors voted to become self-perpetuating and, as such, NYCEEC is no longer a component unit of The City of New York (the “City”).

On November 29, 2012, NYCEEC received notice from the Internal Revenue Service (“IRS”) that its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code was approved, and it is exempt from federal income taxes. NYCEEC is considered a public charity under Section 170(b)(1)(A)(vi). NYCEEC was incorporated under the laws of the State of New York (the “State”) and is exempt from State and local income and sales taxes.

NYCEEC makes predevelopment construction and permanent loans and provides credit enhancement in the form of loan loss reserves exclusively for energy efficiency and clean energy projects at buildings. NYCEEC also partners with various lending organizations to finance such projects while encouraging best practices with respect to energy efficiency retrofit implementation and ongoing performance monitoring.

NYCEEC’s project loans are primarily funded by Federal funds as well as funds received from the City, State, private banks and philanthropic foundations. NYCEEC’s operations are primarily funded through earnings on its project loans and funds received through the contract with the City and a contract with the State as well as several philanthropic grants that NYCEEC has been awarded since inception.

In accordance with its governing documents, NYCEEC officers have the responsibility to approve or disapprove certain financing transactions while other transactions must be approved by certain members of the Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The accompanying financial statements of NYCEEC have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to not-for-profit organizations as defined by the Financial Accounting Standards Board (“FASB”).

B. *Basis of Presentation*

NYCEEC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – include resources that are not subject to donor-imposed stipulations and, therefore, may be expended for any purpose in performing the primary objectives of NYCEEC.

Net Assets With Donor Restrictions – include resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Functional Allocation of Expenses*

The costs of providing NYCEEC's program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated between program and supporting services benefited. Such allocations are determined by management on an estimated reasonable basis.

The expenses that are allocated include salaries and wages, which were allocated based on management's estimate of the time spent by each employee in each functional category. The payroll taxes and employee benefits were allocated based on the allocation of staff salaries. Professional and consulting fees were directly applied to a functional category depending on the purpose of the services, and indirect costs are allocated on the basis of staff full time employees.

D. *Loans Receivable*

Loans receivable are funds utilized for financing clean energy and energy efficiency projects. Loans receivable represent funds drawn by borrowers and any interest capitalized on those funds. Non-capitalized interest on borrowed funds is recognized as interest receivable. The loan terms vary and generally have repayment periods of up to 15 years.

Loans are considered past due when payment of scheduled principal or interest is not received within 30 days from the payment due date. NYCEEC's policy places a loan on non-accrual status when payments of principal or interest are 120 days past due or more unless the loan is in the process of collection and management reasonably expects full collection. Management may place a loan on non-accrual status whether the loan is past due or when it is evident that full payment of the loan is not expected. Interest on non-accrual status loans will not be recognized on an accrual basis from the point they are placed on non-accrual status. A non-accrual loan will be returned to accrual status when all past due payments are brought current and management believes repayment of contractually owed principal and interest is reasonably assured.

E. *Provision for Uncollectible Amounts*

NYCEEC establishes a provision for possible uncollectible amounts based on an analysis of receivables deemed uncollectible. NYCEEC's policy is based on its internal evaluation of the individual loans and their associated risk. These amounts are recorded in the accompanying financial statements under loans receivable or fees and interest receivable, as applicable (see Note 7).

As of June 30, 2023 and 2022, the accompanying financial statements included provisions on allowance for uncollectible loans of \$37,258,300 and \$29,713,410, respectively. During the years ended June 30, 2023 and 2022, NYCEEC loan interest from borrowers deemed uncollectible amounted to \$5,288,589 and \$4,394,731, respectively, and is offset against interest income. Provision for loan losses for the years ended June 30, 2023 and 2022 amounted to \$2,256,301 and \$4,037,121, respectively.

F. *Property and Equipment*

It is NYCEEC's policy to capitalize property and equipment with a cost over \$5,000 and a useful life of at least three years. Property and equipment are stated at their original costs or at their fair values at the dates of donation. Depreciation is provided using the straight-line method over the estimated useful lives. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the lease term.

G. *Deferred Rent*

NYCEEC records rent expenses associated with its office lease on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements. For the year ended June 30, 2023, NYCEEC adopted FASB ASU 2016-02, *Leases*, (Topic 842) (see Note 15).

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash and Cash Equivalents

For purposes of the statements of cash flows, NYCEEC considers all highly liquid investments available for current use with an initial or remaining maturity of three months or less to be cash equivalents.

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

J. Accounting Government Grants and Contributions

Contribution revenue is recorded at fair value when the donor makes an unconditional promise to give. Amounts are recorded as with donor restrictions if they have donor stipulations that limit the use of the donated asset. 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 statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grant funds are released from restriction as eligible operating and capital expenses are incurred. When both restricted and unrestricted resources are available for use, it is NYCEEC's policy to use restricted resources first, and then unrestricted resources as they are needed.

Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved, unless deemed to be *de minimis*.

Government grant funds from the City used to capitalize NYCEEC's revolving loan fund and loan loss reserve fund are recorded as grant revenue when committed and funding is certain. Expense driven grants are recognized as revenue when qualifying expenses have been incurred and all other grant requirements have been met. Government grant funds received prior to qualifying expenses being incurred are recorded as unearned revenue.

Government grants receivable consists of eligible costs under government grants that were incurred prior to the fiscal year-end and funds committed for the loan fund and loan loss reserve fund for which payment has not been received.

Grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Government grants amounted to \$1,192,855 and \$1,441,305 for the years ended June 30, 2023 and 2022, respectively, and are included in the statements of activities.

As of June 30, 2023 and 2022, NYCEEC received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$1.1 million and \$1.6 million, respectively. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and NYCEEC may be required to return the funds already remitted.

K. Fee Income and Interest Receivable

Program revenue includes income from interest and fees on loans and loan loss reserve transactions. Such income is recognized when earned. Fees are due and payable when earned.

When interest is capitalized during the construction period, it is reflected as loans receivable. Interest is due and payable monthly or quarterly based on the amortization schedule shared with the borrower.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Investments

Investments are measured at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 8.

M. Leases

NYCEEC determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position as of June 30, 2023. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. NYCEEC does not report ROU assets and lease liabilities for its short-term leases (leases with a remaining term of 12 months or less from the later of lease inception or Topic 842 adoption). Instead, the lease payments of those leases are reported as lease expenses on a straight-line basis over the lease term.

N. Recent Accounting Pronouncements

NYCEEC adopted FASB ASU 2016-02, *Leases*, (Topic 842) for the year ended June 30, 2023. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. NYCEEC adopted Topic 842 as of July 1, 2022, which required the recognition of lease assets and liabilities of \$793,692 and \$885,650, respectively, as of that date. The lease liability was valued using the present value of remaining lease payments. The adoption of Topic 842 was done using a modified retrospective approach that does not require restating prior periods, and as such, the adoption had no impact to the prior year financial statements, including the change in net assets as previously reported.

O. Reclassifications

Certain line items in the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2023, NYCEEC had working capital of approximately \$13.8 million and a current ratio of 12.9. At year end, unrestricted cash and cash equivalents of approximately \$10.2 million represented 798 days of cash on hand based on the fiscal year 2024 operating budget, with the majority of these funds intended for lending. NYCEEC additionally had short-term receivables of approximately \$7.7 million. An additional \$4.1 million in cash and cash equivalents is restricted specifically for lending purposes.

The following tables show the total financial assets held and the amounts of those financial assets that could be made readily available within one year of the statements of financial position date to meet general expenditures as of June 30:

Financial assets available to meet general expenditures over the next 12 months are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,197,869	\$ 11,098,438
Government grants receivable	514,776	729,163
Contributions receivable	578,290	182,498
Fees and interest receivables	173,958	309,916
Investments	3,370,213	-
Loans receivable, net	<u>7,715,720</u>	<u>5,451,430</u>
	22,550,826	17,771,445
Less: contributions receivable with donor restrictions	<u>(550,000)</u>	<u>(140,625)</u>
	<u>\$ 22,000,826</u>	<u>\$ 17,630,820</u>

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 – CASH AND CASH EQUIVALENTS

As of June 30, 2023, NYCEEC's bank balance was \$14,443,536. Of the bank balance, \$250,000 was covered by Federal Deposit Insurance Corporation ("FDIC") insurance, and \$14,356,493 was fully collateralized under a pledge and assignment agreement with JP Morgan Chase. As of June 30, 2023 there is no uncollateralized amount.

NOTE 5 – CONTRIBUTIONS

NYCEEC was awarded a total of \$1,550,000 and \$775,000 in private foundation funding during the years ended June 30, 2023 and 2022, respectively. Since inception, NYCEEC has been awarded \$10.4 million in private foundation funding. As of June 30, 2023 and 2022, the outstanding receivable balance amounted to \$578,290 and \$182,498, respectively.

NOTE 6 – GOVERNMENT GRANTS AND CONTRACTS

In 2011, NYCEEC was awarded an allocation from the City under the Energy Efficiency and Conservation Block Grant Program ("EECBG") in the amount of \$37.5 million, which was received in full. Of this amount, a total of \$32.8 million was used to capitalize a revolving loan fund and loan loss reserve fund and has been recorded as grant revenue in prior periods.

The City committed to funding NYCEEC an additional \$8.2 million over three years, beginning June 2015 for additional clean energy financing and related services. Of this \$8.2 million, \$5 million was used to capitalize a revolving loan fund and has been recorded as revenue in the statements of activities. In 2017, the City committed \$3.9 million over a five year period and in 2020 committed \$3.8 million over a three year period to additional clean energy financing and related services. NYCEEC recorded a receivable balance from the City as of June 30, 2020 amounting to \$507,660 for expenditures incurred. As of June 30, 2023 and 2022, \$514,776 and \$729,163, respectively, was included in government grants receivable on the accompanying financial statements for expenditures incurred. The City may make further allocations to NYCEEC upon request and submission.

As of both June 30, 2023 and 2022, net assets received under the contract with the City and restricted for purposes of the revolving loan fund and loan loss reserve fund were approximately \$26.5 million (see Note 18). For the years ended June 30, 2023 and 2022, approximately \$2.0 million and \$3.8 million, respectively, of loan funding from the City was released from restrictions to cover the provision for loan losses on anticipated uncollectible loans receivable funded by the City.

NOTE 7 – LOANS AND COLLATERAL COMMITMENTS

A. Loans and Collateral Commitments

NYCEEC has received federal grants and a private grant that are to be utilized for financing clean energy and energy efficiency. NYCEEC has also secured participant lenders and other borrowing facilities to fund its project loan portfolio. Through June 30, 2023, NYCEEC has closed one-hundred twenty nine financing transactions, totaling approximately \$120 million. These one-hundred twenty nine transactions have consisted of six loan loss reserve transactions totaling \$12.2 million and one-hundred twenty three loans totaling \$107.5 million since inception.

Of the \$107.5 million in NYCEEC loan commitments, \$100.6 million has been drawn by borrowers through June 30, 2023 and approximately \$6.9 million remains to be drawn. In fiscal year 2023, interest of \$5.6 million was capitalized and added to principal. NYCEEC has collected approximately \$6.9 million in principal repayments in fiscal year 2023.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LOANS AND COLLATERAL COMMITMENTS (Continued)

Loans receivable consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Loans receivable, beginning	\$ 60,797,752	\$ 55,083,689
Loan disbursements	11,317,088	11,821,613
Interest capitalization	5,649,986	4,685,215
Loan repayments	<u>(6,907,145)</u>	<u>(10,792,765)</u>
Loans receivable, ending	70,857,681	60,797,752
Less: allowance	(37,258,300)	(29,713,410)
Less: loans serviced on behalf of third parties	<u>(9,233,933)</u>	<u>(6,035,645)</u>
 Loans receivable, net	 <u>\$ 24,365,448</u>	 <u>\$ 25,048,697</u>

The following is a summary of the scheduled principal repayments to be received on all of NYCEEC's loans (before the provision for uncollectible amounts) as of June 30:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 13,359,619	\$ 8,577,638
Due within one to five years	47,879,400	14,125,666
Due after five years	<u>9,618,662</u>	<u>38,094,448</u>
	 <u>\$ 70,857,681</u>	 <u>\$ 60,797,752</u>

B. Concentrations

As of June 30, 2023 and 2022, borrowers with outstanding balances in excess of 10% of the gross loans receivable accounted for 65% and 67% of the portfolio, respectively. As of June 30, 2023, the largest concentrations of loans receivable are with two borrowers across three loans and amount to approximately \$36.6 million and \$9.1 million, representing approximately 52% and 13%, respectively, of NYCEEC's loan portfolio, net of participations. These two borrowers, net of participations and specific provisions, constituted 7% and 23%, respectively, of NYCEEC's loan portfolio, net of participations and provisions. As of June 30, 2022, the largest concentrations of loans receivable are with two borrowers across three loans and amount to approximately \$31.2 million and \$9.3 million, representing approximately 51%, and 16%, respectively, of NYCEEC's loan portfolio, net of participations.

C. Ratings and Provisions

NYCEEC uses an internal rating system to determine borrower repayment risk and the appropriate provision. The definitions of the rating levels are summarized below, in addition to amounts provisioned based on analysis of specific receivables deemed uncollectible. NYCEEC is party to guarantee programs with two third parties, under which losses on certain approved loans will be covered by these third parties. Provisions calculated do not include amounts serviced on behalf of third parties.

1. Pass provisioned at 2% of outstanding principal balance: The borrower and the loan are both performing fully to projections and project milestones, or better, with no sign of deterioration in any of the major performance criteria.
2. Watch/Attention provisioned at 10% of outstanding principal balance: Deterioration in one or more major financial performance criteria is a trend requiring increased scrutiny and possible intervention with the borrower.
3. Doubtful/Substandard provisioned at 20% of outstanding principal balance: Borrower or loan shows significant deterioration, requiring restructuring and intervention. Negative trends cannot be easily reversed, and payment on the original terms is extremely doubtful.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LOANS AND COLLATERAL COMMITMENTS (Continued)

An analysis of the allowance for uncollectible amounts as of June 30, 2023 and 2022 by rating category is summarized as follows:

Classification	Loans Receivable	Loan-Loss Reserves	Provision	June 30, 2023, Net
Specific	\$ 39,227,639	\$ -	\$ (36,714,196)	\$ 2,513,443
1	31,630,042	-	(544,104)	31,085,938
	<u>\$ 70,857,681</u>	<u>\$ -</u>	<u>\$ (37,258,300)</u>	33,599,381
Less: Loans serviced on behalf of third parties				<u>(9,233,933)</u>
Net loans receivable				<u>\$ 24,365,448</u>

Classification	Loans Receivable	Loan-Loss Reserves	Provision	June 30, 2022, Net
Specific	\$ 33,760,293	\$ -	\$ (29,246,876)	\$ 4,513,417
1	27,037,459	-	(466,534)	26,570,925
	<u>\$ 60,797,752</u>	<u>\$ -</u>	<u>\$ (29,713,410)</u>	31,084,342
Less: Loans serviced on behalf of third parties				<u>(6,035,645)</u>
Net loans receivable				<u>\$ 25,048,697</u>

NOTE 8 – INVESTMENTS

As of June 30, 2023, investments consist of the U.S. Treasury bills which amounted to \$3,370,213. Investments are subject to market volatility that could change their carrying value in the near term.

For the year ended June 30, 2023, investment activity consists of unrealized gains which amounted to \$38,243.

In determining the fair value, NYCEEC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defined three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in equities, fixed income mutual funds and money market funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate bonds and government securities are valued using quoted prices in inactive markets (Level 2). Level 2 instrument valuations are obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Financial assets carried at fair value as of June 30, 2023 was classified as Level 1 and amounted to \$3,370,213.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – INVESTMENTS (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended June 30, 2023, there were no transfers in or out of levels 1, 2 or 3.

NOTE 9 – RESTRICTED DEPOSIT WITH NYCHDC

NYCEEC provided \$2.5 million to the New York City Housing Development Corporation (“NYCHDC”) for the establishment of the Program for Energy Reduction Loans (“PERL”) loan loss reserve account. In fiscal year 2016, NYCHDC repaid NYCEEC \$1.5 million to reduce the amount held to \$985,000. During fiscal year 2023, there was a repayment of \$985,000 and as of June 30, 2023 and 2022, the amounts held in reserve were \$0 and \$985,000, respectively. This reserve account is maintained by NYCHDC for the benefit of NYCHDC and NYCEEC. NYCHDC may invest the funds on deposit in the reserve account in one or more permitted investments selected by NYCHDC in its sole discretion. All proceeds and earnings of these investments benefit NYCEEC and are paid by NYCHDC to NYCEEC quarterly. If there are any losses on permitted investments, NYCHDC shall deposit the amount of such loss in the reserve account. During the years ended June 30, 2023 and 2022, earnings on this reserve fund were \$3,931 and \$7,865, respectively, and such amounts are included in interest from loans receivable in the accompanying financial statements.

NOTE 10 – ESCROWS HELD AND ESCROWS DUE

Two NYCEEC borrowers have contributed funds to capitalize certain loss reserves in respect of financed projects. The first borrower makes monthly payments to fund reserve balances and quarterly principal and interest payments on the loan. During each of the years ended June 30, 2023 and 2022, there were no payments or interest accrued. To the extent that such funds are not used to repay any amounts owed and unpaid to NYCEEC under the loan agreement, a portion will be returned to the borrower on an annual basis and the balance at the term of the transaction, based on the loan agreement. The second borrower has funded certain reserves during construction of approximately \$99,000 as per schedules established in the associated loan agreements. Such reserves are held in escrow in respect of the financed projects.

NOTE 11 – LOANS SERVICED ON BEHALF OF THIRD PARTIES

Pursuant to contractual arrangements with five third-party participants to co-fund project loans, \$3,642,789 and \$2,094,829 has been contributed by private investors in accordance with loan terms during the years ended June 30, 2023 and 2022, respectively. The total loan participations services on behalf of third parties as of June 30, 2023 and 2022 were \$9,233,933 and \$6,035,645, respectively. This is recognized as a reduction of loans receivable (Note 7).

NOTE 12 – RISK MANAGEMENT

NYCEEC has standard commercial insurance coverage to mitigate typical operational risk.

NYCEEC extends financing for both clean energy and energy efficiency retrofit projects and, in this capacity, NYCEEC is exposed to the risk of non-payment of fees, interest and return of principal. In cooperation with its Board of Directors and consultants, NYCEEC has instituted transaction-specific underwriting standards, due diligence and credit approval procedures, and monitoring procedures to mitigate these risks.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 13,169	\$ 13,169	5 Years
Software	35,493	35,493	3 Years
Computers and equipment	<u>105,552</u>	<u>105,552</u>	3 Years
Total cost	154,214	154,214	
Less: accumulated depreciation	<u>(149,503)</u>	<u>(146,676)</u>	
Net book value	<u>\$ 4,711</u>	<u>\$ 7,538</u>	

Depreciation expense amounted to \$2,827 and \$19,338, respectively, for the years ended June 30, 2023 and 2022.

NOTE 14 – NOTES PAYABLE

On April 15, 2016, NYCEEC entered into an agreement with Bank of America (“BOA”) for a term loan facility with a maximum borrowing capacity of \$10 million, which may be drawn through October 15, 2017, and which matures April 15, 2024 with interim payments due April 15, 2021, 2022 and 2023. Interest accrues on amounts borrowed under the note at 3% per annum and is paid quarterly. As of June 30, 2023 and 2022, NYCEEC has a balance under the note of \$0 million and \$2.5 million, respectively. These amounts are included in notes payable – noncurrent.

On July 1, 2016, NYCEEC entered into agreement with the MacArthur Foundation for a term-loan program related investment in the amount of \$5 million, which may be drawn through June 30, 2018 and which matures July 1, 2031 with interim payments due July 1, 2028, 2029 and 2030. Interest accrues on amounts borrowed under the note at 1% per annum and is paid quarterly. As of June 30, 2023 and 2022, NYCEEC had drawn \$5 million under the note. This amount is included in notes payable – noncurrent.

On July 26, 2016, NYCEEC entered into agreement with Deutsche Bank for a revolving loan facility in the amount of \$5 million, which may be drawn through July 26, 2017, and which matures December 14, 2024. Interest accrues on amounts borrowed under the note at the Secured Overnight Financing Rate (“SOFR”) + 2.40% per annum and is paid quarterly. The facility is subject to an unused facility fee, which accrues on amounts committed but unborrowed at two tenths of one percent (0.20%) and is paid quarterly. As of June 30, 2023 and 2022, NYCEEC has a balance under the note of \$1.7 million and \$5.0 million, respectively. This amount is included in notes payable – noncurrent.

On June 2, 2022, NYCEEC entered into agreement with NY Green Bank for a multi-draw loan facility in the amount of \$5 million, which matures June 2, 2032. This agreement was amended on June 5, 2023 to increase the multi-draw loan facility to \$10 million. Interest accrues on amounts borrowed under the note at 1.5% per annum and is paid quarterly. The loan is subject to a closing fee of \$20,000, payable at the time of the close. As of June 30, 2023 and 2022, NYCEEC had drawn approximately \$6.6 million and \$2.4 million under the note. This amount is included in notes payable – noncurrent.

As June 30, 2023 and 2022, NYCEEC has total notes payable of approximately \$13.3 million and \$14.9 million, respectively. Interest expense for the years ended June 30, 2023 and 2022 amounted to \$547,142 and \$482,370, respectively, and is included in banking, finance and miscellaneous fees in the accompanying statements of functional expenses.

Principal payments on notes payable for the fiscal years ended subsequent to June 30, 2023 are as follows:

2024	\$ -
2025	1,700,000
2026	-
2027	-
2029	-
Thereafter	<u>11,611,790</u>
	<u>\$ 13,311,790</u>

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 – LEASES

NYCEEC leases a facility under a long-term non-cancelable operating lease agreements. NYCEEC assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As noted in Note 2N, NYCEEC adopted FASB ASC 842 as of July 1, 2022, which had no impact on the prior year statement of financial position or its change in net assets. No comparative information is provided for the amounts reported on the statement of financial position as of June 30, 2022, since NYCEEC used the modified retrospective method of transition that does not require restating the prior period.

The weighted-average discount rate is based on the risk-free rate. NYCEEC has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted average remaining lease term in years:

Operating leases	4.34
------------------	------

Weighted average discount rate:

Operating leases	2.88%
------------------	-------

As of June 30, 2023, the ROU asset balance totaled \$654,964 and lease liabilities totaled \$739,999 as shown on the accompanying statement of financial position. Future minimum payments for non-cancelable leases for the remaining years ending after June 30, 2023 are as follows:

	<u>Operating Leases</u>
2024	\$ 173,843
2025	183,848
2026	183,848
2027	183,848
2028	61,283
Total lease payments	786,670
Less: present value discount	(46,671)
Present value of lease liabilities	\$ 739,999

Rent expense for the years ended June 30, 2023 and 2022 amounted to \$161,916 and \$162,119, respectively, and is included in occupancy costs in the accompanying statements of functional expenses.

NOTE 16 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty-four week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to NYCEEC’s employees. NYCEEC applied for this loan through Chase Bank and received \$327,005 in April 2020. NYCEEC opted to account for the PPP loan under FASB Accounting Standards Codification (“ASC”) Topic 470, “Debt” and recognized a gain, of the entire amount plus accrued interest, resulting from the forgiveness upon legal release of its obligation from the bank and/or the SBA.

NYCEEC participated in the second round of PPP, which enabled NYCEEC to obtain a loan from the SBA. NYCEEC received the PPP loan in the amount of \$303,297 in April 2021. This was forgiven in January 2022 and is included in the accompanying statement of activities for the year ended June 30, 2022.

NEW YORK CITY ENERGY EFFICIENCY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. *Contingencies for Future Audits by Governmental Funding Sources*

Pursuant to NYCEEC’s contractual relationships with its governmental funding sources, governmental agencies have the right to examine NYCEEC’s books and records involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances.

B. *Income Taxes*

NYCEEC believes it had no uncertain tax positions as of June 30, 2023 and 2022 in accordance with FASB ASC Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 18 – NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2023 and 2022, net assets with donor restrictions amounted to \$25,762,740 and \$27,150,185, respectively. Of this amount, \$1,242,357 and \$629,802, respectively, has been received from private sources to fund future NYCEEC operations and \$24,520,383 and \$26,520,383, respectively, is intended to fund the revolving loan fund and loan loss reserve fund.

Net assets with donor restrictions were restricted for the following as of June 30:

	2023	2022
Revolving loan and loan loss reserve fund	\$ 24,520,383	\$ 26,520,383
Time restrictions	1,242,357	629,802
Net book value	\$ 25,762,740	\$ 27,150,185

During the years ended June 30, 2023 and 2022, \$2,937,445 and \$4,414,359, respectively, in allowable expenditures satisfied donor restrictions. During the years ended June 30, 2023 and 2022, these amounts included approximately \$2.0 and \$3.8 million, respectively, in funding released to cover the provision for loan losses on anticipated uncollectible loans receivable. Such amounts are recorded as net assets released from restrictions in the accompanying statements of activities.

NOTE 19 – RETIREMENT PLAN

NYCEEC maintains a contributory, defined-contribution 401(k) plan covering all employees who meet specific eligibility requirements. The plan is an elective, deferred-salary arrangement. NYCEEC makes safe-harbor contributions matching employee contributions up to 3% of salary and half of employee contributions between 3% and 5%. Employee contributions and employer safe-harbor contributions are considered fully vested. NYCEEC may elect to make additional matching contributions on behalf of employees. Additional matching contributions are considered fully vested after six years of service. During the years ended June 30, 2023 and 2022, NYCEEC contributions into the 401(k) plan on behalf of active employees totaled \$17,328 and \$60,202, respectively, and are included in payroll taxes and employee benefits in the accompanying financial statements.

NOTE 20 – SUBSEQUENT EVENTS

NYCEEC has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 20, 2023, the date the financial statements were available to be issued.