

**SUNNYSIDE COMMUNITY SERVICES, INC.
AND AFFILIATES**



**Combined Financial Statements
(Together with Independent Auditors' Report
and Supplementary Information)**

Years Ended June 30, 2022 and 2021

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES

**COMBINED 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 Community Services, Inc. and Affiliates
New York, NY

Report on the Audit of the Combined Financial Statements

Opinion

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

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in their net assets and their 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 Combined Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Combined Financial Statements

The combined financial statements of the Organization 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 combined statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the combined 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 combined 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 combined 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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information included on pages 21-23, for the year ended June 30, 2022, is presented for purposes of additional analysis. 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The supplementary information included on pages 24-26 for the year ended June 30, 2021 was subjected to the auditing procedures applied in the June 30, 2021 audit of the combined financial statements by another auditor, whose report on such information stated that it was fairly stated in all material respects in relation to the June 30, 2021 combined financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
March 3, 2023

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents (Notes 2D and 14) | \$ 6,185,422 | \$ 7,100,001 |
| Government grants receivable, net (Notes 2E, 2G, 4 and 14) | 5,656,476 | 5,411,876 |
| Accounts receivable, net (Notes 2G, 2L, 5 and 14) | 8,821,711 | 8,236,846 |
| Contributions receivable (Notes 2F and 2G) | 300,248 | 196,100 |
| Investments (Notes 2H and 6) | 4,061,302 | 4,732,357 |
| Prepaid expenses and other assets | 573,774 | 470,642 |
| Property and equipment, net (Notes 2I and 7) | 1,283,918 | 884,854 |
| TOTAL ASSETS | \$ 26,882,851 | \$ 27,032,676 |
| LIABILITIES | | |
| Accounts payable and accrued expenses (Notes 7 and 11D) | \$ 8,052,403 | \$ 9,414,948 |
| Workers' compensation assessment payable (Note 8) | 243,728 | 360,716 |
| Advances payable and deferred revenue (Note 2J) | 2,832,849 | 26,842 |
| Note payable (Note 10) | - | 500,000 |
| Deferred rent obligation (Notes 2Q and 11A) | 1,808,749 | 1,620,367 |
| TOTAL LIABILITIES | 12,937,729 | 11,922,873 |
| COMMITMENTS AND CONTINGENCIES (Note 11) | | |
| NET ASSETS (Note 2C) | | |
| Without donor restrictions: | | |
| Invested in property and equipment | 1,283,918 | 884,854 |
| Operations | 11,955,945 | 13,394,623 |
| Total net assets without donor restrictions | 13,239,863 | 14,279,477 |
| With donor restrictions (Note 12) | 705,259 | 830,326 |
| TOTAL NET ASSETS | 13,945,122 | 15,109,803 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 26,882,851 | \$ 27,032,676 |

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINED 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: | | | | | | |
| Government and other grants (Notes 2K and 14) | \$ 15,485,050 | \$ - | \$ 15,485,050 | \$ 13,086,904 | \$ - | \$ 13,086,904 |
| Contract revenue - Managed care (Notes 2L and 14) | 40,699,811 | - | 40,699,811 | 43,702,705 | - | 43,702,705 |
| Private pay (Note 2L) | 283,006 | - | 283,006 | 294,806 | - | 294,806 |
| Program service fees (Note 2M) | 101,452 | - | 101,452 | 44,180 | - | 44,180 |
| Contributions and grants (Note 2N) | 713,283 | 1,037,287 | 1,750,570 | 454,710 | 1,255,976 | 1,710,686 |
| Contributions in kind (Note 2O) | - | - | - | 22,874 | - | 22,874 |
| Paycheck Protection Program refundable advance (Note 9) | - | - | - | 1,970,451 | - | 1,970,451 |
| Rental income (Note 2P) | 8,215 | - | 8,215 | - | - | - |
| State funding and other income | 1,077,796 | - | 1,077,796 | 1,130,475 | - | 1,130,475 |
| Net assets released from restrictions (Notes 2C and 12) | <u>1,162,354</u> | <u>(1,162,354)</u> | <u>-</u> | <u>1,173,808</u> | <u>(1,173,808)</u> | <u>-</u> |
| TOTAL GOVERNMENT AND OTHER SUPPORT | <u>59,530,967</u> | <u>(125,067)</u> | <u>59,405,900</u> | <u>61,880,913</u> | <u>82,168</u> | <u>61,963,081</u> |
| EXPENSES (Note 2S): | | | | | | |
| Program services | 52,273,512 | - | 52,273,512 | 54,563,932 | - | 54,563,932 |
| Management and general | 6,862,633 | - | 6,862,633 | 6,478,722 | - | 6,478,722 |
| Fundraising | <u>319,373</u> | <u>-</u> | <u>319,373</u> | <u>286,797</u> | <u>-</u> | <u>286,797</u> |
| TOTAL EXPENSES | <u>59,455,518</u> | <u>-</u> | <u>59,455,518</u> | <u>61,329,451</u> | <u>-</u> | <u>61,329,451</u> |
| CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES | <u>75,449</u> | <u>(125,067)</u> | <u>(49,618)</u> | <u>551,462</u> | <u>82,168</u> | <u>633,630</u> |
| NON-OPERATING ACTIVITIES: | | | | | | |
| Occupancy expenses in excess of lease payments (Notes 2Q and 11A) | (188,382) | - | (188,382) | (199,930) | - | (199,930) |
| Investment (loss) return (Note 6) | (676,185) | - | (676,185) | 804,341 | - | 804,341 |
| Prior period settlement expense (Note 11D) | <u>(250,496)</u> | <u>-</u> | <u>(250,496)</u> | <u>(1,000,000)</u> | <u>-</u> | <u>(1,000,000)</u> |
| TOTAL NON-OPERATING ACTIVITIES | <u>(1,115,063)</u> | <u>-</u> | <u>(1,115,063)</u> | <u>(395,589)</u> | <u>-</u> | <u>(395,589)</u> |
| CHANGE IN NET ASSETS | (1,039,614) | (125,067) | (1,164,681) | 155,873 | 82,168 | 238,041 |
| Net Assets - Beginning of Year | <u>14,279,477</u> | <u>830,326</u> | <u>15,109,803</u> | <u>14,123,604</u> | <u>748,158</u> | <u>14,871,762</u> |
| NET ASSETS - END OF YEAR | <u>\$ 13,239,863</u> | <u>\$ 705,259</u> | <u>\$ 13,945,122</u> | <u>\$ 14,279,477</u> | <u>\$ 830,326</u> | <u>\$ 15,109,803</u> |

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

| | Program Services | | | | Supporting Services | | Total 2022 | Total 2021 |
|---|------------------------------|-----------------------------|-----------------------|----------------------|---------------------------|-------------------|----------------------|----------------------|
| | Senior Service Program | Youth Service Program | Home Care Programs | Total | Management and General | Fundraising | | |
| Salaries | \$ 3,541,847 | \$ 4,591,868 | \$ 29,945,580 | \$ 38,079,295 | \$ 2,908,716 | \$ 155,874 | \$ 41,143,885 | \$ 42,660,465 |
| Payroll taxes and fringe benefits (Note 13) | 896,437 | 920,864 | 7,638,929 | 9,456,230 | 1,088,263 | 26,985 | 10,571,478 | 12,004,932 |
| Total Personnel Costs | 4,438,284 | 5,512,732 | 37,584,509 | 47,535,525 | 3,996,979 | 182,859 | 51,715,363 | 54,665,397 |
| Consultants (Note 2O) | 190,277 | 273,719 | 156,996 | 620,992 | 345,449 | 35,182 | 1,001,623 | 836,936 |
| Computer services | - | - | 183,767 | 183,767 | 157,194 | - | 340,961 | 364,523 |
| Occupancy (Note 11A) | 411,511 | 371,758 | 303,910 | 1,087,179 | 423,254 | 27,325 | 1,537,758 | 1,399,305 |
| Communications | 65,199 | 93,790 | - | 158,989 | 39,342 | 12,055 | 210,386 | 208,346 |
| Food | 128,585 | 105,580 | - | 234,165 | 47,496 | 6,195 | 287,856 | 122,722 |
| Supplies/printing | 125,168 | 180,058 | 70,877 | 376,103 | 136,270 | 23,143 | 535,516 | 523,590 |
| Travel/transportation | 33,880 | 48,737 | 34,907 | 117,524 | 39,503 | 6,264 | 163,291 | 105,883 |
| Client respite and supplemental expense | 838,943 | - | - | 838,943 | - | - | 838,943 | 718,251 |
| Insurance | 106,091 | 128,801 | 320,036 | 554,928 | 326,659 | 12,497 | 894,084 | 585,678 |
| Repairs and maintenance | 67,590 | 97,230 | 24,163 | 188,983 | 61,102 | 4,053 | 254,138 | 307,862 |
| Dues and subscriptions | 21,922 | 31,535 | 560 | 54,017 | 13,693 | 6,429 | 74,139 | 54,552 |
| Bank charges and interest | - | - | 25,599 | 25,599 | 21,277 | - | 46,876 | 51,436 |
| Advertising expenses (Note 2R) | 34,770 | 50,018 | - | 84,788 | 20,981 | - | 105,769 | 92,601 |
| Participant expenses | - | 1,758 | - | 1,758 | - | - | 1,758 | 4,432 |
| Depreciation and amortization (Note 7) | 88,472 | 47,807 | 3,080 | 139,359 | 113,200 | - | 252,559 | 171,141 |
| Bad debt expense | - | - | - | - | 991,171 | - | 991,171 | 908,424 |
| Other | 18,233 | 26,228 | 26,432 | 70,893 | 129,063 | 3,371 | 203,327 | 208,372 |
| Subtotal | 6,568,925 | 6,969,751 | 38,734,836 | 52,273,512 | 6,862,633 | 319,373 | 59,455,518 | 61,329,451 |
| Add: Prior period expense (Note 11D) | - | - | 250,496 | 250,496 | - | - | 250,496 | 1,000,000 |
| Add: Adjustments to deferred rent | 79,474 | 71,796 | - | 151,270 | 31,835 | 5,277 | 188,382 | 199,930 |
| TOTAL EXPENSES | \$ 6,648,399 | \$ 7,041,547 | \$ 38,985,332 | \$ 52,675,278 | \$ 6,894,468 | \$ 324,650 | \$ 59,894,396 | \$ 62,529,381 |

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | Program Services | | | | Supporting Services | | Total 2021 |
|---|------------------------------|-----------------------------|-----------------------|---------------|---------------------------|-------------|---------------|
| | Senior Service Program | Youth Service Program | Home Care Programs | Total | Management and General | Fundraising | |
| Salaries | \$ 3,596,788 | \$ 3,999,653 | \$ 32,020,451 | \$ 39,616,892 | \$ 2,893,552 | \$ 150,021 | \$ 42,660,465 |
| Payroll taxes and fringe benefits (Note 13) | 834,939 | 933,319 | 9,105,067 | 10,873,325 | 1,100,465 | 31,142 | 12,004,932 |
| Total Personnel Costs | 4,431,727 | 4,932,972 | 41,125,518 | 50,490,217 | 3,994,017 | 181,163 | 54,665,397 |
| Consultants (Note 2O) | 144,289 | 221,053 | 183,652 | 548,994 | 266,400 | 21,542 | 836,936 |
| Computer services | - | - | 194,185 | 194,185 | 170,338 | - | 364,523 |
| Occupancy (Note 11A) | 359,344 | 295,054 | 312,351 | 966,749 | 410,941 | 21,615 | 1,399,305 |
| Communications | 61,962 | 95,964 | - | 157,926 | 38,940 | 11,480 | 208,346 |
| Food | 54,820 | 45,012 | - | 99,832 | 20,249 | 2,641 | 122,722 |
| Supplies/printing | 105,158 | 162,865 | 90,583 | 358,606 | 145,501 | 19,483 | 523,590 |
| Travel/transportation | 14,710 | 22,781 | 28,211 | 65,702 | 37,456 | 2,725 | 105,883 |
| Client respite and supplemental expense | 718,251 | - | - | 718,251 | - | - | 718,251 |
| Insurance | 86,478 | 112,998 | 178,615 | 378,091 | 207,587 | - | 585,678 |
| Repairs and maintenance | 77,691 | 120,324 | 24,630 | 222,645 | 70,823 | 14,394 | 307,862 |
| Dues and subscriptions | 15,919 | 24,655 | 519 | 41,093 | 10,510 | 2,949 | 54,552 |
| Bank charges and interest | - | - | 26,068 | 26,068 | 25,368 | - | 51,436 |
| Advertising expenses (Note 2R) | 27,540 | 42,652 | - | 70,192 | 17,307 | 5,102 | 92,601 |
| Participant expenses | - | 4,432 | - | 4,432 | - | - | 4,432 |
| Depreciation and amortization (Note 7) | 91,159 | 43,969 | 3,294 | 138,422 | 32,666 | 53 | 171,141 |
| Bad debt expense | - | - | - | - | 908,424 | - | 908,424 |
| Other | 19,703 | 30,503 | 32,321 | 82,527 | 122,195 | 3,650 | 208,372 |
| Subtotal | 6,208,751 | 6,155,234 | 42,199,947 | 54,563,932 | 6,478,722 | 286,797 | 61,329,451 |
| Add: Prior period expense (Note 11D) | - | - | 1,000,000 | 1,000,000 | - | - | 1,000,000 |
| Add: Adjustments to deferred rent | 89,309 | 73,330 | - | 162,639 | 32,989 | 4,302 | 199,930 |
| TOTAL EXPENSES | \$ 6,298,060 | \$ 6,228,564 | \$ 43,199,947 | \$ 55,726,571 | \$ 6,511,711 | \$ 291,099 | \$ 62,529,381 |

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (1,164,681) | \$ 238,041 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Unrealized loss (gain) on investments | 762,104 | (696,961) |
| Realized loss (gain) on investments | 3,420 | (26,208) |
| Bad debt | 991,171 | 908,424 |
| Depreciation and amortization | 252,559 | 171,141 |
| Subtotal | 844,573 | 594,437 |
| Changes in operating assets and liabilities: | | |
| (Increase) or decrease in assets: | | |
| Government grants receivable | (244,600) | (2,104,973) |
| Accounts receivable | (1,576,036) | 869,679 |
| Contributions receivable | (104,148) | 83,175 |
| Prepaid expenses and other assets | (103,131) | (314,382) |
| Increase or (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (1,362,546) | 1,860,499 |
| Workers' compensation assessment payable | (116,988) | (116,988) |
| Advances payable and deferred revenue | 2,806,007 | (20,583) |
| Paycheck Protection Program refundable advance | - | (1,970,451) |
| Deferred rent obligation | 188,382 | 199,930 |
| Net Cash Provided by (Used in) Operating Activities | 331,513 | (919,657) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property and equipment | (651,623) | (114,096) |
| Proceeds from sale of investments | - | 73,983 |
| Purchase of investments | (94,469) | (162,024) |
| Net Cash Used in Investing Activities | (746,092) | (202,137) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from note | - | 500,000 |
| Repayment of note | (500,000) | - |
| Net Cash (Used in) Provided by Financing Activities | (500,000) | 500,000 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (914,579) | (621,794) |
| Cash and cash equivalents - beginning of year | 7,100,001 | 7,721,795 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 6,185,422 | \$ 7,100,001 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the year for interest | \$ 21,828 | \$ 27,424 |

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Sunnyside Community Services, Inc. (“Sunnyside”) is a not-for-profit organization located in western Queens whose mission is to strengthen the community by providing a continuum of vital services and activities that enrich the lives of individuals of all ages. Founded as a senior center in 1974, Sunnyside has grown in step with community needs. Today, Sunnyside serves approximately 12,000 individuals each year including children, youth, adults, and seniors. Sunnyside’s services for youth and families provide holistic support to students from early childhood through to college and seek to involve parents as full partners in their children’s education. Sunnyside’s workforce development and training programs prepare members of the community for the job market, and work to connect them with meaningful employment. Sunnyside provides a comprehensive range of services that enables seniors to stay healthy and independent and to remain living safely in their homes for as long as possible and Sunnyside’s home care services enable individuals who struggle with the activities of daily living to remain living safely in their homes. Sunnyside’s primary sources of revenue are government grants and contributions.

The accompanying combined financial statements of Sunnyside Community Services, Inc. and Affiliates (the “Organization”) include the accounts of Sunnyside itself and its affiliated agencies: Sunnyside Home Care Project, Inc. (“Home Care”), and Sunnyside Citywide Home Care Services, Inc. (“Citywide”). The agencies (each entity named in this paragraph) have been combined in the accompanying combined financial statements because Sunnyside, Home Care and Citywide are commonly controlled and under common management.

Home Care and Citywide were 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. Citywide is funded primarily by managed care revenue. Effective January 1, 2019, Citywide began transferring clients to Home Care. All managed care clients were transferred as of March 1, 2020.

The agencies are not-for-profit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

On July 28, 2017, Sunnyside CDPAP, Inc. was incorporated under the laws of the State of New York as a for profit business corporation. This corporation is a wholly owned subsidiary of Sunnyside Community Services, Inc. The accounts of Sunnyside CDPAP, Inc. are immaterial to the accompanying combined financial statements and are, therefore, not included.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of accounting*** - The accompanying combined financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Principles of Combination*** - The combined financial statements include accounts for the Organization. All significant intercompany transactions have been eliminated.
- C. ***Basis of Presentation*** - The Organization 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 the Organization’s operations over which the Board of Directors has discretionary control, which includes:
- **Operations** - consists of net assets without donor restrictions whose use is available for general operations.
 - **Invested in property and equipment** - consists of net assets without donor restrictions whose balance is invested in the furniture and equipment held for use in operations.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 combined statements of activities as net assets released from restrictions.
- D. **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.
- E. **Government grants receivable** - Government grants receivable are recorded for expenditures made in accordance with grant agreements.
- F. **Contributions receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions receivable amounted to \$300,248 and \$196,100 for the years ended June 30, 2022 and 2021, respectively, and are due within one year.
- G. **Allowance for doubtful accounts** - The Organization 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 June 30, 2022 and 2021, the Organization determined an allowance of \$902,079 and \$915,239, respectively, for each of the years was necessary for government grants receivable, an allowance of \$2,221,867 and \$2,272,731, respectively, was necessary for accounts receivable and no allowance was necessary for contributions receivable.
- H. **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 6.
- I. **Property and equipment** - Property and equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Items with a cost of \$1,000 and an 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.
- J. **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, the Organization establishes refundable advances from governmental sources.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. **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 any disallowances is reflected in the combined financial statements, since management does not anticipate any 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. Government grants and contracts amounted to \$15,485,050 and \$13,086,904 for the years ended June 30, 2022 and 2021, respectively.

As of June 30, 2022 and 2021, the Organization received conditional grants and contracts from government agencies in the aggregate amounts of \$11,192,000 and \$3,724,900, respectively, that have not been recorded in the accompanying combined financial statements, as they have not been earned. These grants and contracts require the Organization to provide certain services as specified in the contracts. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

From July to December 2020, the Organization received total funding of \$1,184,306 from the U.S. Department of Health and Human Services under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). In December 2021, the Organization received funding of \$32,609 from the CARES Act.

- L. **Contract, managed care and private pay 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. The Organization records receivables based on established rates or contracts for services provided.

The Organization bills third-party payors after the services are performed or has completed their 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 the Organization 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. The Organization 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. The Organization determines the transaction price based on established rates or contracts for services provided.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. **Program service fees** - Fees from the Organization’s adult day and youth service programs are recognized and recorded during the period the related services are provided. Receivables are due in full when billed when revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization 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. The Organization 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 government agencies' 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. The Organization determines the transaction price based on established rates and contracts for services provided. Program service revenue consists of revenues for the following programs for the years ended June 30:

| | 2022 | 2021 |
|------------------------|------------|-----------|
| Youth Service Program | \$ 62,975 | \$ 36,769 |
| Senior Service Program | 38,477 | 7,411 |
| | \$ 101,452 | \$ 44,180 |

Program service revenue is accounted for under ASU 2014-09, “Revenue from Contracts with Customers” (Topic 606).

- N. **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 combined statements of activities as net assets released from restrictions.
- O. **Donated services** - Donated services are recognized in the combined 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, the Organization received donated legal services of \$0 and \$22,874, respectively, and is reflected as contributions in kind and consultants expenses in the accompanying combined financial statements. Donated services recognized comprise of pro bono legal services from attorneys providing the Organization 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.
- P. **Rental revenue** - Rental revenue is recognized based on rental agreements signed annually.
- Q. **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. Occupancy expense in excess of lease payments was recorded as a non-operating item in the accompanying combined statements of activities.
- R. **Advertising expenses** - Advertising costs are charged to operations when incurred. Advertising expenses for the years ended June 30, 2022 and 2021, amounted to \$105,769 and \$92,601, respectively.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- S. **Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities. The combined 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 combined 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, consultants, supplies/printing, computer services and all other expenses which are allocated on the basis of full time equivalent.

- T. **Use of Estimates** - The preparation of the combined 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 combined 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 combined statements of financial position date, comprise the following:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 6,185,422 | \$ 7,100,001 |
| Accounts receivable, net | 8,821,711 | 8,236,846 |
| Contributions receivable | 300,248 | 196,100 |
| Investments | 4,061,302 | 4,732,357 |
| Government grants receivable, net | <u>5,656,476</u> | <u>5,411,876</u> |
| | <u>\$ 25,025,159</u> | <u>\$ 25,677,180</u> |

The Organization 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. The Organization also strives to collect receivables on a timely basis from all types of debtors. In addition, the Organization has a maximum line of credit totaling \$2 million with a financial institution (Note 11F), which can be drawn upon if needed.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of the 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 COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – GOVERNMENT GRANTS RECEIVABLE, NET

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

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| New York City Department for the Aging (“DFTA”) | \$ 1,691,741 | \$ 1,282,999 |
| New York City Department of Youth and Community Development | 1,106,426 | 1,218,363 |
| New York City Human Resources Administration (“HRA”) | 1,112,818 | 1,112,819 |
| New York State Education Department | 434,636 | 1,095,482 |
| New York State Department of Health (“DOH”) | 538,992 | 650,113 |
| Dormitory Authority of the State of New York (“DASNY”) | - | 550,000 |
| New York City Department of Information Technology and Communication | - | 175,685 |
| New York State Office of Children and Family Services | 333,917 | 105,369 |
| New York City Department of Education | 342,329 | - |
| Department of Health and Mental Hygiene | 100,000 | 17,783 |
| Office of Early Childhood Education | 182,553 | - |
| New York City Department of Design & Construction | 265,000 | - |
| New York State Department of Labor | 176,445 | - |
| Other receivables | <u>273,698</u> | <u>118,502</u> |
| Total government grants receivable | 6,558,555 | 6,327,115 |
| Less: allowance for doubtful accounts | <u>(902,079)</u> | <u>(915,239)</u> |
| Total government grants receivable, net | <u>\$ 5,656,476</u> | <u>\$ 5,411,876</u> |

NOTE 5 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following as of June 30:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Amount due in less than one year: | | |
| New York State Medicaid – Managed care | \$ 9,685,029 | \$ 9,191,510 |
| Other third-party insurance | 1,209,502 | 1,211,501 |
| Other receivables | <u>149,047</u> | <u>106,566</u> |
| Total accounts receivable | 11,043,578 | 10,509,577 |
| Less: allowance for doubtful accounts | <u>(2,221,867)</u> | <u>(2,272,731)</u> |
| Total accounts receivable, net | <u>\$ 8,821,711</u> | <u>\$ 8,236,846</u> |

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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.

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 7 – PROPERTY AND EQUIPMENT, NET

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

| | 2022 | 2021 | Estimated Useful Lives |
|---|--------------|--------------|------------------------|
| Leasehold improvements | \$ 3,999,200 | \$ 3,719,165 | 8-15 Years |
| Furniture and equipment | 1,520,130 | 1,148,542 | 5 Years |
| | 5,519,330 | 4,867,707 | |
| Less: accumulated depreciation and amortization | (4,235,412) | (3,982,853) | |
| Net book value | \$ 1,283,918 | \$ 884,854 | |

For the years ended June 30, 2022 and 2021, depreciation and amortization expenses amounted to \$252,559 and \$171,141, respectively.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 – PROPERTY AND EQUIPMENT, NET (Continued)

In 2019, Sunnyside entered into a 36-month capital lease agreement for the purchase of its server and has an option to purchase the server at the end of the term at a purchase price of \$1. Sunnyside recorded a capital lease asset and liability of \$103,499 for the equipment based on the total lease payments at the inception of the lease. Interest expense on the lease for each of the years ended June 30, 2022 and 2021 amounted to \$4,752. As of June 30, 2022 and 2021, capital lease obligation amounted to \$0 and \$17,250, respectively, and is included in accounts payable and accrued expenses in the accompanying combined statements of financial position.

NOTE 8 – 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 for Citywide. 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 are as follows:

| | |
|------|-------------------|
| 2023 | \$ 116,988 |
| 2024 | 116,988 |
| 2025 | <u>9,752</u> |
| | <u>\$ 243,728</u> |

NOTE 9 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. If the loan is not forgiven, it is repayable with interest at the rate of 1%. The maturity date of the loan is May 7, 2022. Sunnyside applied for this loan through an SBA authorized lender. The loan, amounting to \$2,070,451, was approved and funded on May 8, 2020. In June 2020, \$100,000 was returned.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE (Continued)

In accounting for the terms of the PPP loan, Sunnyside is guided by ASC 958-605 *Revenue Recognition - Contributions*. Accordingly, Sunnyside has accounted for this under ASC 958-605 as a conditional contribution. As of June 30, 2020, \$1,970,451 was recorded as refundable advance as the conditions were not met. For the year ended June 30, 2021, Sunnyside met the conditions and recognized a contribution of \$1,970,451 in the accompanying combined statements of activities. Sunnyside received full forgiveness on the loan on July 26, 2021.

NOTE 10 – NOTE PAYABLE

In November 2020, Sunnyside obtained an unsecured business loan in the amount of \$500,000. The loan is interest free and matures on November 1, 2021. The loan was fully repaid on October 29, 2021.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Lease Commitments

Sunnyside is obligated under an operating lease for its office space that expires on June 30, 2043. On November 3, 2021, Sunnyside entered into a new lease as an extension to the existing office space at a separate location. The lease agreement is between Sunnyside and 52-41 Center LLC, a New York limited liability company. Rent credits and charges are accounted for on a straight-line basis over the life of the lease which gives rise to a timing difference that is reflected as deferred rent obligation in the accompanying combined statements of financial position, amounting to \$1,808,749 and \$1,620,367 as of June 30, 2022 and 2021, respectively. In addition to base rent, Sunnyside is required to pay its pro rata share of real estate taxes and utilities. Sunnyside may cancel its lease for the senior center as of any July 1 upon at least 120 days' prior notice if government funding is terminated.

Sunnyside subleases a portion of its office space to Home Care and Citywide under three operating leases which provide for them to pay as additional rent their pro rata share of real estate taxes and utilities. Two of the leases expired on June 30, 2022, and was subsequently renewed until June 30, 2028. The other lease expires on December 31, 2024. In the event that governmental funding is terminated, Home Care and Citywide may cancel the leases upon giving one month's notice to Sunnyside.

The Organization's rent expense for the years ended June 30, 2022 and 2021 amounted to \$1,044,686 and \$993,500, respectively.

The future minimum lease payments, subject to cancellation, are as follows:

| | | |
|------------|----|-------------------|
| 2023 | \$ | 1,124,000 |
| 2024 | | 1,152,000 |
| 2025 | | 1,180,000 |
| 2026 | | 1,210,000 |
| 2027 | | 1,240,000 |
| Thereafter | | <u>19,538,000</u> |
| Total | \$ | <u>25,444,000</u> |

B. HRA Recovery

The City of New York Human Resources Administration ("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 COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 – 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 equity 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 Bureau, the Office of Inspector General, and the Office of Medicaid Inspector General (“OMIG”). These and other agencies, including 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 Attorney General 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 Attorney General’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. In 2022, the final settlement was determined to be \$1,250,496, resulting in an additional \$250,496 of prior period settlement expense recorded during the year ended June 30, 2022.

E. *Income Taxes*

The Organization 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.

F. *Line of Credit*

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 and was extended to December 31, 2023. Interest on this line is calculated using Bloomberg Short-term Bank Yield 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.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for the following purposes at June 30:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Senior services | \$ 476,384 | \$ 548,303 |
| Youth services | 53,754 | 98,504 |
| Home Health Aide Training | 25,000 | 87,355 |
| Other | <u>150,121</u> | <u>96,164</u> |
| Total net assets with donor restrictions | <u>\$ 705,259</u> | <u>\$ 830,326</u> |

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:

| | <u>2022</u> | <u>2021</u> |
|---------------------------|---------------------|---------------------|
| Senior services | \$ 455,957 | \$ 486,258 |
| Youth services | 164,750 | 241,551 |
| Home Health Aide Training | 127,355 | 160,752 |
| Other | <u>414,292</u> | <u>285,247</u> |
| | <u>\$ 1,162,354</u> | <u>\$ 1,173,808</u> |

NOTE 13 – PENSION PLANS

Nonunion Pension Plan

The Organization 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 21 years of age and have completed two years of service. The Organization's contributions amounted to \$122,356 and \$107,608 for the years ended June 30, 2022 and 2021, respectively.

Union Pension Plan

All union employees of Home Care and 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 \$549,016 and \$608,961, respectively. Home Care and Citywide did not contribute more than 5% of total contributions to those plans.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 – 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 Home Care or 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 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 |
|--|-----------------------------------|---|---------------|-----------|----------------------|---|
| | | | 2022 | 2021 | | |
| 1199 SEIU Home Care Employees Pension Fund | EIN 13-3943904 Plan No. 001 | No | \$544,978 | \$601,928 | No | September 30, 2020 |

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 combined 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 14 – CONCENTRATIONS

Credit Risk

Cash and cash equivalents that potentially subjects the Organization 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 \$4.5 million and \$5.8 million, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 – CONCENTRATIONS (Continued)

Revenue

The Organization received grants from various New York City and New York State agencies totaling \$15,485,050 and \$13,086,904, which represent 26% and 21%, respectively, of total revenues, during the years ended June 30, 2022 and 2021. 96% and 96% of government grants receivable as of June 30, 2022 and 2021, respectively, are related to these grants. The Organization's contracts with the top three managed care vendors represent 66% and 46% of total revenues for the years ended June 30, 2022 and 2021, respectively, and 66% and 32% of accounts receivable as of June 30, 2022 and 2021, respectively. In 2022 and 2021, 31% and 32% of total revenue are derived from billings to Visiting Nurse Service of New York, Inc. ("VNS"), respectively. At June 30, 2022 and 2021, receivables from VNS represent 10% and 14% of total accounts receivable, respectively.

NOTE 15 – RELATED-PARTY TRANSACTIONS

The Woodysun Housing Development Fund Corporation ("Woodysun"), a tax-exempt organization, is a related party to Sunnyside by virtue of Sunnyside's membership in Woodysun. During the years ended June 30, 2022 and 2021, there were no transactions between Sunnyside and Woodysun and no balances were outstanding. Woodysun is not controlled by Sunnyside.

NOTE 16 – SUBSEQUENT EVENTS

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

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

| | Sunnyside Community Services, Inc. | Sunnyside Home Care Project, Inc. | Sunnyside Citywide Home Care Services, Inc. | Eliminations Increase (Decrease) | Combined |
|--|---|--|--|---|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 687,133 | \$ 4,945,998 | \$ 552,291 | \$ - | \$ 6,185,422 |
| Government grants receivable, net | 5,445,737 | 210,739 | - | - | 5,656,476 |
| Accounts receivable, net | 105,988 | 8,516,612 | 199,111 | - | 8,821,711 |
| Contributions receivable | 300,248 | - | - | - | 300,248 |
| Investments | - | - | 4,061,302 | - | 4,061,302 |
| Prepaid expenses and other assets | 519,920 | - | 53,854 | - | 573,774 |
| Property and equipment, net | 1,241,922 | - | 41,996 | - | 1,283,918 |
| Due from affiliates | - | 114,510 | 3,104,617 | (3,219,127) | - |
| TOTAL ASSETS | \$ 8,300,948 | \$ 13,787,859 | \$ 8,013,171 | \$ (3,219,127) | \$ 26,882,851 |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 2,376,384 | \$ 5,108,747 | \$ 567,272 | \$ - | \$ 8,052,403 |
| Workers' compensation assessment payable | - | - | 243,728 | - | 243,728 |
| Advances payable and deferred revenue | 666,304 | 2,166,545 | - | - | 2,832,849 |
| Deferred rent obligation | 1,808,749 | - | - | - | 1,808,749 |
| Due to affiliates | 188,290 | 3,030,837 | - | (3,219,127) | - |
| TOTAL LIABILITIES | 5,039,727 | 10,306,129 | 811,000 | (3,219,127) | 12,937,729 |
| NET ASSETS | | | | | |
| Without donor restrictions: | | | | | |
| Invested in property and equipment | 1,241,922 | - | 41,996 | - | 1,283,918 |
| Operations | 1,339,040 | 3,456,730 | 7,160,175 | - | 11,955,945 |
| Total without donor restrictions | 2,580,962 | 3,456,730 | 7,202,171 | - | 13,239,863 |
| With donor restrictions | 680,259 | 25,000 | - | - | 705,259 |
| TOTAL NET ASSETS | 3,261,221 | 3,481,730 | 7,202,171 | - | 13,945,122 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 8,300,948 | \$ 13,787,859 | \$ 8,013,171 | \$ (3,219,127) | \$ 26,882,851 |

See independent auditors' report.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | Sunnyside Community Services, Inc. | Sunnyside Home Care Project, Inc. | Sunnyside Citywide Home Care Services, Inc. | Eliminations Increase (Decrease) | Combined |
|--|--|---|---|--|----------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | | | | |
| GOVERNMENT AND OTHER SUPPORT: | | | | | |
| Government and other grants | \$ 15,121,285 | \$ 231,322 | \$ 132,443 | \$ - | \$ 15,485,050 |
| Contract revenue - Managed Care | - | 40,683,109 | 16,702 | - | 40,699,811 |
| Private pay | - | - | 283,006 | - | 283,006 |
| Program service fees | 101,452 | - | - | - | 101,452 |
| Contributions and grants | 713,283 | - | - | - | 713,283 |
| Rental income | 8,215 | - | - | - | 8,215 |
| State funding and other income | 28,987 | 1,045,779 | 3,030 | - | 1,077,796 |
| Net assets released from restrictions | 1,034,999 | 127,355 | - | - | 1,162,354 |
| TOTAL GOVERNMENT AND OTHER SUPPORT | 17,008,221 | 42,087,565 | 435,181 | - | 59,530,967 |
| OPERATING EXPENSES: | | | | | |
| Program services | | | | | |
| Home care program | - | 38,257,965 | 476,871 | - | 38,734,836 |
| Senior service program | 6,568,925 | - | - | - | 6,568,925 |
| Youth service program | 6,969,751 | - | - | - | 6,969,751 |
| Total program services | 13,538,676 | 38,257,965 | 476,871 | - | 52,273,512 |
| Supporting services | | | | | |
| Management and general | 2,364,469 | 3,875,247 | 622,917 | - | 6,862,633 |
| Fundraising services | 319,373 | - | - | - | 319,373 |
| Total supporting services | 2,683,842 | 3,875,247 | 622,917 | - | 7,182,006 |
| TOTAL OPERATING EXPENSES | 16,222,518 | 42,133,212 | 1,099,788 | - | 59,455,518 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING ACTIVITIES | 785,703 | (45,647) | (664,607) | - | 75,449 |
| NON-OPERATING ACTIVITIES: | | | | | |
| Occupancy expenses in excess of lease payments | (188,382) | - | - | - | (188,382) |
| Investment return | - | - | (676,185) | - | (676,185) |
| Prior period expense | - | (250,496) | - | - | (250,496) |
| TOTAL NON-OPERATING ACTIVITIES | (188,382) | (250,496) | (676,185) | - | (1,115,063) |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 597,321 | (296,143) | (1,340,792) | - | (1,039,614) |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR | 1,983,641 | 3,752,873 | 8,542,963 | - | 14,279,477 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR | 2,580,962 | 3,456,730 | 7,202,171 | - | 13,239,863 |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | | | | |
| Contributions | 972,287 | 65,000 | - | - | 1,037,287 |
| Net assets released from restrictions | (1,034,999) | (127,355) | - | - | (1,162,354) |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | (62,712) | (62,355) | - | - | (125,067) |
| NET ASSETS WITH DONOR RESTRICTIONS - BEGINNING OF YEAR | 742,971 | 87,355 | - | - | 830,326 |
| NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR | 680,259 | 25,000 | - | - | 705,259 |
| TOTAL CHANGES IN NET ASSETS | 534,609 | (358,498) | (1,340,792) | - | (1,164,681) |
| NET ASSETS - BEGINNING OF YEAR | 2,726,612 | 3,840,228 | 8,542,963 | - | 15,109,803 |
| NET ASSETS - END OF YEAR | \$ 3,261,221 | \$ 3,481,730 | \$ 7,202,171 | \$ - | \$ 13,945,122 |

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Sunnyside Community Services, Inc. | | | | | | Sunnyside Home Care Project, Inc. | | | Sunnyside Citywide Home Care Services, Inc. | | | Eliminations Increase (Decrease) | Total 2022 |
|---|------------------------------------|-----------------------------|----------------------|---------------------------|-------------------|----------------------|-----------------------------------|---------------------------|----------------------|---|---------------------------|---------------------|--|----------------------|
| | Program Services | | | Supporting Services | | | Program Services Home Care | Management and General | Total Home Care | Program Services Home Care | Management and General | Total Citywide | | |
| | Senior Service Program | Youth Service Program | Total | Management and General | Fundraising | Total Sunnyside | | | | | | | | |
| Salaries | \$ 3,541,847 | \$ 4,591,868 | \$ 8,133,715 | \$ 1,270,108 | \$ 155,874 | \$ 9,559,697 | \$ 29,763,314 | \$ 1,540,585 | \$ 31,303,899 | \$ 182,266 | \$ 98,023 | \$ 280,289 | \$ - | \$ 41,143,885 |
| Payroll taxes and fringe benefits | 896,437 | 920,864 | 1,817,301 | 265,704 | 26,985 | 2,109,990 | 7,575,237 | 802,312 | 8,377,549 | 63,692 | 20,247 | 83,939 | - | 10,571,478 |
| Total Personnel Costs | 4,438,284 | 5,512,732 | 9,951,016 | 1,535,812 | 182,859 | 11,669,687 | 37,338,551 | 2,342,897 | 39,681,448 | 245,958 | 118,270 | 364,228 | - | 51,715,363 |
| Consultants | 190,277 | 273,719 | 463,996 | 114,817 | 35,182 | 613,995 | 142,804 | 218,836 | 361,640 | 14,192 | 11,796 | 25,988 | - | 1,001,623 |
| Computer services | - | - | - | - | - | - | 172,312 | 147,673 | 319,985 | 11,455 | 9,521 | 20,976 | - | 340,961 |
| Occupancy | 411,511 | 371,758 | 783,269 | 164,841 | 27,325 | 975,435 | 224,919 | 192,758 | 417,677 | 78,991 | 65,655 | 144,646 | - | 1,537,758 |
| Communications | 65,199 | 93,790 | 158,989 | 39,342 | 12,055 | 210,386 | - | - | - | - | - | - | - | 210,386 |
| Food | 128,585 | 105,580 | 234,165 | 47,496 | 6,195 | 287,856 | - | - | - | - | - | - | - | 287,856 |
| Supplies/printing | 125,168 | 180,058 | 305,226 | 75,529 | 23,143 | 403,898 | 70,799 | 60,676 | 131,475 | 78 | 65 | 143 | - | 535,516 |
| Travel/transportation | 33,880 | 48,737 | 82,617 | 20,444 | 6,264 | 109,325 | 34,907 | 19,059 | 53,966 | - | - | - | - | 163,291 |
| Client respite and supplemental expense | 838,943 | - | 838,943 | - | - | 838,943 | - | - | - | - | - | - | - | 838,943 |
| Insurance | 106,091 | 128,801 | 234,892 | 54,028 | 12,497 | 301,417 | 256,425 | 219,759 | 476,184 | 63,611 | 52,872 | 116,483 | - | 894,084 |
| Repairs and maintenance | 67,590 | 97,230 | 164,820 | 40,786 | 4,053 | 209,659 | 9,000 | 7,713 | 16,713 | 15,163 | 12,603 | 27,766 | - | 254,138 |
| Dues and subscriptions | 21,922 | 31,535 | 53,457 | 13,228 | 6,429 | 73,114 | - | - | - | 560 | 465 | 1,025 | - | 74,139 |
| Bank charges and interest | - | - | - | - | - | - | - | - | - | 25,599 | 21,277 | 46,876 | - | 46,876 |
| Advertising expenses | 34,770 | 50,018 | 84,788 | 20,981 | - | 105,769 | - | - | - | - | - | - | - | 105,769 |
| Participant expenses | - | 1,758 | 1,758 | - | - | 1,758 | - | - | - | - | - | - | - | 1,758 |
| Depreciation and amortization | 88,472 | 47,807 | 136,279 | 110,640 | - | 246,919 | - | - | - | 3,080 | 2,560 | 5,640 | - | 252,559 |
| Bad debt expense | - | - | - | 28,207 | - | 28,207 | - | 650,247 | 650,247 | - | 312,717 | 312,717 | - | 991,171 |
| Other | 18,233 | 26,228 | 44,461 | 98,318 | 3,371 | 146,150 | 8,248 | 15,629 | 23,877 | 18,184 | 15,116 | 33,300 | - | 203,327 |
| Subtotal | 6,568,925 | 6,969,751 | 13,538,676 | 2,364,469 | 319,373 | 16,222,518 | 38,257,965 | 3,875,247 | 42,133,212 | 476,871 | 622,917 | 1,099,788 | - | 59,455,518 |
| Add: Prior period expense | - | - | - | - | - | - | 250,496 | - | 250,496 | - | - | - | - | 250,496 |
| Add: Adjustments to deferred rent | 79,474 | 71,796 | 151,270 | 31,835 | 5,277 | 188,382 | - | - | - | - | - | - | - | 188,382 |
| TOTAL EXPENSES | \$ 6,648,399 | \$ 7,041,547 | \$ 13,689,946 | \$ 2,396,304 | \$ 324,650 | \$ 16,410,900 | \$ 38,508,461 | \$ 3,875,247 | \$ 42,383,708 | \$ 476,871 | \$ 622,917 | \$ 1,099,788 | \$ - | \$ 59,894,396 |

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

| | Sunnyside Community Services, Inc. | Sunnyside Home Care Project, Inc. | Sunnyside Citywide Home Care Services, Inc. | Eliminations Increase (Decrease) | Combined |
|--|---|--|--|---|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 488,392 | \$ 5,508,901 | \$ 1,102,708 | \$ - | \$ 7,100,001 |
| Government grants receivable, net | 5,201,136 | 210,740 | - | - | 5,411,876 |
| Accounts receivable, net | 67,874 | 7,367,366 | 801,606 | - | 8,236,846 |
| Contributions receivable | 166,100 | 30,000 | - | - | 196,100 |
| Investments | - | - | 4,732,357 | - | 4,732,357 |
| Prepaid expenses and other assets | 452,357 | 1,500 | 16,785 | - | 470,642 |
| Property and equipment, net | 837,218 | - | 47,636 | - | 884,854 |
| Due from affiliates | - | 254,577 | 2,807,042 | (3,061,619) | - |
| TOTAL ASSETS | \$ 7,213,077 | \$ 13,373,084 | \$ 9,508,134 | \$ (3,061,619) | \$ 27,032,676 |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 2,031,026 | \$ 6,779,467 | \$ 604,455 | \$ - | \$ 9,414,948 |
| Workers' compensation assessment payable | - | - | 360,716 | - | 360,716 |
| Advances payable and deferred revenue | - | 26,842 | - | - | 26,842 |
| Note Payable | 500,000 | - | - | - | 500,000 |
| Deferred rent obligation | 1,620,367 | - | - | - | 1,620,367 |
| Due to affiliates | 335,072 | 2,726,547 | - | (3,061,619) | - |
| TOTAL LIABILITIES | 4,486,465 | 9,532,856 | 965,171 | (3,061,619) | 11,922,873 |
| NET ASSETS | | | | | |
| Without donor restrictions: | | | | | |
| Invested in property and equipment | 837,218 | - | 47,636 | - | 884,854 |
| Operations | 1,146,423 | 3,752,873 | 8,495,327 | - | 13,394,623 |
| Total without donor restrictions | 1,983,641 | 3,752,873 | 8,542,963 | - | 14,279,477 |
| With donor restrictions | 742,971 | 87,355 | - | - | 830,326 |
| TOTAL NET ASSETS | 2,726,612 | 3,840,228 | 8,542,963 | - | 15,109,803 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 7,213,077 | \$ 13,373,084 | \$ 9,508,134 | \$ (3,061,619) | \$ 27,032,676 |

See independent auditors' report.

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | Sunnyside Community Services, Inc. | Sunnyside Home Care Project, Inc. | Sunnyside Citywide Home Care Services, Inc. | Eliminations Increase (Decrease) | Combined |
|--|--|---|---|--|----------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | | | | |
| GOVERNMENT AND OTHER SUPPORT: | | | | | |
| Government and other grants | \$ 11,902,598 | \$ 874,064 | \$ 310,242 | \$ - | \$ 13,086,904 |
| Contract revenue - Managed Care | - | 43,564,766 | 137,939 | - | 43,702,705 |
| Private pay | - | - | 294,806 | - | 294,806 |
| Program service fees | 44,180 | - | - | - | 44,180 |
| Contributions and grants | 454,710 | - | - | - | 454,710 |
| Contributions in-kind | 13,725 | 6,862 | 2,287 | - | 22,874 |
| Paycheck Protection Program grant income | 1,970,451 | - | - | - | 1,970,451 |
| State funding and other income | 28,560 | 1,064,755 | 37,160 | - | 1,130,475 |
| Net assets released from restrictions | 1,013,056 | 160,752 | - | - | 1,173,808 |
| TOTAL GOVERNMENT AND OTHER SUPPORT | <u>15,427,280</u> | <u>45,671,199</u> | <u>782,434</u> | <u>-</u> | <u>61,880,913</u> |
| OPERATING EXPENSES: | | | | | |
| Program services | | | | | |
| Home care program | - | 41,470,557 | 729,390 | - | 42,199,947 |
| Senior service program | 6,208,751 | - | - | - | 6,208,751 |
| Youth service program | 6,155,234 | - | - | - | 6,155,234 |
| Total program services | <u>12,363,985</u> | <u>41,470,557</u> | <u>729,390</u> | <u>-</u> | <u>54,563,932</u> |
| Supporting services | | | | | |
| Management and general | 2,036,037 | 3,741,701 | 700,984 | - | 6,478,722 |
| Fundraising services | 286,797 | - | - | - | 286,797 |
| Total supporting services | <u>2,322,834</u> | <u>3,741,701</u> | <u>700,984</u> | <u>-</u> | <u>6,765,519</u> |
| TOTAL OPERATING EXPENSES | <u>14,686,819</u> | <u>45,212,258</u> | <u>1,430,374</u> | <u>-</u> | <u>61,329,451</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>740,461</u> | <u>458,941</u> | <u>(647,940)</u> | <u>-</u> | <u>551,462</u> |
| NON-OPERATING ACTIVITIES: | | | | | |
| Occupancy expenses in excess of lease payments | (199,930) | - | - | - | (199,930) |
| Investment return | - | - | 804,341 | - | 804,341 |
| Prior Period settlement expense | - | (1,000,000) | - | - | (1,000,000) |
| TOTAL NON-OPERATING ACTIVITIES | <u>(199,930)</u> | <u>(1,000,000)</u> | <u>804,341</u> | <u>-</u> | <u>(395,589)</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 540,531 | (541,059) | 156,401 | - | 155,873 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR | <u>1,443,110</u> | <u>4,293,932</u> | <u>8,386,562</u> | <u>-</u> | <u>14,123,604</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR | <u>1,983,641</u> | <u>3,752,873</u> | <u>8,542,963</u> | <u>-</u> | <u>14,279,477</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | | | | |
| Contributions | 1,095,976 | 160,000 | - | - | 1,255,976 |
| Net assets released from restrictions | (1,013,056) | (160,752) | - | - | (1,173,808) |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | 82,920 | (752) | - | - | 82,168 |
| NET ASSETS WITH DONOR RESTRICTIONS - BEGINNING OF YEAR | <u>660,051</u> | <u>88,107</u> | <u>-</u> | <u>-</u> | <u>748,158</u> |
| NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR | <u>742,971</u> | <u>87,355</u> | <u>-</u> | <u>-</u> | <u>830,326</u> |
| TOTAL CHANGES IN NET ASSETS | 623,451 | (541,811) | 156,401 | - | 238,041 |
| NET ASSETS - BEGINNING OF YEAR | <u>2,103,161</u> | <u>4,382,039</u> | <u>8,386,562</u> | <u>-</u> | <u>14,871,762</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,726,612</u> | <u>\$ 3,840,228</u> | <u>\$ 8,542,963</u> | <u>\$ -</u> | <u>\$ 15,109,803</u> |

SUNNYSIDE COMMUNITY SERVICES, INC. AND AFFILIATES
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | Sunnyside Community Services, Inc. | | | | | | Sunnyside Home Care Project, Inc. | | | Sunnyside Citywide Home Care Services, Inc. | | | Eliminations Increase (Decrease) | Total 2021 |
|---|------------------------------------|-----------------------------|----------------------|---------------------------|-------------------|----------------------|-----------------------------------|---------------------------|----------------------|---|---------------------------|---------------------|--|----------------------|
| | Program Services | | | Supporting Services | | | Program Services Home Care | Management and General | Total Home Care | Program Services Home Care | Management and General | Total Citywide | | |
| | Senior Service Program | Youth Service Program | Total | Management and General | Fundraising | Total Sunnyside | | | | | | | | |
| Salaries | \$ 3,596,788 | \$ 3,999,653 | \$ 7,596,441 | \$ 1,166,363 | \$ 150,021 | \$ 8,912,825 | \$ 31,650,502 | \$ 1,636,809 | \$ 33,287,311 | \$ 369,949 | \$ 90,380 | \$ 460,329 | \$ - | \$ 42,660,465 |
| Payroll taxes and fringe benefits | 834,939 | 933,319 | 1,768,258 | 250,061 | 31,142 | 2,049,461 | 8,938,922 | 832,680 | 9,771,602 | 166,145 | 17,724 | 183,869 | - | 12,004,932 |
| Total Personnel Costs | <u>4,431,727</u> | <u>4,932,972</u> | <u>9,364,699</u> | <u>1,416,424</u> | <u>181,163</u> | <u>10,962,286</u> | <u>40,589,424</u> | <u>2,469,489</u> | <u>43,058,913</u> | <u>536,094</u> | <u>108,104</u> | <u>644,198</u> | <u>-</u> | <u>54,665,397</u> |
| Consultants | 144,289 | 221,053 | 365,342 | 89,092 | 21,542 | 475,976 | 173,277 | 168,551 | 341,828 | 10,375 | 8,757 | 19,132 | - | 836,936 |
| Computer services | - | - | - | - | - | - | 184,147 | 160,569 | 344,716 | 10,038 | 9,769 | 19,807 | - | 364,523 |
| Occupancy | 359,344 | 295,054 | 654,398 | 132,732 | 21,615 | 808,745 | 254,523 | 221,933 | 476,456 | 57,828 | 56,276 | 114,104 | - | 1,399,305 |
| Communications | 61,962 | 95,964 | 157,926 | 38,940 | 11,480 | 208,346 | - | - | - | - | - | - | - | 208,346 |
| Food | 54,820 | 45,012 | 99,832 | 20,249 | 2,641 | 122,722 | - | - | - | - | - | - | - | 122,722 |
| Supplies/printing | 105,158 | 162,865 | 268,023 | 66,086 | 19,483 | 353,592 | 86,333 | 75,279 | 161,612 | 4,250 | 4,136 | 8,386 | - | 523,590 |
| Travel/transportation | 14,710 | 22,781 | 37,491 | 9,244 | 2,725 | 49,460 | 28,211 | 28,212 | 56,423 | - | - | - | - | 105,883 |
| Client respite and supplemental expense | 718,251 | - | 718,251 | - | - | 718,251 | - | - | - | - | - | - | - | 718,251 |
| Insurance | 86,478 | 112,998 | 199,476 | 45,852 | - | 245,328 | 119,421 | 104,130 | 223,551 | 59,194 | 57,605 | 116,799 | - | 585,678 |
| Repairs and maintenance | 77,691 | 120,324 | 198,015 | 48,824 | 14,394 | 261,233 | 19,461 | 16,969 | 36,430 | 5,169 | 5,030 | 10,199 | - | 307,862 |
| Dues and subscriptions | 15,919 | 24,655 | 40,574 | 10,004 | 2,949 | 53,527 | - | - | - | 519 | 506 | 1,025 | - | 54,552 |
| Bank charges and interest | - | - | - | - | - | - | - | - | - | 26,068 | 25,368 | 51,436 | - | 51,436 |
| Advertising expenses | 27,540 | 42,652 | 70,192 | 17,307 | 5,102 | 92,601 | - | - | - | - | - | - | - | 92,601 |
| Participant expenses | - | 4,432 | 4,432 | - | - | 4,432 | - | - | - | - | - | - | - | 4,432 |
| Depreciation and amortization | 91,159 | 43,969 | 135,128 | 29,594 | 53 | 164,775 | - | - | - | 3,294 | 3,072 | 6,366 | - | 171,141 |
| Bad debt expense | - | - | - | 20,001 | - | 20,001 | - | 482,177 | 482,177 | - | 406,246 | 406,246 | - | 908,424 |
| Other | 19,703 | 30,503 | 50,206 | 91,688 | 3,650 | 145,544 | 15,760 | 14,392 | 30,152 | 16,561 | 16,115 | 32,676 | - | 208,372 |
| Subtotal | <u>6,208,751</u> | <u>6,155,234</u> | <u>12,363,985</u> | <u>2,036,037</u> | <u>286,797</u> | <u>14,686,819</u> | <u>41,470,557</u> | <u>3,741,701</u> | <u>45,212,258</u> | <u>729,390</u> | <u>700,984</u> | <u>1,430,374</u> | <u>-</u> | <u>61,329,451</u> |
| Add: Prior period expense | - | - | - | - | - | - | 1,000,000 | - | 1,000,000 | - | - | - | - | 1,000,000 |
| Add: Adjustments to deferred rent | 89,309 | 73,330 | 162,639 | 32,989 | 4,302 | 199,930 | - | - | - | - | - | - | - | 199,930 |
| TOTAL EXPENSES | <u>\$ 6,298,060</u> | <u>\$ 6,228,564</u> | <u>\$ 12,526,624</u> | <u>\$ 2,069,026</u> | <u>\$ 291,099</u> | <u>\$ 14,886,749</u> | <u>\$ 42,470,557</u> | <u>\$ 3,741,701</u> | <u>\$ 46,212,258</u> | <u>\$ 729,390</u> | <u>\$ 700,984</u> | <u>\$ 1,430,374</u> | <u>\$ -</u> | <u>\$ 62,529,381</u> |