

SUNNYSIDE HOME CARE PROJECT, INC.



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

Years Ended June 30, 2021 and 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

SUNNYSIDE HOME CARE PROJECT, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Sunnyside Home Care Project, Inc.

We have audited the accompanying financial statements of Sunnyside Home Care Project, Inc. ("Home Care"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunnyside Home Care Project, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
February 10, 2022

SUNNYSIDE HOME CARE PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2C and 10)	\$ 5,508,901	\$ 4,649,498
Government grants receivable, net (Notes 2D, 2E and 4)	210,740	241,709
Accounts receivable, net (Notes 2E, 2I and 5)	7,367,366	7,477,927
Contributions receivable (Notes 2E and 2K)	30,000	212,500
Due from affiliates (Notes 9)	254,577	-
Prepaid expenses and other assets	1,500	1,500
TOTAL ASSETS	\$ 13,373,084	\$ 12,583,134
LIABILITIES		
Accounts payable and accrued expenses (Notes 6D and 6F)	\$ 6,779,467	\$ 5,151,207
Advances payable and deferred revenue (Note 2G)	26,842	35,250
Due to affiliates (Note 9)	2,726,547	3,014,638
TOTAL LIABILITIES	9,532,856	8,201,095
COMMITMENTS AND CONTINGENCIES (Note 6)		
NET ASSETS (Note 2B)		
Without donor restrictions	3,752,873	4,293,932
With donor restrictions (Note 7)	87,355	88,107
TOTAL NET ASSETS	3,840,228	4,382,039
TOTAL LIABILITIES AND NET ASSETS	\$ 13,373,084	\$ 12,583,134

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

**SUNNYSIDE HOME CARE PROJECT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
GOVERNMENT AND OTHER SUPPORT:						
Government and other grants (Notes 2H and 10)	\$ 874,064	\$ -	\$ 874,064	\$ 88,254	\$ -	\$ 88,254
Contract revenue - Managed care (Notes 2I and 10)	43,564,766	-	43,564,766	49,116,887	-	49,116,887
Contributions and grants (Note 2K)	-	160,000	160,000	-	168,750	168,750
Donated services (Note 2L)	6,862	-	6,862	-	-	-
Other income	1,064,755	-	1,064,755	744,170	-	744,170
Net assets released from restrictions (Notes 2B and 7)	160,752	(160,752)	-	217,857	(217,857)	-
TOTAL GOVERNMENT AND OTHER SUPPORT	45,671,199	(752)	45,670,447	50,167,168	(49,107)	50,118,061
OPERATING EXPENSES (Note 2N):						
Program services						
Home care	41,470,557	-	41,470,557	46,314,720	-	46,314,720
Supporting services						
Management and general	3,741,701	-	3,741,701	3,843,986	-	3,843,986
TOTAL OPERATING EXPENSES	45,212,258	-	45,212,258	50,158,706	-	50,158,706
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	458,941	(752)	458,189	8,462	(49,107)	(40,645)
NON-OPERATING ACTIVITY:						
Prior period settlement expense (Note 6D)	(1,000,000)	-	(1,000,000)	-	-	-
CHANGES IN NET ASSETS	(541,059)	(752)	(541,811)	8,462	(49,107)	(40,645)
NET ASSETS - BEGINNING OF YEAR	4,293,932	88,107	4,382,039	4,285,470	137,214	4,422,684
NET ASSETS - END OF YEAR	\$ 3,752,873	\$ 87,355	\$ 3,840,228	\$ 4,293,932	\$ 88,107	\$ 4,382,039

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

SUNNYSIDE HOME CARE PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Program Services - Home Care	Management and General	Total	Program Services - Home Care	Management and General	Total
Salaries (Note 9)	\$ 31,650,502	\$ 1,636,809	\$ 33,287,311	\$ 35,145,995	\$ 1,501,254	\$ 36,647,249
Payroll taxes and fringe benefits (Note 8)	8,938,922	832,680	9,771,602	10,273,013	927,627	11,200,640
Total Personnel Costs	<u>40,589,424</u>	<u>2,469,489</u>	<u>43,058,913</u>	<u>45,419,008</u>	<u>2,428,881</u>	<u>47,847,889</u>
Consultants (Note 2L)	173,277	168,551	341,828	199,602	125,177	324,779
Computer services	184,147	160,569	344,716	229,263	202,820	432,083
Occupancy (Notes 6 and 9)	254,523	221,933	476,456	229,400	202,941	432,341
Supplies/printing	86,333	75,279	161,612	48,019	42,481	90,500
Travel/transportation	28,211	28,212	56,423	42,366	13,707	56,073
Insurance	119,421	104,130	223,551	94,410	83,521	177,931
Repairs and maintenance	19,461	16,969	36,430	14,598	12,914	27,512
Bad debt expense	-	482,177	482,177	-	692,333	692,333
Prior period settlement expense (Note 6D)	1,000,000	-	1,000,000	-	-	-
Other	15,760	14,392	30,152	38,054	39,211	77,265
Total Costs	<u>42,470,557</u>	<u>3,741,701</u>	<u>46,212,258</u>	<u>46,314,720</u>	<u>3,843,986</u>	<u>50,158,706</u>
Less: Prior period settlement expense	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 41,470,557</u>	<u>\$ 3,741,701</u>	<u>\$ 45,212,258</u>	<u>\$ 46,314,720</u>	<u>\$ 3,843,986</u>	<u>\$ 50,158,706</u>

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

**SUNNYSIDE HOME CARE PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (541,811)	\$ (40,645)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	482,177	692,333
Subtotal	(59,634)	651,688
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Government grants receivable	30,969	402
Accounts receivable	(371,616)	2,206,303
Contributions receivable	182,500	(147,500)
Due from affiliates	(254,577)	-
Prepaid expenses and other assets	-	2,200
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	1,628,260	(408,821)
Advances payable and deferred revenue	(8,408)	(29,270)
Due to affiliates	(288,091)	(484,967)
Net Cash Provided by Operating Activities	859,403	1,790,035
INCREASE IN CASH AND CASH EQUIVALENTS	859,403	1,790,035
Cash and cash equivalents - beginning of the year	4,649,498	2,859,463
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,508,901	\$ 4,649,498

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

SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Sunnyside Home Care Project, Inc. (“Home Care”), a not-for-profit licensed home care service agency, was established to provide personal care services to the elderly and disabled persons who require such services in order to maintain themselves safely at home. Home Care is funded primarily by fees from the City of New York Human Resources Administration (“HRA”) and managed care revenues.

The agency is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The accompanying financial statements were prepared to present the financial position, changes in net assets and cash flows of only Home Care and do not include the financial position, changes in net assets and cash flows of its related organizations: Sunnyside Community Services, Inc. (“Sunnyside”), Sunnyside Citywide Home Care Services, Inc. (“Citywide”) and Sunnyside CDPAP, Inc. (“CDPAP”). Effective January 1, 2019, Citywide began transferring clients to Home Care. All managed care clients were transferred as of March 1, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of accounting*** - The accompanying financial statements of Home Care have been prepared on the accrual basis of accounting. Home Care adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Basis of presentation*** - Home Care maintains its net assets under the following two classes:
- a. Net assets without donor restrictions – includes funds having no restriction as to use or purpose imposed by donors. It represents resources available for support of Home Care’s operations over which the Board of Directors has discretionary control.
 - b. Net assets with donor restrictions – represents assets that are subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- C. ***Cash and cash equivalents*** - Cash and cash equivalents consist of cash and highly liquid investments with maturity dates, when acquired, of three months or less.
- D. ***Government grants receivable*** - Government grants receivable are recorded for expenditures made in accordance with grant agreements.
- E. ***Allowance for doubtful accounts*** - Home Care determines whether an allowance for uncollectible accounts should be provided for grants, contributions and accounts receivable. Such estimates are based on management’s assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of both June 30, 2021 and 2020, Home Care determined an allowance of \$900,000 was necessary for government grants receivable, an allowance of \$2,151,735 and \$2,004,613, respectively, was necessary for accounts receivable and no allowance was necessary for contributions receivable.
- F. ***Property and equipment*** - Property and equipment including leasehold improvements are recorded at cost. Items with a cost of \$1,000 and estimated useful life of greater than one year are capitalized. Property and equipment are depreciated on the straight-line method over their estimated useful lives. Amortization of leasehold improvements is recorded on the straight-line method over the term of the lease or the life of the asset, whichever is shorter. During the year ended June 30, 2017, Home Care wrote off all of the fully depreciated property and equipment that were no longer in service.

SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. **Advances payable and deferred revenue** - Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, Home Care establishes refundable advances from governmental sources.
- H. **Revenue from Government Sources** - Revenues from government contracts are recognized when reimbursable expenses are incurred under the terms of the contract. Such revenues are subject to audit by the governmental funding sources. No provision for disallowances is reflected in the financial statements, since management does not anticipate material adjustments. Laws and regulations related to government programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in penalties and exclusion from the government programs. Cost reimbursement type government grants are accounted for under Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return/release from obligation. Grants and contracts amounted to \$874,064 and \$88,254 for the years ended June 30, 2021 and 2020, respectively.

In July 2020, Home Care received funding of \$874,064 from the U.S. Department of Health and Human Services under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”).

As of June 30, 2021 and 2020, there was no conditional grants and contracts from government agencies that have not been recorded in the accompanying financial statements.

- I. **Contract and managed care revenues** - Revenues from care of patients are reported at the estimated net realizable amounts from patients, third-party payors and others from services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations governing health care programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

Home Care bills third-party payors after the services are performed or after it has completed its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Home Care in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Home Care measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2021. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. Home Care determines the transaction price based on established rates or contracts for services provided.

- J. **Client fees** - Fees are recognized during the period the related services are provided.
- K. **Contributions** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- L. **Donated services** - Donated services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. For the year ended June 30, 2021, Home Care received donated services of \$6,862 and is reflected as contributions in kind and consultant expenses in the accompanying financial statements.
- M. **Operating leases** - Rent expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.
- N. **Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- The accompanying financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and insurance which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes which are allocated on the basis of estimates of time and effort spent, consultants, computer services, supplies, and all other expenses which are allocated on the basis of full time equivalent.
- O. **Use of estimates** - The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual amounts could differ from those estimates.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,508,901	\$ 4,649,498
Accounts receivable, net	7,367,366	7,477,927
Contributions receivable	30,000	212,500
Government grants receivable, net	<u>210,740</u>	<u>241,709</u>
	13,117,007	12,581,634
Less accounts receivable due in more than one year	<u>-</u>	<u>(643,971)</u>
	<u>\$ 13,117,007</u>	<u>\$ 11,937,663</u>

Home Care regularly monitors liquidity required to meet its operating needs while also striving to maximize the investment of its available funds. This is done by comparing, on a weekly basis, funds available to actual expenses to be paid. Home Care also strives to collect receivables on a timely basis from all types of debtors.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Home Care considers all expenditures related to its ongoing activities of Home Care's programs as well as the conduct of services undertaken to support those activities to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs.

**SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 – GOVERNMENT GRANTS RECEIVABLE, NET

Government grants receivable consist of the following as of June 30:

	2021	2020
Human Resources Administration (“HRA”)	\$ 1,110,740	\$ 1,141,709
Less: allowance for doubtful accounts	(900,000)	(900,000)
Total government grants receivable, net	\$ 210,740	\$ 241,709

NOTE 5 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following as of June 30:

	2021	2020
Amount due in less than one year:		
Medicaid – Managed care	\$ 8,474,541	\$ 7,794,009
Other third-party insurance	1,044,560	1,044,560
Amount due in more than one year:		
Medicaid – Managed care	-	643,971
Total accounts receivable	9,519,101	9,482,540
Less: allowance for doubtful accounts	(2,151,735)	(2,004,613)
Total accounts receivable, net	\$ 7,367,366	\$ 7,477,927

NOTE 6 – COMMITMENTS AND CONTINGENCIES

A. Lease Commitments

Home Care subleases its office located in Queens, New York from Sunnyside under two operating leases which expire on June 30, 2022 and December 31, 2024, respectively. These leases provide for payments of real estate taxes and utilities in addition to minimum rent. In the event that governmental funding is terminated, Home Care may cancel the subleases upon giving one month’s notice to Sunnyside.

Rent expense for the years ended June 30, 2021 and 2020 was \$297,658 and \$233,072, respectively.

The future minimum lease payments to Sunnyside, based on the sublease, subject to cancellation, for each of the years subsequent to June 30, 2021 are as follows:

2022	\$	250,000	
2023		10,000	
2024		10,000	
2025		5,000	
Total	\$	275,000	

B. HRA Recovery

The City of New York HRA exercises control over the use of its funds and limits their use to the HRA program. HRA conducted a close-out for the fiscal years ended June 30, 2009, 2010 and 2011 and determined that Home Care owed a refund of \$4,893,673. Such refund was fully paid by Home Care as of June 30, 2015. Home Care has not recorded a liability for fiscal years 2012 through 2017 as the amounts are undeterminable until HRA completes a close-out audit for each fiscal year.

SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Effective April 1, 2017, under the new contract with HRA, HRA does not exercise control over the use of its funds. All monies not spent during the grant period will be retained by Home Care as additional net assets under the contract.

C. *Third Party Contingencies*

Home Care is responsible to report to various third parties, among which are the New York State Department of Health (“DOH”), the New York State Office of Attorney General (“AG”), the Internal Revenue Service (“IRS”), the New York State Department of Charities Registration, the Office of Inspector General, and the Office of Medicaid Inspector General (“OMIG”). These and other agencies, including the New York City Human Resources Administration (“HRA”) and the New York City Department for the Aging (“DFTA”), have the right to audit fiscal as well as programmatic compliance, i.e., clinical documentation and physician certifications, among other compliance requirements.

DOH increased the Medicaid rates to provide funding for recruitment, training and retention of home health aides and/or other personnel with direct patient care responsibility. Home Care and Citywide are required to provide attestations certifying that these funds, if applicable, were paid to home health aides and other personnel with direct patient care responsibilities.

During 2007, the AG of the State of New York issued subpoenas to several Certified Home Health Agencies (“CHHAs”) and Long-Term Home Health Care Programs (“LTHHCPS”) citing that the Home Health Aides (“HHAs”) they contracted from licensed vendor agencies were not actually trained, and their certification as HHAs was falsified. Therefore, the CHHAs and LTHHCPS billed Medicaid for ineligible services. Home Care maintains that it performed proper due diligence to assure that the HHAs it employs have appropriate training and certification. Home Care did not receive a subpoena; however, this matter and the AG’s investigation have not been concluded. Home Care’s management believes that they have no exposure in this matter.

D. *Prior Period Settlement Expense*

As a result of an arbitration settlement, Home Care is obligated to pay wage and hour claims that have been (or could have been) brought against Home Care in court or otherwise, covering the statutory limitation period from January 2013 through October 31, 2021. The settlement calls for a \$250 payment for each unique employee who worked at Home Care for this period referenced. The obligation is estimated to be \$1,000,000 as of June 30, 2021 and is included in accounts payable and accrued expenses in the accompanying statement of financial position.

E. *Income Taxes*

Home Care believes it has no uncertain tax positions as of June 30, 2021 and 2020 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

F. *Operational Impact of COVID-19*

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Home Care’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, Home Care is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods.

**SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), certain payroll tax deferrals have been granted to companies. Included in the payroll tax deferral is the Federal Insurance Contributions Act (“FICA”) tax. Home Care has decided to defer the employer portion of the FICA tax which amounted to approximately \$1,487,000 and \$429,000 as of June 30, 2021 and 2020, respectively, which is included in accounts payable and accrued expenses. Under the CARES Act, the deferred amount would be due in two equal installments on December 31, 2021 and December 31, 2022. On December 12, 2021, approximately \$744,000 of deferred payroll tax was paid by Home Care.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes:

	2021	2020
Home Health Aide Training	\$ 87,355	\$ 88,107
Total net assets with donor restrictions	\$ 87,355	\$ 88,107

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30 as follows:

	2021	2020
Home Health Aide Training	\$ 160,752	\$ 217,857
	\$ 160,752	\$ 217,857

NOTE 8 – PENSION PLANS

Nonunion Pension Plan

Home Care maintains a 403(b) pension plan that covers all full-time employees not covered by a collective bargaining agreement. On an annual basis, the Board determines a discretionary contribution for employees who are at least 21 years of age and have completed two years of service. Home Care’s contributions amounted to \$45,612 and \$34,457 for the years ended June 30, 2021 and 2020, respectively.

Union Pension Plan

All union employees of Home Care participate in a multiemployer defined benefit pension plan administered by the union. Union pension expense for the years ended June 30, 2021 and 2020 was \$601,928 and \$671,555, respectively. Home Care did not contribute more than 5% of total contributions to those plans.

The risks of participating in these multiemployer defined benefit pension plans are different from single employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if Home Care chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan.

**SUNNYSIDE HOME CARE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 – PENSION PLANS (Continued)

The following information was obtained from Home Care’s union-managed pension plan:

Pension Fund	EIN/ Pension Plan Number	FIP/RP Status Pending/ Implemented	Contributions		Surcharge Imposed	Effective Date of Collective Bargaining Agreement
			2021	2020		
1199 SEIU Home Care Employees Pension Fund	EIN 13-3943904 Plan No. 001	No	\$601,928	\$671,555	No	September 30, 2020

As of the date the financial statements were available to be issued, Form 5500 was available for the plan year ended December 31, 2020 and did not include 2021 plan information. The plan’s actuaries have certified that the plan is not endangered, seriously endangered or critical, as those terms are defined in the Pension Protection Act of 2006 for the plan year ended December 31, 2020.

NOTE 9 – RELATED-PARTY TRANSACTIONS

Home Care is related, through common board members, to Citywide and Sunnyside. At June 30, 2021, Home Care owes Citywide \$2,726,547 and is owed \$254,577 from Citywide. As of June 30, 2020, Home Care owes Sunnyside \$247,413 and owes Citywide \$2,767,225. These represent normal operating expenses, are non-interest-bearing and are due on demand.

In addition, for the years ended June 30, 2021 and 2020 Sunnyside allocated rent (Note 6) and other expenses, as outlined in the table below, to Home Care.

	2021	2020
Rent, real estate taxes and utilities expenses	\$ 345,299	\$ 274,673
Salaries, fringe benefits and other expenses	1,250,725	1,189,837

Sunnyside has a \$2 million revolving line of credit with a bank as borrower with Home Care and Citywide as guarantors that matures on December 31, 2022. Interest on this line is calculated using LIBOR Daily Floating Rate plus 2.25% percent points. As of June 30, 2021, there is no outstanding balance on this line. As of February 10, 2022, there is no borrowing under this line.

NOTE 10 – CONCENTRATIONS

Credit Risk

Cash that potentially subjects Home Care to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2021 and 2020, there was approximately \$5.0 million and \$4.2 million, respectively, of cash held by two banks that exceeded FDIC limits.

Revenue

For the year ended June 30, 2021, the contracts with HRA represent 24% of total revenues and 40% of accounts receivable as of June 30, 2021. Also, contracts with four managed care vendors represent 58% of total revenues and 25% of accounts receivable.

For the year ended June 30, 2020, the contracts with HRA represent 23% of total revenues and as of June 30, 2020, 34% of accounts receivable. Also, contracts with three managed care vendors represent 62% of total revenues and 37% of accounts receivable.

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NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure of, events subsequent to the date of the statement of financial position through February 10, 2022, the date the financial statements were available to be issued.