

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2023 This Form is Open to Public Inspection
--	---	---

Part I	Annual Report Identification Information
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023	
A	This return/report is for: ☐ a multiemployer plan ☒ a single-employer plan ☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☒ an amended return/report ☐ the final return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☐ Form 5558 ☐ automatic extension ☒ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan COMHAR 403(B) RETIREMENT SAVINGS PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/2012
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) COMHAR, INC. TYRONE HOWELL 100 W LEHIGH AVE PHILADELPHIA, PA 19133-4039
2b	Employer Identification Number (EIN) 23-7418921
2c	Plan Sponsor's telephone number 215-203-3000
2d	Business code (see instructions) 621420

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/29/2025	TYRONE HOWELL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/29/2025	TYRONE HOWELL
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 690
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 434 6a(2) 468 6b 0 6c 107 6d 575 6e 2 6f 577 6g(1) 501 6g(2) 493 6h 97
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2F 2G 2L 2M 2S 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
--	--

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- (4)** ☐ **DCG** (Individual Plan Information) – Number Attached _____
- (5)** ☐ **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☒ **A** (Insurance Information) – Number Attached 1
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2023 Form M-1 annual report. If the plan was not required to file the 2023 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2023 This Form is Open to Public Inspection
---	--	--

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023	
A Name of plan COMHAR 403(B) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 COMHAR, INC.	D Employer Identification Number (EIN) 23-7418921

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
--------	---	--

1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	613953	577	01/01/2023	12/31/2023

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier**6b****c** Premiums due but unpaid at the end of the year.....**6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.**6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee(3) ☐ guaranteed investment (4) ☒ other ▶ CUSTODIAL GUARANTEED INTEREST CONTRACT**b** Balance at the end of the previous year **7b** 358322

c Additions: (1) Contributions deposited during the year	7c(1)	14051
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	4564
(4) Transferred from separate account.....	7c(4)	
(5) Other (specify below)	7c(5)	6574

▶ LOAN PAYMENT, CORRECTION

(6) Total additions..... **7c(6)** 25189**d** Total of balance and additions (add lines **7b** and **7c(6)**) **7d** 383511**e** Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year

7e(1) 133811

(2) Administration charge made by carrier

7e(2) 2852

(3) Transferred to separate account.....

7e(3) 0

(4) Other (specify below)

7e(4) 8924

▶ LOAN WITHDRAWAL, OUTSIDE INVESTMENT TRANSFER

(5) Total deductions..... **7e(5)** 145587**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**) **7f** 237924

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A?..... ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2023
		This Form is Open to Public Inspection.

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan COMHAR 403(B) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 COMHAR, INC.	D Employer Identification Number (EIN) 23-7418921	

Part I	Service Provider Information (see instructions)
--------	---

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
BCG SECURITIES INC
23-1664237

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 37 50 64	CONTRACT ADMINISTRATOR	113739	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

BCG SECURITIES INC

23-1664237

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 99	INVESTMENT ADVISORY	0	Yes ☒ No ☐	Yes ☐ No ☒	29184	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
BCG SECURITIES INC	27 99	29184
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY		
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2023
		This Form is Open to Public Inspection

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan COMHAR 403(B) RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 COMHAR, INC.	D Employer Identification Number (EIN) 23-7418921	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	320435	408037
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	8924399	10581598
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	358322	237924
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	9603156	11227559
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	9603156	11227559

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	460423	
(B) Participants	2a(1)(B)	1037724	
(C) Others (including rollovers)	2a(1)(C)	15883	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1514030
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	21797	
(F) Other	2b(1)(F)	4564	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		26361
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	219742	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		219742
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		1245720
c Other income	2c		3622
d Total income. Add all income amounts in column (b) and enter total	2d		3009475

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1255662	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other	2e(3)	15671	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1271333
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees.....	2i(2)	113739	
(3) Recordkeeping fees.....	2i(3)		
(4) IQPA audit fees.....	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		113739
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1385072

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1624403
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **WITHUM SMITH & BROWN PC**

(2) EIN: **22-2027092**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) ☐ This form is filed for a CCT, PSA, DCG or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	☒	☐	332831
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	☐	☒	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	☐	☒	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	☐	☒	
e Was this plan covered by a fidelity bond?	☒	☐	1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	☐	☒	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒	☐	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)	☐	☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	☐	☒	
l Has the plan failed to provide any benefit when due under the plan?	☐	☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	☐	☒	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	☐	☐	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2023 This Form is Open to Public Inspection.
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan COMHAR 403(B) RETIREMENT SAVINGS PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 COMHAR, INC.		D Employer Identification Number (EIN) 23-7418921
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 289
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2023 v. 230707		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment)	14a	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c	
15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	
16 Information with respect to any employers who withdrew from the plan during the preceding plan year:		
a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
----------------	---

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐	
19 If the total number of participants is 1,000 or more, complete lines (a) and (b):	
a Enter the percentage of plan assets held as: Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____% High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%	
b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets: ☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more	
20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.	
a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No	
b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:	
☐ Yes.	
☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.	
☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.	
☐ No. Other. Provide explanation: _____	

Part VII	IRS Compliance Questions
-----------------	---------------------------------

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No	
21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).	
☐ Design-based safe harbor method	
☐ "Prior year" ADP test	
☐ "Current year" ADP test	
☐ N/A	
22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ____/____/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.	



COMHAR, INC. AND AFFILIATES
Consolidated Financial Statements
June 30, 2023 and 2022
With Independent Auditor's Reports

COMHAR, Inc. and Affiliates
Table of Contents
June 30, 2023 and 2022

Independent Auditor's Report	1-3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Functional Expenses	7-8
Notes to Consolidated Financial Statements	9-21
Supplementary Information	
Schedule of Expenditures of Federal, State and City Awards	22-23
Notes to Schedule of Expenditures of Federal, State and City Awards	24
Reports on Internal Control and Compliance	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Report on Compliance for Each Major Federal, State and City Program and Report on Internal Control Over Compliance in Accordance With Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide	27-29
Schedule of Findings and Questioned Costs	30-31

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of COMHAR, Inc. and Affiliates (the "Group"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of COMHAR, Inc. and Affiliates as of June 30, 2023 and 2022, and the results of 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Group 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.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Group adopted Topic 842, *Leases*, as of July 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Group's historic accounting under Topic 840, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal, state and city awards for the year ended June 30, 2023 as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *City of Philadelphia Subrecipient Audit Guide* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2024, on our consideration of the Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Group's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Group's internal control over financial reporting and compliance.

WithumSmith+Brown, PC

March 30, 2024

COMHAR, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,693,082	\$ 4,591,037
Accounts receivable, net	7,991,360	8,511,794
Prepaid expenses and deposits	526,449	427,852
Other current assets	<u>280,180</u>	<u>255,067</u>
Total current assets	<u>13,491,071</u>	<u>13,785,750</u>
Long term assets		
Right of use assets, financing, net	296,191	-
Right of use assets, operating, net	3,427,248	-
Land, buildings, improvements and furniture and equipment, net	6,151,310	6,474,160
Restricted cash including HUD reserves	647,522	591,117
Interest rate swap	309,781	161,251
Security deposits	<u>7,204</u>	<u>6,397</u>
Total assets	<u>\$ 24,330,327</u>	<u>\$ 21,018,675</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 976,796	\$ 1,159,696
Accrued payroll and related costs	2,555,486	2,447,382
Accrued interest	6,503	10,340
Deferred revenue	1,216,794	1,314,285
Current portion of long-term debt	282,870	317,999
Current portion of lease liabilities-financing	105,251	-
Current portion of lease liabilities-operating	<u>482,912</u>	<u>-</u>
Total current liabilities	5,626,612	5,249,702
Lease liability-financing, net of current portion	190,941	-
Lease liability-operating, net of current portion	2,979,531	-
Long-term debt, net of current portion	<u>4,272,290</u>	<u>4,665,038</u>
Total liabilities	<u>13,069,374</u>	<u>9,914,740</u>
Net assets		
Without donor restrictions	10,612,028	10,426,885
With donor restrictions	<u>648,925</u>	<u>677,050</u>
Total net assets	<u>11,260,953</u>	<u>11,103,935</u>
Total liabilities and net assets	<u>\$ 24,330,327</u>	<u>\$ 21,018,675</u>

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

COMHAR, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Grants and contracts from governmental agencies						
City of Philadelphia	\$ 6,363,958	\$ -	\$ 6,363,958	\$ 5,471,502	\$ -	\$ 5,471,502
Commonwealth of Pennsylvania	15,884,143	-	15,884,143	15,794,200	-	15,794,200
Other	<u>3,682,712</u>	<u>-</u>	<u>3,682,712</u>	<u>3,864,263</u>	<u>-</u>	<u>3,864,263</u>
Total grants and contracts from government agencies	<u>25,930,813</u>	<u>-</u>	<u>25,930,813</u>	<u>25,129,965</u>	<u>-</u>	<u>25,129,965</u>
Other public support and revenue						
Fees and services	20,165,142	-	20,165,142	19,128,242	-	19,128,242
Room, board, and housing assistance	2,155,054	-	2,155,054	1,743,080	-	1,743,080
Other revenues and contributions	1,085,585	-	1,085,585	832,276	-	832,276
Net assets released from restrictions	<u>28,125</u>	<u>(28,125)</u>	<u>-</u>	<u>28,125</u>	<u>(28,125)</u>	<u>-</u>
Total other public support and revenue	<u>23,433,906</u>	<u>(28,125)</u>	<u>23,405,781</u>	<u>21,731,723</u>	<u>(28,125)</u>	<u>21,703,598</u>
Total support and revenue	<u>49,364,719</u>	<u>(28,125)</u>	<u>49,336,594</u>	<u>46,861,688</u>	<u>(28,125)</u>	<u>46,833,563</u>
Expenses						
Program services						
Behavioral health	23,519,016	-	23,519,016	23,423,583	-	23,423,583
Intellectual disabilities	12,443,344	-	12,443,344	11,590,639	-	11,590,639
Staffing management services	2,411,631	-	2,411,631	3,051,392	-	3,051,392
Housing support	786,686	-	786,686	571,272	-	571,272
Supporting services						
Management and general	10,166,515	-	10,166,515	7,822,209	-	7,822,209
Development	915	-	915	7,490	-	7,490
Total expenses	<u>49,328,106</u>	<u>-</u>	<u>49,328,106</u>	<u>46,466,584</u>	<u>-</u>	<u>46,466,584</u>
Changes in net assets from operating activities before nonoperating activities	36,613	(28,125)	8,488	395,104	(28,125)	366,979
Change in fair value of interest rate swap	<u>148,530</u>	<u>-</u>	<u>148,530</u>	<u>178,406</u>	<u>-</u>	<u>178,406</u>
Change in net assets	185,143	(28,125)	157,018	573,510	(28,125)	545,385
Net assets						
Beginning of year	<u>10,426,884</u>	<u>677,050</u>	<u>11,103,934</u>	<u>9,853,375</u>	<u>705,175</u>	<u>10,558,550</u>
End of year	<u>\$ 10,612,028</u>	<u>\$ 648,925</u>	<u>\$ 11,260,953</u>	<u>\$ 10,426,884</u>	<u>\$ 677,050</u>	<u>\$ 11,103,935</u>

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

COMHAR, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Changes in net assets	\$ 157,018	\$ 545,385
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	672,298	648,889
Amortization of right of use assets	605,538	-
Bad debt expense	863,906	2,377,084
Net appreciation in fair value of interest rate swap agreement	(148,530)	(178,406)
Change in assets and liabilities:		
Accounts receivable	292,484	(2,701,145)
Prepaid expenses and deposits	(98,597)	(210,377)
Other assets	(25,113)	(16,368)
Accounts payable and accrued expenses	(182,900)	740,851
Accrued payroll and related costs	108,104	246,143
Accrued interest	(3,837)	10,340
Deferred revenue	(97,491)	1,314,285
Lease liabilities, operating	(458,321)	-
Net cash provided by operating activities	<u>1,684,560</u>	<u>2,776,681</u>
Investing activities		
Capital expenditures	(995,148)	(694,344)
Net cash used in investing activities	<u>(995,148)</u>	<u>(694,344)</u>
Financing activities		
Principal repayments on long-term debt	(427,877)	(3,251,975)
Principal payments on financing lease liabilities	(102,278)	-
Net cash used in financing activities	<u>(530,155)</u>	<u>(3,251,975)</u>
Net change in cash, cash equivalents and restricted cash	159,257	(1,169,638)
Cash, cash equivalents and restricted cash		
Beginning of year	5,188,551	6,358,189
End of year	<u>\$ 5,347,808</u>	<u>5,188,551</u>
Cash, cash equivalents, and restricted cash at end of year comprised of		
Cash and cash equivalents	\$ 4,693,082	\$ 4,591,037
Restricted cash	<u>\$ 654,726</u>	<u>597,514</u>
	<u>\$ 5,347,808</u>	<u>\$ 5,188,551</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 305,292</u>	<u>\$ 278,899</u>
Non-cash investing and financing transactions		
Refinance of mortgage payable	\$ -	\$ 3,500,000
Right of use assets in exchange for finance lease liabilities	<u>\$ 398,469</u>	<u>\$ -</u>
Right of use assets in exchange for operating lease liabilities	<u>\$ 3,920,673</u>	<u>\$ -</u>

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

COMHAR, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Services		
	Behavioral Health	Intellectual Disabilities	Staffing Management Services	Housing Support	Total Program Services	Management and General	Development
Expenses							Expenses
Salaries and wages	\$ 13,170,156	\$ 6,757,281	\$ 241,427	\$ 21,965	\$ 20,190,829	\$ 4,567,748	\$ -
Payroll taxes and employee benefits	2,746,013	1,737,898	185,165	14,338	4,683,414	1,055,201	-
Contract services and professional fees	3,038,421	1,539,765	1,966,210	86,794	6,631,190	782,151	-
Lease expense and other occupancy costs	2,207,225	435,389	-	114,764	2,757,378	323,970	-
Communications	200,206	158,607	-	-	358,813	272,778	-
Insurance	196,743	155,498	-	29,763	382,004	164,874	-
Food, clothing and supplies	600,705	570,462	-	923	1,172,090	267,332	15
Travel and related costs	47,183	169,626	-	-	216,809	67,985	-
Expendable equipment	168,801	57,768	388	-	226,957	125,293	-
Repairs and maintenance	660,561	449,149	18,440	327,098	1,455,248	953,703	-
Interest expense	-	8,989	-	93,241	102,230	209,564	-
Contributions, other taxes and miscellaneous	108,498	14,575	-	13,842	136,915	686,810	900
Bad debt expense	283,093	240,339	-	-	523,432	340,474	-
Total expenses before depreciation and amortization	23,427,605	12,295,347	2,411,631	702,728	38,837,311	9,817,883	915
Depreciation	91,411	147,997	-	83,958	323,666	348,632	-
Total expenses	\$ 23,519,016	\$ 12,443,344	\$ 2,411,631	\$ 786,686	\$ 39,160,977	\$ 10,166,515	\$ 915
							\$ 49,328,407

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

COMHAR, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services		
	Behavioral	Intellectual	Staffing	Housing	Total Program	Management	Development	Total
	Health	Disabilities	Management Services	Support	Services	and General		Expenses
Expenses								
Salaries and wages	\$ 12,114,489	\$ 6,209,693	\$ 254,096	\$ 15,538	\$ 18,593,816	\$ 3,413,460	\$ -	\$ 22,007,276
Payroll taxes and employee benefits	2,540,828	1,614,549	110,780	12,626	4,278,783	682,936	-	4,961,719
Contract services and professional fees	3,718,574	1,212,143	2,660,945	84,095	7,675,757	708,106	2,100	8,385,963
Rent, leases, utilities and housekeeping	2,022,209	572,347	-	92,896	2,687,453	219,723	-	2,907,176
Communications	240,110	168,980	276	-	409,365	237,850	-	647,216
Insurance	252,398	170,342	-	32,041	454,781	193,244	-	648,025
Food, clothing and supplies	551,068	417,591	3,918	1,391	973,968	120,532	5,390	1,099,889
Travel and related costs	47,673	114,424	-	-	162,097	41,771	-	203,869
Expendable equipment	107,741	214,773	842	-	323,355	173,991	-	497,346
Repairs and maintenance	422,828	252,076	20,355	141,793	837,052	828,719	-	1,665,770
Interest expense	-	3,036	-	98,898	101,934	187,305	-	289,238
Contributions, other taxes and miscellaneous	89,190	5,843	180	12,379	107,592	19,532	-	127,124
Bad debt expense	1,206,593	502,685	-	-	1,709,278	667,806	-	2,377,084
Total expenses before depreciation and amortization	23,313,701	11,458,482	3,051,392	491,656	38,315,230	7,494,975	7,490	45,817,695
Depreciation	109,882	132,157	-	79,616	321,655	327,234	-	648,889
Total expenses	\$ 23,423,583	\$ 11,590,639	\$ 3,051,392	\$ 571,272	\$ 38,636,885	\$ 7,822,209	\$ 7,490	\$ 46,466,584

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

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. ORGANIZATION PURPOSE

COMHAR, Inc. and Affiliates (the "Group") nonprofit, nonsectarian agencies providing short and long-term therapy, day treatment programs, case management, housing placement, vocational and transitional living services, supportive services, and recreational activities for people with emotional difficulties, behavioral health, intellectual disabilities, and HIV. These services are provided through the Philadelphia region, primarily in the Kensington area of the City of Philadelphia and Montgomery and Northampton Counties.

Funding for the Group's services is provided primarily through grants from the City of Philadelphia and Pennsylvania Department of Human Services (as conduits of federal and Pennsylvania funding) under annually renewable contractual arrangements. Services are also provided through Medical Assistance fee-for-service revenue from the Commonwealth of Pennsylvania; fee-for-service revenue from Community Behavioral Health ("CBH"); grants and housing assistance payments from the U.S. Department of Housing and Urban Development ("HUD"); and third-party insurer reimbursements. Positive and negative adjustments to fee-for-service billings are accounted for as adjustments to the related revenues in the year realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The basic consolidated financial statements present the activity of COMHAR, Inc. ("Comhar") and Affiliates (collectively, the "Group"). The affiliates comprise COMHAR Development Fund ("CDF"), Kensington Management Services, Inc. ("KMS"), COMHAR Residential Corp., MH Residences, Inc., and MR Residences Inc. the ("Affiliates").

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation. These companies are affiliated by means of overlapping Boards of Directors, management and financial interdependence.

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Group or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Measure of Operations

The accompanying consolidated statements of activities and changes in net assets distinguish between operating and non-operating activities. Operating activities include all revenues and expenses that are an integral part of the Group's programs and supporting activities. Non-operating activities include the change in interest rate swaps which is considered to be outside regular operating activities.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include net realizable value of receivables, depreciation expense, valuation of right-of-use assets and related lease liabilities, and certain accrued expenses.

Cash and Cash Equivalents

The Group considers all highly liquid investments with maturity of three months or less, at the time of acquisition, to be cash equivalents.

Accounts and Grants and Contracts Receivable

The Group provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Accounts and contracts receivable are unsecured, noninterest bearing and due within normal payment terms. Accounts past due are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off. Accounts receivable at July 1, 2021 was \$4,337,198. There were no contract liabilities as of June 30, 2023 and 2022.

HUD Reserves and Restricted Cash

The HUD reserves represent funds required to be set aside for the repair and replacement of the project facilities. Monthly required deposits were made in accordance with the Pennsylvania Housing Finance Agency ("PHFA") Regulatory Agreement. Other restricted cash represents segregated reserves and security deposits for the Group's five U.S. Department of Housing Development projects.

Property, Equipment and Depreciation

Property is recorded at cost, except for donated items that are recorded at fair value on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as donor restricted support. In the absence of such restrictions, contributions of property and equipment are recorded as net assets without donor restricted support when the assets are placed in service. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renovations are charged to operations as incurred.

Certain assets were purchased with funding from federal or state sources. The Group has a contingent liability if it were to sell or stop using this property for its intended purposes, the Group would be required to return those assets back to its original funding source.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives for computing depreciation by major asset categories are stated below.

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings	15-40
Building improvements and renovations	15-30
Office equipment and furniture	5-10
Vehicles	3-5

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Valuation of Long-Lived Assets

The Group reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these consolidated financial statements.

Revenue and Support Recognition

Revenue is recognized when control of the promised goods or services is transferred to customer in an amount that reflects the consideration the Group expects to be entitled to receive in exchange for those goods or services. The Group applies the five-step revenue model under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 to determine when exchange revenue is earned and recognized. The Group follows FASB ASC 958, *Not-for-Profit Entities*, for nonreciprocal transactions that are outside the scope of FASB ASC 606.

Grants and Contributions

The Group recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return or release—are not recognized until the conditions on which they depend have been met. The Group reports contributions of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. Contributions with donor restrictions are reported as contributions without donor restrictions when the restriction is met in the same period as the contributions are received.

Grants from governmental agencies that are considered conditional contributions and are recognized when the conditions on which they depend are substantially met. Conditions are generally met when actual costs are incurred. Services provided by the Group under renewable contractual arrangements are generally reimbursed either by a pre-determined, negotiated cost rate or based upon net eligible program costs and are recognized as revenue when the conditions are met.

Fees and Services

Revenue from fee-for-service contracts are reported as exchange transactions and are recognized as without donor restrictions. The Group determines the transaction price for each contract based on the consideration expected to be received for the services being provided under the contract. Fee-for-service revenues are recognized over time as the services are rendered.

Revenue from staffing services provided by KMS is measured based on the consideration specified in the contract with a customer. The Group recognizes revenue when it satisfies the performance obligation by providing staffing services. Staffing service revenue is recognized over time as services are performed. The customer typically controls the work in process as evidenced either by contractual termination clauses or by the Group's rights to payment for work performed to date plus a reasonable profit to deliver services that do not have an alternative use to the Group.

The Group's contracts do not include variable consideration. The Group does not have any significant financing components as payments are generally received shortly after the revenue is recognized.

Room, Board and Housing Assistance

Revenue from room, board, and housing assistance is earned pursuant to leases that generally do not exceed one year. The rents are accounted for as operating leases; revenues, including housing assistance payments, are recorded as housing services are provided.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Expense Allocation

The cost of providing the program services has been summarized on a functional basis within the consolidated statements of activities and changes in net assets and detailed within the statements of functional expenses. The Group internally tracks costs by individual program cost centers in the financial system. The Group considers the costs of directly running these programs as programmatic expenses. Expenses that do not directly relate to running program operations are treated as supporting expenses. For salaries, payroll taxes and fringe benefits, allocations by department are decided on an individual basis, based on the functions of each position and the time spent performing functions under the umbrella of a particular department. These allocations may be updated on a periodic basis based on the evolving responsibilities of a position, and by nature some positions will be split across multiple departments while others will be more compartmentalized. Contractual services and program consultants are allocated to programs based on the ratio of each program's direct expenses to the total of the selected program direct expenses unless directly charged. Lease expense and other occupancy costs and communications are allocated based upon usable square footage.

Leases

The Group categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the consolidated statements of financial position.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, these services are accounted for separately and we allocate payments to the lease and other services components based on estimated stand-alone prices.

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

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

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term.

Tax Status

Except for KMS, the entities in the Group have been classified by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Therefore, no provision for income taxes has been included in these consolidated financial statements.

KMS is classified as a for profit Corporation. KMS's provision for income taxes was immaterial for the years ended June 30, 2023 and 2022.

U.S. GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken. Management believes that there are no uncertain tax positions that would materially affect the Group's financial position or results of operations or require disclosure.

The Group recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for the years ended June 30, 2023 and 2022.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

New Accounting Pronouncement Adopted in Current Year

In February 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") amending the accounting for leases. The Group adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Group utilized the practical expedient available under the guidance.

Further, the Group elected to implement the package of practical expedients, whereby the Group did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to the consolidated statements of activities and changes in net assets or cash flows.

Upon adoption, the Group recognized \$398,469 in right-of-use ("ROU") financing assets related to its leased equipment. Corresponding financing lease liabilities of \$398,469 were also recognized. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

Additionally upon adoption, the Group recognized \$3,920,673 in right-of-use ("ROU") operating assets related to its leased property and equipment. Corresponding operating lease liabilities of \$3,920,673 were also recognized. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

New Accounting Pronouncements Issued Not Yet Effective

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022 and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates. The Group is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Group's financial assets available within one year of June 30, 2023 and 2022 to meet general expenses include:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,693,082	\$ 4,591,037
Accounts receivable, net	<u>7,991,360</u>	<u>8,511,794</u>
	12,684,442	13,102,832
Less: Net assets with donor restrictions	<u>(648,925)</u>	<u>(677,050)</u>
Available financial assets	<u>\$ 12,035,517</u>	<u>\$ 12,425,782</u>

The Group manages its liquidity and reserves following three funding principles: operating within prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve this, management forecasts its future cash flows and monitors liquidity on a monthly basis. In addition, in an event of unanticipated liquidity need, the Group can draw upon the \$4,000,000 available line of credit.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

4. ACCOUNTS RECEIVABLE

The Group's accounts receivable, net consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
City of Philadelphia	\$ 1,415,783	\$ 2,774,938
Philadelphia Office of Community Behavioral Health	2,024,744	1,643,636
U.S. Department of Housing and Urban Development	232,436	239,307
Northampton County, PA	235,372	112,313
Medical assistance	4,645,219	4,648,177
Medicare	89,731	258,077
Staffing services	-	515,110
Other receivables	<u>859,793</u>	<u>1,112,985</u>
	9,503,078	11,304,543
Allowance for doubtful accounts	<u>(1,511,718)</u>	<u>(2,792,749)</u>
	<u>\$ 7,991,360</u>	<u>\$ 8,511,794</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land, buildings and improvements	\$ 15,910,558	\$ 15,868,866
Furniture and equipment	<u>6,599,396</u>	<u>6,296,184</u>
	22,509,954	22,165,050
Less: Accumulated depreciation	<u>16,358,644</u>	<u>15,690,890</u>
	<u>\$ 6,151,310</u>	<u>\$ 6,474,160</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$672,298 and \$648,889, respectively.

6. FAIR VALUE

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There have been no changes in the methodologies used at June 30, 2023 or 2022 and there have been no purchases, issuances or transfers in or out of level 3 measurements.

7. LINE OF CREDIT

On April, 29 2022, the Group amended its existing revolving credit agreement with a financial institution for normal working capital requirements that allows it to borrow up to \$4,000,000. There are numerous interest rate options at the Group's discretion. As of June 30, 2023 and 2022, the Group has elected the Secured Overnight Financing Rate ("SOFR") base rate quoted by the financial institution plus the applicable margin with a range of 0.75% to 1.75% plus the spread adjustment of 0.11%. As of June 30, 2023 and 2022, the SOFR base rate was 1.089%. The revolving credit commitment is secured by substantially all assets of the Group. The amended agreement matures on April 30, 2024. The Group had no outstanding balance at June 30, 2023 and 2022.

The terms of the line of credit provide for maintenance of certain financial covenants and other nonfinancial covenants. As of June 30, 2023 and 2022, the Group was in compliance with the covenants.

8. LONG-TERM DEBT

On December 29, 2011, PNC Bank, NA. ("PNC") purchased the revenue bonds from Upper Gwynedd Industrial Development Authority and entered into a tax-exempt bank qualified loan agreement with COMHAR, Inc. for \$3,450,000. COMHAR, Inc and CDF, ("the COMHAR Borrowing Group") are the borrowers on the loan, with KMS acting as the guarantor. The loan agreement requires the repayment be made through monthly installments ranging from \$10,112 to \$14,051 from February 1, 2012 through December 29, 2021, at which point a balloon payment of \$2,024,965 becomes due. The loan bears interest at 65% of 2.25% over the LIBOR rate, plus a tax exempt LIBOR base rate of 0.1%. The COMHAR Borrowing Group is required to maintain a minimum debt service coverage ratio and is subject to certain other financial restrictions. The COMHAR Borrowing Group has pledged substantially all of its assets to collateralize the amount due. The loan was refinanced in April of 2022.

In April of 2022, COMHAR Borrowing Group refinanced the original note dated December 29, 2011 in the amount of \$3,500,000 with PNC. The loan bears interest at a rate per annum equal to the sum of the Bloomberg Short-Term Bank Yield Index rate in effect on each reset date, (the 29th day of every month) plus two hundred eighty-five basis points (2.85%). The loan agreement requires repayment to be made through monthly installments ranging from \$8,526 to \$11,900 from April 29, 2022 through April 29, 2029, at which point a balloon payment of \$2,656,978 becomes due.

The terms of the loan provide for maintenance of certain financial covenants and other nonfinancial covenants. As of June 30, 2023 and 2022, the Group was in compliance with the nonfinancial and financial covenants.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Long-term debt consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Note payable to City of Philadelphia, Division of Housing and Community Development	\$ 76,335	\$ 69,615
Note payable to City of Philadelphia, Division of Housing and Community Development	17,065	15,699
Mortgage notes, U.S. Department of Housing and Urban Development	914,044	1,077,361
Mortgage note, PNC Bank, N.A.	156,891	171,803
Note payable to PNC Bank, N.A.	<u>3,390,825</u>	<u>3,648,559</u>
	4,555,160	4,983,037
Less: Current portion	<u>282,870</u>	<u>317,999</u>
	<u>\$ 4,272,290</u>	<u>\$ 4,665,038</u>

Notes with the City of Philadelphia, Division of Housing and Community Development are noninterest bearing. Repayment of the notes will be due in five installments between 2032 through 2035.

Mortgage notes with the U.S Department of Housing and Urban Development are payable in monthly installments ranging from \$2,210 to \$6,100, including interest at rates between 8.375% and 9.25% per annum with maturities ranging from 2024 through 2033 collateralized by seven program facility properties.

Scheduled annual future maturities of long-term debt, excluding the interest rate swap liability, as of June 30, 2023 are as follows:

2024	\$ 282,870
2025	221,655
2026	227,847
2027	231,958
2028	230,892
Thereafter	<u>3,359,938</u>
	<u>\$ 4,555,160</u>

Interest expense for the years ended June 30, 2023 and 2022 under the long-term debt was \$149,705 and \$190,341, respectively.

9. DERIVATIVE FINANCIAL INSTRUMENTS

In connection with the issuance of the Revenue Bonds, Series 2011, in December of 2011, the Group has entered into an interest rate swap agreement with notional amounts indexed to the outstanding principal of the debt. The swap was executed to achieve present value and gross cash flow savings on the underlying debt. The Group's purpose for entering into the swap arrangement was to hedge against the risk of interest rate increases on the related variable rate debt. Accordingly, the swap arrangement is classified as a cash flow hedge. Management expects, at present, that the interest rate swap agreement will continue to be utilized to hedge interest rate exposures related to its outstanding bonds payable. The swap agreement was valued at \$309,781 and \$161,251 as of June 30, 2023 and 2022. Unrealized gains of \$148,530 and \$178,406 were recorded for the years ended June 30, 2023 and 2022 in the statements of activities and changes in net assets.

Derivative swap agreements have been valued at fair value based on the future value of discounted cash flows.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

The leveling within the fair value hierarchy of the interest rate swap agreement at June 30, 2023 and 2022 is as follows:

	<u>Total</u>	<u>Quoted In Active Markets (Level 1)</u>	<u>Observable Measurement Criteria (Level 2)</u>	<u>Unobservable Measurement Criteria (Level 3)</u>
June 30, 2023	\$ 309,781	\$ -	\$ -	\$ 309,781
June 30, 2022	\$ 161,251	\$ -	\$ -	\$ 161,251

10. ACCRUED PAYROLL AND RELATED COSTS

Accrued payroll and related costs consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accrued salaries and payroll taxes	\$ 1,337,677	\$ 1,357,327
Accrued vacation	932,516	804,762
Self-funded unemployment compensation liability (Note 11)	285,293	285,293
	<u>\$ 2,555,486</u>	<u>\$ 2,447,382</u>

11. COMMITMENTS AND CONTINGENCIES

Unemployment Compensation

The Group provides unemployment compensation to eligible terminated employees under a self-funded program. Under this program, the Group is required to reimburse the Pennsylvania Unemployment Compensation Fund for benefits paid to eligible terminated employees. A liability of \$285,293 has been included in accrued payroll and related costs as of June 30, 2023 and 2022.

Litigation

The Group is involved in various legal proceedings arising in the ordinary course of business. The Group maintains liability on a claims-made basis through a commercial insurance carrier. In the opinion of management, although the outcome of any legal proceedings cannot be predicted, the ultimate liability of the Group, net of any insurance proceeds, would not have a material adverse effect on the consolidated financial statements.

Malpractice Risk

The Group maintains malpractice insurance coverage on a claims-made basis. The Group evaluates the ultimate cost of its malpractice claims and a liability for the estimated exposure to losses arising from such claims and other general liability insurance policy claims. In addition, since the Group anticipates indemnification for these liabilities, a corresponding insurance receivable is also recognized.

The Group has determined, based on its own experience and industry experience data, that its potential liability for unreported claims is insignificant, and as such, no liability for unreported claims is included in the accompanying consolidated financial statements.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Derivative Instruments

The counterparty to the interest rate swap discussed in Note 9 is a major financial institution. While the Group may be exposed to credit losses due to the nonperformance of the counterparty, management considers the risk remote and does not expect the ultimate settlement of these transactions to have a material effect on its consolidated financial position, results of operations and cash flows.

12. LEASES

Finance Leases

The Group leases equipment under lease agreements that expire at various dates through 2027. The Group is subject to fixed monthly payments through the lease term. The total finance lease expense is included in lease expense on the consolidated statement of functional expenses for the year ended June 30, 2023. Because the rate implicit in the leases were not available, the Group utilized a risk-free rate as the discount rate.

The following is a maturity analysis of the annual undiscounted cash flows of the finance lease liabilities as of June 30, 2023:

2024	\$ 112,112
2025	105,726
2026	72,174
2027	<u>18,280</u>
	308,292
Less: Imputed interest	<u>(12,100)</u>
Finance lease liability at June 30, 2023	<u>\$ 296,192</u>

Operating Leases

The Group entered into non-cancelable operating leases for office, education, and medical facilities with varying terms through June 2030. The total operating lease expense is included in lease expense and other occupancy costs on the consolidated statement of functional expenses for the year ended June 30, 2023. Because the rate implicit in the leases were not available, the Group utilized a risk-free rate as the discount rate.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

2024	\$ 575,129
2025	586,418
2026	597,921
2027	525,185
2028	517,671
Thereafter	<u>1,031,106</u>
	3,833,430
Less: Imputed interest	<u>(370,987)</u>
Operating lease liability at June 30, 2023	<u>\$ 3,462,443</u>

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Lease expense comprises the following for the year ended June 30, 2023:

Finance lease expense	
Amortization of right of use assets	\$ 102,278
Interest on lease liabilities	9,835
Total finance lease expense	112,113
Operating lease expense	599,222
Short term lease expense	821,727
Total lease expense	<u>\$ 1,533,062</u>

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from finance leases	\$ 102,278
Operating cash flows from finance leases	9,835
Operating cash flows from operating leases	564,027
Total	<u>\$ 676,140</u>

Weighted-average remaining lease term - finance leases	2.89 years
Weighted-average remaining lease term - operating leases	7.07 years
Weighted-average discount rate - finance leases	2.87%
Weighted-average discount rate - operating leases	2.89%

Future minimum payments for the remaining lease terms were as follows for the year ended June 30, 2022:

2023	\$ 714,395
2024	662,977
2025	657,690
2026	671,331
2027	685,232
Thereafter	1,652,241
	<u>\$ 5,043,866</u>

13. RETIREMENT PLANS

The Group has a retirement plan under Section 403(b) of the IRC, covering eligible participating employees. This plan allows for employee deferrals and a match by the Group of up to 3% of each employee's annual salary. Total contributions to this plan for the years ended June 30 was \$498,000 and \$404,052, respectively.

COMHAR, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

14. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specified purpose		
Vanderwoude Center (a)	\$ 489,125	\$ 517,250
Future program and organizational development	<u>159,800</u>	<u>159,800</u>
	<u>\$ 648,925</u>	<u>\$ 677,050</u>

(a) Represents a building and land contributed by the commonwealth of Pennsylvania in June 1996. Any income or proceeds derived from the property must be used for expansion and/or enhancement of community behavioral health and intellectual disabilities services; further, the use of any income or proceeds must have regulatory approval.

15. SELF-INSURANCE

The Group is did not have any self-insurance policies during fiscal 2023 or 2022.

16. CONCENTRATION OF CREDIT RISKS

Cash and Cash Equivalents

The Group has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Group's financial condition, results of operations, and cash flows.

Accounts and Grants and Contracts Receivable

The Group has significant receivables from three funding sources which comprise approximately 85% and 80% of total receivables at June 30, 2023 and 2022, respectively.

Revenue

The Group receives funding from two funding sources which comprise approximately 45% and 77% of total support and revenue for the years ended June 30, 2023 and 2022, respectively.

17. SUBSEQUENT EVENTS

The Group has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of March 30, 2024, which is the date the consolidated financial statements were available to be issued. Based upon this evaluation, the Group has determined that no subsequent events have occurred, which require adjustment to or disclosure in the consolidated financial statements.



SUPPLEMENTARY INFORMATION

COMHAR, Inc. and Affiliates
Schedule of Expenditures of Federal, State and City Awards
Year Ended June 30, 2023

Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grantor or Pass-Through Grantor Program Number	Grant Period	Federal Expenditures
FEDERAL AWARDS				
<u>U.S. Department of Health and Human Services</u>				
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	1H79SM085262-01	7/1/22 to 6/30/23	\$ 1,432,672
Pass-Through Pennsylvania Department of Human Services Medical Assistance Program, ICF/ID - Allegheny	93.778	100000406-0114	7/1/22 to 6/30/23	745,294
Pass-through City of Philadelphia Department of Public Health Social Services Block Grant	93.667	9920266	7/1/22 to 6/30/23	56,194
				2,234,160
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs				
Supportive Housing Program	14.235	PA0018L3T002014	7/1/22 to 1/31/23	128,013
Supportive Housing Program	14.235	PA0018L3T002015	2/1/23 to 6/30/23	114,502
Supportive Housing Program	14.235	PA0080L3T002114	7/1/22 to 6/30/23	502,554
Total Supportive Housing Program				745,069
COMHAR Sirl Project Section 202 Loan Balance	14.157	PA26-T784-Q14/ 034-EH054	7/1/22 to 6/30/23	65,787
Lehigh Apartments Project Section 202 Loan Balance	14.157	PA26-T808-001/ 034-EH130-LB-CMI	7/1/22 to 6/30/23	113,410
COMHAR Residential Corp Section 202 Loan Balance	14.157	PA26-T841-040/ 034-EH306	7/1/22 to 6/30/23	501,036
MH Residences, Inc. Section 202 Loan Balance	14.157	PA26-T831-018/ 034-EH231	7/1/22 to 6/30/23	298,384
MR Residences, Inc. Section 202 Loan Balance	14.157	PA26-T831-033/ 034-EH248	7/1/22 to 6/30/23	98,744
Total Supportive Housing for the Elderly				1,077,361
COMHAR Sirl Project Section 8 Housing Assistance	14.195	PA26-T784-Q14/ 034-EH054	7/1/22 to 6/30/23	5,621
Lehigh Apartments Project Section 8 Housing Assistance	14.195	PA26-T808-001/ 034-EH130-LB-CMI	7/1/22 to 6/30/23	45,742
COMHAR Residential Corp Section 8 Housing Assistance	14.195	PA26-T841-040/ 034-EH306	7/1/22 to 6/30/23	33,363
MH Residences, Inc. Section 8 Housing Assistance	14.195	PA26-T831-018/ 034-EH231	7/1/22 to 6/30/23	21,324
MR Residences, Inc. Section 8 Housing Assistance	14.195	PA26-T831-033/ 034-EH248	7/1/22 to 6/30/23	9,787
Total Project-Based Rental Assistance				115,837
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				1,938,267

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal, State and City Awards.

COMHAR, Inc. and Affiliates
Schedule of Expenditures of Federal, State and City Awards
Year Ended June 30, 2023

Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grantor or Pass-Through Grantor Program Number	Grant Period	Federal Expenditures
<u>U.S. Department of Treasury</u>				
Pass-Through Pennsylvania Department of Human Services Division of Mental Health				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	# 100000406	03/03/2021 to 12/31/2024	\$ 42,869
Pass-Through Pennsylvania Department of Human Services Office of Developmental Programs				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	# 100000406	03/03/2021 to 12/31/2024	58,077
Total U.S. Department of Treasury				100,946
TOTAL FEDERAL AWARDS				4,273,373
STATE AWARDS				
<u>Pennsylvania Department of Human Services</u>				
Direct Programs				
Residential Program - ICF/ ID - Allegheny	N/A	1000000406-0114	7/1/22 to 6/30/23	507,867
Early Intervention Services	N/A	21-20006	7/1/22 to 6/30/23	754,163
Pass-Through County of Northampton Department of Human Services Long-Term Structured Residence and Specialized Supportive Housing	N/A	MH 2013-605 A-1	7/1/22 to 6/30/23	1,469,664
Pass-Through Philadelphia Department of Public Health Behavioral Health Programs	N/A	9920266	7/1/22 to 6/30/23	4,886,612
Employment Services	N/A	21-20004	7/1/22 to 6/30/23	23,453
TOTAL STATE AWARDS				4,910,065

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal, State and City Awards.

COMHAR, Inc. and Affiliates
Schedule of Expenditures of Federal, State and City Awards
Year Ended June 30, 2023

Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grantor or Pass-Through Grantor Program Number	Grant Period	Federal Expenditures
CITY AWARDS				
<u>Philadelphia Department of Public Welfare</u>				
Behavioral Health Programs	N/A	9920266	7/1/22 to 6/30/23	\$ 26,159
Early Intervention Services	N/A	21-20006	7/1/22 to 6/30/23	83,796
Employment	N/A	21-2004	7/1/22 to 6/30/23	2,606
TOTAL CITY AWARDS				<u>112,561</u>
TOTAL FEDERAL, STATE, AND CITY AWARDS				<u>\$ 9,295,999</u>

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal, State and City Awards.

COMHAR, Inc. and Affiliates
Notes to Schedule of Expenditures of Federal, State and City Awards
June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal, state and city awards (the "Schedule") includes the federal, state and city award activity of COMHAR, Inc. and Affiliates (the "Group") under programs of the federal, state and city governments for the year ended June 30, 2023. All awards received directly from federal, state or city agencies as well as awards passed through other governmental agencies are presented on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and the City of Philadelphia Subrecipient Audit Guide. Because the Schedule presents only a selected portion of the operations of the Group, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule is presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Group has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. PASS THROUGH AWARDS TO SUBRECIPIENTS

The Group had no awards that were passed through to subrecipients during the year ended June 30, 2023.

5. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOAN PROGRAM

The Group has received U.S. Department of Housing and Urban Development direct loans. The loan balance outstanding at the beginning of the year is included in the schedule of expenditures of federal, state and city awards. The Group received no additional loans during the year. The activity of the loans during the years ended June 30, 2023 and 2022 is as follows:

<u>Program Name</u>	<u>Assistance Listing Number</u>	<u>Balance at June 30, 2022</u>	<u>Payments</u>	<u>Balance at June 30, 2023</u>
COMHAR SircI Project Section 202 Loan	14.157	\$ 65,787	\$ (38,253)	\$ 27,534
Lehigh Apartments Project Section 202 Loan	14.157	113,410	(50,220)	63,190
COMHAR Residential Corp Section 202 Loan	14.157	501,036	(32,600)	468,436
MH Residences, Inc. Section 202 Loan	14.157	298,384	(24,121)	274,263
MR Residences, Inc. Section 202 Loan	14.157	98,744	(18,123)	80,621
		<u>\$ 1,077,361</u>	<u>\$ (163,317)</u>	<u>\$ 914,044</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of COMHAR, Inc. and Affiliates (the "Group"), which comprise the consolidated statements of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Group's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Group's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

A handwritten signature in blue ink that reads 'Withum Smith+Brown, PC'.

March 30, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE AND THE CITY OF PHILADELPHIA SUBRECIPIENT AUDIT GUIDE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited COMHAR, Inc. and Affiliates' (the "Group") compliance with the types of compliance requirements identified as subject to audit in the Office Management and Budget ("OMB") *Compliance Supplement* and *City of Philadelphia Subrecipient Audit Guide* that could have a direct and material effect on each of the Group's major federal programs for the year ended June 30, 2023. The Group's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Group complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Group's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Group's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and *the City of Philadelphia Subrecipient Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

WithumSmith+Brown, PC

March 30, 2024

COMHAR, Inc. and Affiliates
Schedule of Findings and Questioned Costs
June 30, 2023

Section I – SUMMARY OF AUDITOR’S RESULTS

Consolidated Financial Statements

Type of auditor’s report issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to consolidated financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No

The following federal programs were designated as major programs:

	<u>Assistance</u> <u>Listing Number</u>
CCBHC Expansion Grant	93.829
Supportive Housing Programs	14.235

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? No

Section II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001 – Internal Controls over Financial Reporting

Finding Type: Significant Deficiency

The Group’s lack of effective internal controls over its maintenance of accurate accounting records (trial balance, general ledger, and schedule of expenditures of federal, state and city awards) led to significant adjustments to the consolidated financial statements and supplementary information.

Condition and Context: The Group failed to maintain an accurate trial balance and general ledger to support certain account balances resulting in numerous client proposed correcting entries for which had not been adjusted timely by management and significantly impacted the consolidated financial statements.

Criteria: Accounting principles generally accepted in the United States of America and *Government Auditing Standards* require that the design or operation of internal control over financial reporting allow management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis.

COMHAR, Inc. and Affiliates
Schedule of Findings and Questioned Costs
June 30, 2023

2 CFR 200.303 states, "The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission."

2 CFR 200.302 states, "The financial management system of each non-Federal entity must provide for following...accurate, current, and complete disclosure of each Federal award or program in accordance with the reporting requirements set forth in sections 200.328 and 200.329."

Cause: As a result of the COVID-19 pandemic, financial constraints and corresponding staffing challenges, the accounting and finance team at the Group were unable to reconcile supporting schedules and accounting records on a timely and thorough basis. At the same time, the accounting and finance team were faced with other administrative and operational matters requiring immediate attention to help ensure the Group remained operational. The financial and staffing constraints resulted in a lack of timely preparation and detailed review of accounting records and analysis which resulted in significant client proposed audit adjustments.

Effect or Potential Effect: The accounting records of certain account balances and transactions provided to auditors were inaccurate for a period of time during the fiscal year ended June 30, 2023. In certain instances, the related reconciliations and analysis were not performed on a timely basis. This caused significant adjustments proposed by management impacting the consolidated financial statements.

Recommendation: We recommend that management implements a more detailed and adequate review of the accounting records including strong process and internal controls surrounding financial reporting. This process should identify the required accounting records and reconciliations, ensure the existence of preparer and reviewer requirements for the accounting records and reconciliations, and implement an appropriate time frame for the completion of accounting records and reconciliations.

Views of Responsible Officials: Management agrees with the finding above. The Group plans to implement the above recommendations and will review the operational resources available to expand the finance team and do so accordingly.

Person Responsible for Corrective Action: Chief Financial Officer

Section III – FEDERAL, STATE AND CITY AWARD FINDINGS AND QUESTIONED COSTS

None.

Section IV - FOLLOW-UP OF PRIOR-YEAR AUDIT FINDINGS

Finding 2022-001

Condition and Context: The Group failed to maintain an accurate trial balance and general ledger to support certain account balances resulting in numerous client proposed correcting entries for which had not been adjusted timely by management would have misstated the consolidated financial statements for the year ended June 30, 2022.

Current Year Status: The finding was partially remediated as there were significantly less adjusting journal entries for the year and management redelegated roles and responsibilities. This finding is repeated as finding 2023-001.

Mission Driven. People First.

COMHAR

— SINCE 1975 —

Employee Benefits Security Administration (EBSA)
Division of Technical Assistance and Inquiries
U.S. Department of Labor
200 Constitution Ave NW, Room N-1513
Washington, D.C. 20210

Subject: DFVCP Submission for Late Filing of Form 5500 Annual Report for 2022 and 2023

Dear Sir/Madam,

We are writing to formally notify the Department of Labor's Employee Benefits Security Administration (EBSA) of our participation in the Delinquent Filer Voluntary Compliance Program (DFVCP) for the late submission of our Form 5500 Annual Report for the 2022 and 2023 plan years.

COMHAR, Inc. is a non-profit behavioral health agency dedicated to serving low-income individuals facing severe mental and behavioral health challenges. Our organization's mission is to provide vital behavioral health services, promoting stability and support in the lives of those most in need in our community.

The delay in filing our Form 5500 reports for these years was unintentional and was due to significant challenges in securing the necessary audit review. Initially, our previous auditors, with whom we had a longstanding relationship, informed us late in the process that they could not proceed with the audit due to unforeseen staffing shortages. This required us to locate new auditors at short notice to complete the ERISA-required audit for our 403(b) plan.

When we engaged our current auditors, they initially understood that the ERISA audit would be conducted by our prior auditors. Once they accepted the responsibility, the audit engagement faced further delays due to staffing constraints both on their end and within our internal Fiscal department. These combined factors caused an unfortunate postponement in the completion of the 2022 and 2023 Form 5500 filings.

We take full responsibility for the late filing and have taken corrective actions to prevent recurrence. We are fully committed to compliance with DOL and ERISA requirements and will ensure timely filing moving forward. Our current Auditors will have the 2022 and 2023 audits finalized by December 15, 2024.

Thank you for your understanding of the unique challenges faced by non-profit organizations like ours and for your consideration of our DFVCP submission for these plan years. We appreciate the opportunity to rectify this matter through participation in the DFVCP program.

Please feel free to contact me directly at 215-778-0194 should you need any additional information or clarification regarding our situation.

Sincerely,

Tyrone A. Howell
Chief Financial Officer
Cell: 215-778-0194
tyrone.howell@comhar.org

SCHEDULE H, line 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

COMHAR 403(B) RETIREMENT SAVINGS PLAN

EIN 23-7418921

PLAN NUMBER 002

PLAN YEAR 01/01/2023 TO 12/31/2023

(A)	(B)	(B)	(C)	(D)	(E)
	Identity of issuer, borrower, lessor or similar party		Description of investment including maturity date, rate of interest, collateral, par or maturity value.	Cost	Current Value
	American Funds Service Company	Registered Investment Company	American Funds 2010 Target Date Retirement R6 Fund	\$ -	\$ 41,177
	American Funds Service Company	Registered Investment Company	American Funds 2015 Target Date Retirement R6 Fund	\$ -	\$ 38,177
	American Funds Service Company	Registered Investment Company	American Funds 2020 Target Date Retirement R6 Fund	\$ -	\$ 1,540,231
	American Funds Service Company	Registered Investment Company	American Funds 2025 Target Date Retirement R6 Fund	\$ -	\$ 1,368,029
	American Funds Service Company	Registered Investment Company	American Funds 2030 Target Date Retirement R6 Fund	\$ -	\$ 1,330,113
	American Funds Service Company	Registered Investment Company	American Funds 2035 Target Date Retirement R6 Fund	\$ -	\$ 1,429,674
	American Funds Service Company	Registered Investment Company	American Funds 2040 Target Date Retirement R6 Fund	\$ -	\$ 1,410,362
	American Funds Service Company	Registered Investment Company	American Funds 2045 Target Date Retirement R6 Fund	\$ -	\$ 1,076,483
	American Funds Service Company	Registered Investment Company	American Funds 2050 Target Date Retirement R6 Fund	\$ -	\$ 681,688
	American Funds Service Company	Registered Investment Company	American Funds 2055 Target Date Retirement R6 Fund	\$ -	\$ 339,755
	American Funds Service Company	Registered Investment Company	American Funds 2060 Target Date Retirement R6 Fund	\$ -	\$ 152,727
	American Funds Service Company	Registered Investment Company	American Funds 2065 Target Date Retirement R6 Fund	\$ -	\$ 35,812
	Vanguard Group	Registered Investment Company	Vanguard 500 Index Admiral Fund	\$ -	\$ 547,410
	Vanguard Group	Registered Investment Company	Vanguard Balanced Index Admiral Fund	\$ -	\$ 249,674
	Vanguard Group	Registered Investment Company	Vanguard Mid Cap Index Admiral Fund	\$ -	\$ 114,821
	Vanguard Group	Registered Investment Company	Vanguard Small Cap Index Admiral Fund	\$ -	\$ 132,722
	Vanguard Group	Registered Investment Company	Vanguard Total Bond Market Index Admiral Fund	\$ -	\$ 47,845
	Vanguard Group	Registered Investment Company	Vanguard Total International Stock Index Admiral Fund	\$ -	\$ 44,898
	Principal Life Insurance Company	Insurance Company General	Principal Fixed Income Guaranteed Option	\$ -	\$ 237,924
	Participant Loans	Range of Interest Rates	Interest Rates Range From 4.25% to 8.50%	\$ -	\$ 402,605
					\$ 11,222,127