

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.



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

Years Ended June 30, 2022 and 2021

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.

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

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Sunnyside Citywide Home Care Services, Inc.
New York, NY

Opinion

We have audited the financial statements of Sunnyside Citywide Home Care Services, Inc. ("Citywide"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citywide as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Report on 2021 Financial Statements

The financial statements of Citywide as of and for the year ended June 30, 2021, were audited by another auditor whose report dated February 10, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Mayer Hoffman McCann CPAs

New York, NY
March 3, 2023

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash (Note 10)	\$ 552,291	\$ 1,102,708
Accounts receivable, net (Notes 2D, 2H and 4)	199,111	801,606
Investments (Notes 2E and 5)	4,061,302	4,732,357
Prepaid expenses and other assets	47,891	10,822
Due from affiliates (Note 11)	3,110,580	2,813,005
Property and equipment, net (Notes 2F and 6)	<u>41,996</u>	<u>47,636</u>
TOTAL ASSETS	<u>\$ 8,013,171</u>	<u>\$ 9,508,134</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 567,272	\$ 604,455
Workers' compensation assessment payable (Note 7)	<u>243,728</u>	<u>360,716</u>
TOTAL LIABILITIES	<u>811,000</u>	<u>965,171</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Note 2B)		
Without donor restrictions	<u>7,202,171</u>	<u>8,542,963</u>
TOTAL NET ASSETS	<u>7,202,171</u>	<u>8,542,963</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,013,171</u>	<u>\$ 9,508,134</u>

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
GOVERNMENT AND OTHER SUPPORT:						
Contract revenue - Managed care (Notes 2H and 10)	\$ 16,702	\$ -	\$ 16,702	\$ 137,939	\$ -	\$ 137,939
Private pay (Note 2H)	283,006	-	283,006	294,806	-	294,806
Government grants (Note 2G)	132,443	-	132,443	310,242	-	310,242
Donated services (Note 2J)	-	-	-	2,287	-	2,287
State funding and other income	<u>3,030</u>	<u>-</u>	<u>3,030</u>	<u>37,160</u>	<u>-</u>	<u>37,160</u>
TOTAL GOVERNMENT AND OTHER SUPPORT	<u>435,181</u>	<u>-</u>	<u>435,181</u>	<u>782,434</u>	<u>-</u>	<u>782,434</u>
OPERATING EXPENSES (Note 2K):						
Program services						
Home care	476,871	-	476,871	729,390	-	729,390
Supporting services						
Management and general	<u>622,917</u>	<u>-</u>	<u>622,917</u>	<u>700,984</u>	<u>-</u>	<u>700,984</u>
TOTAL OPERATING EXPENSES	<u>1,099,788</u>	<u>-</u>	<u>1,099,788</u>	<u>1,430,374</u>	<u>-</u>	<u>1,430,374</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	<u>(664,607)</u>	<u>-</u>	<u>(664,607)</u>	<u>(647,940)</u>	<u>-</u>	<u>(647,940)</u>
NON-OPERATING ACTIVITY:						
Investment (loss) return, net (Note 5)	<u>(676,185)</u>	<u>-</u>	<u>(676,185)</u>	<u>804,341</u>	<u>-</u>	<u>804,341</u>
TOTAL NON-OPERATING ACTIVITY	<u>(676,185)</u>	<u>-</u>	<u>(676,185)</u>	<u>804,341</u>	<u>-</u>	<u>804,341</u>
CHANGES IN NET ASSETS	(1,340,792)	-	(1,340,792)	156,401	-	156,401
NET ASSETS - BEGINNING OF YEAR	<u>8,542,963</u>	<u>-</u>	<u>8,542,963</u>	<u>8,386,562</u>	<u>-</u>	<u>8,386,562</u>
NET ASSETS - END OF YEAR	<u>\$ 7,202,171</u>	<u>\$ -</u>	<u>\$ 7,202,171</u>	<u>\$ 8,542,963</u>	<u>\$ -</u>	<u>\$ 8,542,963</u>

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

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Program Services Home Care	Management and General	Total	Program Services Home Care	Management and General	Total
Salaries	\$ 182,266	\$ 98,023	\$ 280,289	\$ 369,949	\$ 90,380	\$ 460,329
Payroll taxes and fringe benefits (Note 9)	63,692	20,247	83,939	166,145	17,724	183,869
Total Personnel Costs	245,958	118,270	364,228	536,094	108,104	644,198
Consultants (Note 2J)	14,192	11,796	25,988	10,375	8,757	19,132
Computer services	11,455	9,521	20,976	10,038	9,769	19,807
Occupancy (Note 8)	78,991	65,655	144,646	57,828	56,276	114,104
Supplies/printing	78	65	143	4,250	4,136	8,386
Insurance	63,611	52,872	116,483	59,194	57,605	116,799
Repairs and maintenance	15,163	12,603	27,766	5,169	5,030	10,199
Dues and subscriptions	560	465	1,025	519	506	1,025
Bank charges and interest	25,599	21,277	46,876	26,068	25,368	51,436
Depreciation and amortization (Note 6)	3,080	2,560	5,640	3,294	3,072	6,366
Bad debt expense	-	312,717	312,717	-	406,246	406,246
Other	18,184	15,116	33,300	16,561	16,115	32,676
TOTAL EXPENSES	\$ 476,871	\$ 622,917	\$ 1,099,788	\$ 729,390	\$ 700,984	\$ 1,430,374

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

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (1,340,792)	\$ 156,401
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Unrealized loss (gain) on investment	762,104	(696,961)
Realized loss (gain) on investment	3,420	(26,208)
Bad debt expense	312,717	406,246
Depreciation and amortization	5,640	6,366
Subtotal	(256,911)	(154,156)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	289,778	327,686
Prepaid expenses and other assets	(37,069)	41,714
Due from affiliates	(297,575)	66,511
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(37,183)	25,576
Workers' compensation assessment payable	(116,988)	(116,988)
Net Cash (Used in) Provided by Operating Activities	(455,948)	190,343
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	73,983
Purchase of investments	(94,469)	(162,024)
Net Cash Used in Investing Activities	(94,469)	(88,041)
NET (DECREASE) INCREASE IN CASH	(550,417)	102,302
Cash - beginning of the year	1,102,708	1,000,406
CASH - END OF YEAR	\$ 552,291	\$ 1,102,708
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 21,828	\$ 22,227

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

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Sunnyside Citywide Home Care Services, Inc. (“Citywide”) is a not-for-profit licensed home care service agency that 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. Citywide is funded primarily by 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 Citywide and do not include the financial position, changes in net assets and cash flows of its related organizations: Sunnyside Community Services, Inc. (“Sunnyside”), Sunnyside Home Care Project, Inc. (“Home Care”) 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 Citywide have been prepared on the accrual basis of accounting. Citywide adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Basis of presentation*** - Citywide 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 Citywide’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. ***Government grants receivable*** - Government grants receivable are recorded for expenditures made in accordance with grant agreements.
- D. ***Allowance for doubtful accounts*** - Citywide determines whether an allowance for uncollectible accounts should be provided for 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 June 30, 2022 and 2021, Citywide determined an allowance of \$77,844 and \$120,996, respectively, was necessary for accounts receivable.
- E. ***Investments*** - Investments are stated at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as described in Note 5.
- F. ***Property and equipment*** - Property and equipment and 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.

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. **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).

Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return/ release from obligation. Government grants amounted to \$132,443 and \$310,242 for the years ended June 30, 2022 and 2021, respectively.

In October and December 2020, Citywide received total funding of \$310,242 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, 2022 and 2021, there was no conditional grants and contracts from government agencies that have not been recorded in the accompanying financial statements.

- H. **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.

Citywide 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 Citywide 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. Citywide 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, 2022 and 2021. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. Citywide determines the transaction price based on established rates or contracts for services provided.

- I. **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 CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. **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 years ended June 30, 2022 and 2021, Citywide received donated services of \$0 and \$2,287, respectively, and is reflected as donated services and consultant expenses in the accompanying financials statements. Donated services recognized comprise of pro bono legal services from attorneys providing Citywide with various trainings. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services. The contributed services are utilized for general operations.
- K. **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.
- L. **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, insurance, depreciation and amortization 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.
- M. **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:

	2022	2021
Cash	\$ 552,291	\$ 1,102,708
Accounts receivable, net	199,111	801,606
Investments	4,061,302	4,732,357
	\$ 4,812,704	\$ 6,636,671

Citywide 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. Citywide also strives to collect receivables on a timely basis from all types of debtors.

As part of Citywide’s liquidity management plan, Citywide invests cash in excess of daily requirements in short-term investments such as stocks and mutual funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Citywide considers all expenditures related to its ongoing activities of Citywide’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 CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following as of June 30:

	2022	2021
Amount due in less than one year:		
Medicaid – Managed care	\$ 68,954	\$ 716,969
Other private pay insurance	164,942	166,941
Other receivables	43,059	38,692
Total accounts receivable	276,955	922,602
Less: allowance for doubtful accounts	(77,844)	(120,996)
Total accounts receivable, net	\$ 199,111	\$ 801,606

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following at June 30, 2022 and 2021 and were classified as Level 1 in the fair value hierarchy (as defined below) as follows:

	2022	2021
Fixed income	\$ 1,739,005	\$ 1,965,542
Equity	2,322,297	2,766,815
Total Investments	\$ 4,061,302	\$ 4,732,357

Investments are subject to market volatility that could change their carrying value in the near term.

Investment (loss) return consisted of the following for the years ended June 30:

	2022	2021
Interest and dividends	\$ 112,303	\$ 96,167
Realized (loss) gain	(3,420)	26,208
Unrealized (loss) gain	(762,104)	696,961
	(653,221)	819,336
Less: Investment fees	(22,964)	(14,995)
	\$ (676,185)	\$ 804,341

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

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

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

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In determining fair value, Citywide utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in equity and fixed income are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

	2022	2021	Estimated Useful Lives
Leasehold improvements	\$ 84,574	\$ 84,574	12-15 Years
Furniture and equipment	48,912	48,912	5 Years
	133,486	133,486	
Less: accumulated depreciation and amortization	(91,490)	(85,850)	
Net book value	\$ 41,996	\$ 47,636	

Depreciation and amortization expense amounted to \$5,640 and \$6,366 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 – WORKERS’ COMPENSATION ASSESSMENT

In 1999, Citywide joined the Health Care Providers Self-Insurance Trust (“HCPSIT”), a workers’ compensation group self-insurance trust established to provide Workers’ Compensation coverage and services for providers of social services throughout the State of New York. A forensic audit of the Trust was commissioned by the New York State Workers’ Compensation Board (“WCB”). That audit determined that HCPSIT had a cumulative deficit in the amount of \$188,187,893. Based on the deficit, the WCB terminated HCPSIT on or about June 30, 2009 and assumed trust administration and final distribution of the trust’s assets and liabilities. The WCB initiated the process of determining the assessment amount to be levied on each member of the Trust.

On January 15, 2014, the WCB provided Citywide with a settlement agreement of \$1,169,883. The agreement included an option for a one-time lump sum payment with a 5% discount, which would net to a liability of \$1,111,389; an option to pay the full amount over one or two years, interest free; or the option to pay the full amount over a ten-year period with an interest rate of 3.5%. Citywide accrued the full amount of \$1,169,883 in June of 2013, while deciding on the best option. On June 24, 2014, Citywide elected the option to pay the full amount over the ten-year period incurring annual interest of 3.5% and signed the settlement agreement with WCB. Under the terms of this agreement, Citywide is required to make monthly payments of \$11,568, including interest, beginning in August 2014. Workers’ compensation assessment payable amounted to \$243,728 and \$360,716 as of June 30, 2022 and 2021, respectively.

Future principal payments for each of the years subsequent to June 30, 2022 are as follows:

2023	\$ 116,988
2024	116,988
2025	9,752
	\$ 243,728

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. *Lease Commitments*

Citywide subleases its office located in Queens, New York from Sunnyside under two operating leases and provides payments of real estate taxes and utilities in addition to minimum rent. The two leases expired on June 30, 2022. In the event that governmental funding is terminated, Citywide may cancel the subleases upon giving one to three months' notice (varying by sublease agreement) to Sunnyside. This lease will not be renewed after June 30, 2022 since Sunnyside Citywide no longer operates the program.

Rent expense for the years ended June 30, 2022 and 2021 was \$114,976 and \$100,294, respectively.

B. *Third Party Contingencies*

Citywide 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. Citywide maintains that it performed proper due diligence to ensure that the HHAs it employs have appropriate training and certification. Citywide did not receive a subpoena; however, this matter and the AG's investigation have not been concluded. Citywide's management believes that they have no exposure in this matter.

C. *Income Taxes*

Citywide believes it has no uncertain tax positions as of June 30, 2022 and 2021 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.

NOTE 9 – PENSION PLANS

Nonunion Pension Plan

Citywide 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. Citywide did not make any contribution to this plan for the years ended June 30, 2022 and 2021.

Union Pension Plan

All union employees of Citywide are covered by an employer contributory pension plan administered by the union. Union pension expense for the years ended June 30, 2022 and 2021 was \$4,038 and \$7,033, respectively. Citywide did not contribute more than 5% of total contributions to those plans.

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NOTE 9 – PENSION PLANS (Continued)

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 Citywide chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan.

The following information was obtained from Citywide’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
			2022	2021		
1199 SEIU Home Care Employees Pension Fund	EIN 13-3943904 Plan No. 001	No	\$4,038	\$7,033	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, 2021 and did not include 2022 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, 2021.

NOTE 10 – CONCENTRATIONS

Credit Risk

Cash that potentially subjects Citywide 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, 2022 and 2021, there was approximately \$57,000 and \$605,000, respectively, of cash held by one bank that exceeded FDIC limits.

Revenue

For the year ended June 30, 2022, 65% of Citywide’s revenues were derived from private pay clients. 56% of accounts receivable was due from private clients and 28% of accounts receivable was derived from billings to two other managed care vendors as of June 30, 2022.

For the year ended June 30, 2021, 40% of Citywide’s revenues were derived from U.S. Department of Health and Human Services and as of June 30, 2021, 34% of accounts receivable was from Independent Care Systems, and 18% of accounts receivable are derived from billings to three other managed care vendors.

NOTE 11 – RELATED PARTY TRANSACTIONS

Citywide is related through common board members to Home Care and Sunnyside. CDPAP is a wholly owned subsidiary of Sunnyside. As of June 30, 2022, Citywide is owed \$3,030,837 from Home Care, \$73,780 from Sunnyside and \$5,963 from CDPAP. As of June 30, 2021, Citywide was owed \$2,726,547 from Home Care, \$80,495 from Sunnyside and \$5,963 from CDPAP. These amounts represent operating expenses advances, are non-interest-bearing and are due on demand.

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NOTE 11 – RELATED PARTY TRANSACTIONS (Continued)

In addition, in 2022 and 2021 Sunnyside charged rent (Note 8) and other expenses, as outlined in the table below, to Citywide.

	<u>2022</u>	<u>2021</u>
Rent, real estate taxes and utilities expenses	\$ 160,209	\$ 136,068
Salaries, fringe benefits and other expenses	445	288

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 Bloomberg Short-Term Bank Yield Index Daily Floating Rate plus 2.05% percent points. As of June 30, 2022, there is no outstanding balance on this line. As of March 3, 2023, there is no borrowing under this line.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure of, events subsequent to the date of the statement of financial position through March 3, 2023, the date the financial statements were available to be issued.