

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**



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

**Years Ended June 30, 2020 and 2019**

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**

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

**YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Sunnyside Citywide Home Care Services, Inc. ("Citywide"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunnyside Citywide Home Care Services, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Marks Paneth LLP*

New York, NY  
February 9, 2021

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash (Note 11)	\$ 1,000,406	\$ 170,314
Government grants receivable (Note 2C)	-	2,302
Accounts receivable, net (Notes 2D, 2G and 4)	1,535,538	2,229,967
Investments (Notes 2E and 5)	3,921,147	3,760,208
Prepaid expenses and other assets	52,536	313,990
Due from affiliates (Note 12)	2,879,516	3,650,684
Property and equipment, net (Notes 2F and 6)	54,002	60,368
<b>TOTAL ASSETS</b>	<b>\$ 9,443,145</b>	<b>\$ 10,187,833</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 578,879	\$ 1,098,610
Workers' compensation assessment payable (Note 7)	477,704	594,692
<b>TOTAL LIABILITIES</b>	<b>1,056,583</b>	<b>1,693,302</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 8)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions	8,386,562	8,494,531
<b>TOTAL NET ASSETS</b>	<b>8,386,562</b>	<b>8,494,531</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,443,145</b>	<b>\$ 10,187,833</b>

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

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>GOVERNMENT AND OTHER SUPPORT:</b>						
Contract revenue - Managed care (Notes 2G and 11)	\$ 1,662,050	\$ -	\$ 1,662,050	\$ 12,255,637	\$ -	\$ 12,255,637
Private pay (Note 2G)	407,529	-	407,529	1,055,680	-	1,055,680
Government grants (Note 2C)	-	-	-	148,943	-	148,943
Contributions and grants (Note 2H)	-	-	-	-	15,000	15,000
Donated services (Note 2I)	-	-	-	15,558	-	15,558
State funding and other income	827,102	-	827,102	869,458	-	869,458
Net assets released from restrictions (Notes 2B and 9)	-	-	-	136,599	(136,599)	-
<b>TOTAL GOVERNMENT AND OTHER SUPPORT</b>	<u>2,896,681</u>	<u>-</u>	<u>2,896,681</u>	<u>14,481,875</u>	<u>(121,599)</u>	<u>14,360,276</u>
<b>OPERATING EXPENSES (Note 2K):</b>						
Program services						
Home care	2,615,800	-	2,615,800	13,675,996	-	13,675,996
Supporting services						
Management and general	549,790	-	549,790	868,764	-	868,764
<b>TOTAL OPERATING EXPENSES</b>	<u>3,165,590</u>	<u>-</u>	<u>3,165,590</u>	<u>14,544,760</u>	<u>-</u>	<u>14,544,760</u>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY</b>	<u>(268,909)</u>	<u>-</u>	<u>(268,909)</u>	<u>(62,885)</u>	<u>(121,599)</u>	<u>(184,484)</u>
<b>NON-OPERATING ACTIVITY:</b>						
Investment return, net (Note 5)	160,940	-	160,940	231,682	-	231,682
<b>TOTAL NON-OPERATING ACTIVITY</b>	<u>160,940</u>	<u>-</u>	<u>160,940</u>	<u>231,682</u>	<u>-</u>	<u>231,682</u>
<b>CHANGES IN NET ASSETS</b>	(107,969)	-	(107,969)	168,797	(121,599)	47,198
NET ASSETS - BEGINNING OF YEAR	<u>8,494,531</u>	<u>-</u>	<u>8,494,531</u>	<u>8,325,734</u>	<u>121,599</u>	<u>8,447,333</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,386,562</u>	<u>\$ -</u>	<u>\$ 8,386,562</u>	<u>\$ 8,494,531</u>	<u>\$ -</u>	<u>\$ 8,494,531</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, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Program Services Home Care	Management and General	Total	Program Services Home Care	Management and General	Total
Salaries	\$ 1,708,948	\$ 203,460	\$ 1,912,408	\$ 9,126,375	\$ 433,350	\$ 9,559,725
Payroll taxes and fringe benefits (Note 10)	681,743	40,216	721,959	4,227,876	36,830	4,264,706
<b>Total Personnel Costs</b>	<u>2,390,691</u>	<u>243,676</u>	<u>2,634,367</u>	<u>13,354,251</u>	<u>470,180</u>	<u>13,824,431</u>
Consultants (Note 2I)	21,499	20,053	41,552	53,228	36,415	89,643
Computer services	42,079	39,248	81,327	56,208	52,723	108,931
Occupancy (Note 8)	68,482	63,876	132,358	96,035	90,080	186,115
Supplies/printing	12,696	240	12,936	13,126	37,792	50,918
Travel/transportation	-	-	-	580	544	1,124
Insurance	35,295	32,922	68,217	34,674	32,523	67,197
Repairs and maintenance	6,281	5,859	12,140	13,921	13,058	26,979
Dues and subscriptions	1,008	941	1,949	3,041	2,852	5,893
Depreciation and amortization (Note 6)	3,294	3,072	6,366	7,963	7,470	15,433
Bad debt expense	-	107,747	107,747	-	84,816	84,816
Other	34,475	32,156	66,631	42,969	40,311	83,280
<b>TOTAL EXPENSES</b>	<u>\$ 2,615,800</u>	<u>\$ 549,790</u>	<u>\$ 3,165,590</u>	<u>\$ 13,675,996</u>	<u>\$ 868,764</u>	<u>\$ 14,544,760</u>

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, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (107,969)	\$ 47,198
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investment	(69,969)	(71,819)
Realized gain on investment	(5,106)	(63,227)
Bad debt expense	107,747	84,816
Depreciation and amortization	6,366	15,433
Subtotal	(68,931)	12,401
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	586,682	1,094,113
Government grants receivable	2,302	77,216
Prepaid expenses and other assets	261,454	103,850
Due from affiliates	771,168	(1,863,576)
Decrease in liabilities:		
Accounts payable and accrued expenses	(519,731)	(1,090,816)
Workers' compensation assessment payable	(116,988)	(116,988)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>915,956</b>	<b>(1,783,800)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	-	1,000,000
Purchase of investments	(85,864)	(96,635)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(85,864)</b>	<b>903,365</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>830,092</b>	<b>(880,435)</b>
Cash - beginning of the year	170,314	1,050,749
<b>CASH - END OF YEAR</b>	<b>\$ 1,000,406</b>	<b>\$ 170,314</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 21,921	\$ 23,074

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

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, Citywide determined an allowance of \$264,210 and \$269,650, respectively, was necessary for accounts receivable and no allowance was necessary for government grants 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, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- G. **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, 2020. 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.

- H. **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.
- I. **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. Donated services of \$0 and \$15,558 were received during the years ended June 30, 2020 and 2019, respectively, and reflected as revenues and expenses in the accompanying statements of activities.
- J. **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.
- K. **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.

- L. **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.

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- M. **Reclassifications** - Certain line items in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 presentation. Such reclassifications had no effect on net assets previously reported.
- N. **Recent accounting pronouncements** - Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) FASB ASU 2014-09, “Revenue from Contracts with Customers” (Topic 606) was adopted by Citywide for the year ended June 30, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as further described in Note 2G.

FASB ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made” (Topic 958) was also adopted by Citywide for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The adoption of this ASU did not affect net assets as previously reported.

**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:

	2020	2019
Cash	\$ 1,000,406	\$ 170,314
Accounts receivable, net	1,535,538	2,229,967
Investments	3,921,147	3,760,208
Government grants and contracts receivable	-	2,302
	6,457,091	6,162,791
Less: accounts receivable due in more than one year	(317,988)	(737,392)
	<b>\$ 6,139,103</b>	<b>\$ 5,425,399</b>

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. During 2020, the Board approved the sale of \$1 million from investments to cash.

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, 2020 AND 2019**

**NOTE 4 – ACCOUNTS RECEIVABLE, NET**

Accounts receivable consist of the following as of June 30:

	2020	2019
Amount due in less than one year:		
Medicaid – Managed care	\$ <b>1,587,149</b>	\$ 1,569,455
	1,269,161	
Other private pay insurance	175,942	189,759
Other receivables	36,657	3,011
Amount due in more than one year:		
Medicaid – Managed care		737,392
	<b>317,988</b>	
	<b>,149</b>	
Total accounts receivable	1,799,748	2,499,617
Less: allowance for doubtful accounts	(264,210)	(269,650)
Total accounts receivable, net	<b>\$ 1,535,538</b>	<b>\$ 2,229,967</b>

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of the following at June 30, 2020 and 2019 and were classified as Level 1 in the fair value hierarchy (as defined below) as follows:

	2020	2019
Fixed income	\$ 1,955,729	\$ 1,867,048
Equity	1,965,418	1,893,160
Total Investments	<b>\$ 3,921,147</b>	<b>\$ 3,760,208</b>

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

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

	2020	2019
Interest and dividends	\$ 99,885	\$ 111,710
Realized gain	5,106	63,227
Unrealized gain	69,969	71,819
	174,960	246,756
Less: Investment fees	(14,020)	(15,074)
	<b>\$ 160,940</b>	<b>\$ 231,682</b>

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.

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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.

Citywide’s policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the year ended June 30, 2020, no such transfers between fair value levels occurred.

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

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

	2020	2019	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	(79,484)	(73,118)	
Net book value	\$ 54,002	\$ 60,368	

For the years ended June 30, 2020 and 2019, depreciation and amortization expenses amounted to \$6,366 and \$15,433, 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 \$477,704 and \$594,692 as of June 30, 2020 and 2019, respectively.

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 – WORKERS’ COMPENSATION ASSESSMENT (Continued)**

Future principal payments for each of the five years subsequent to June 30, 2020 are as follows:

2021	\$ 116,988
2022	116,988
2023	116,988
2024	116,988
2025	<u>9,752</u>
	<u>\$ 477,704</u>

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**A. Lease Commitments**

Citywide subleases its office located in Queens, New York from Sunnyside under three operating leases and provides payments of real estate taxes and utilities in addition to minimum rent. Two of the leases expired on June 30, 2018 and the other expired on December 31, 2019. Citywide signed an extension of the two expired office space subleases through 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.

Rent expense for the years ended June 30, 2020 and 2019 was \$114,436 and \$116,767, respectively.

The future minimum lease payments to Sunnyside, based on the subleases, subject to cancellation, are as follows:

Years Ending June 30:	
2021	\$ 112,000
2022	<u>115,000</u>
Total	<u>\$ 227,000</u>

**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 assure 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.

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES (Continued)**

**C. *Income Taxes***

Citywide believes it has no uncertain tax positions as of June 30, 2020 and 2019 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.

**D. *Operational Impact of COVID-19***

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Citywide’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, Citywide is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods. Citywide’s performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. Citywide continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

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.

	2020	2019
Home Health Aide Training	\$ -	\$ 136,599
	\$ -	\$ 136,599

**NOTE 10 – 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’s contributions amounted to \$0 and \$13,627 for the years ended June 30, 2020 and 2019, respectively.

**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, 2020 and 2019 was \$35,154 and \$211,929, respectively. Citywide did not contribute more than 5% of total contributions to those plans.

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

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 10 – PENSION PLANS (Continued)**

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
			2020	2019		
1199 SEIU Home Care Employees Pension Fund	EIN 13-3943904 Plan No. 001	No	\$35,154	\$211,929	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, 2019 and did not include 2020 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, 2019.

**NOTE 11 – 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, 2020 and 2019, there was approximately \$729,000 and \$0, respectively, of cash held by one bank that exceeded FDIC limits.

**Revenue**

For the year ended June 30, 2020, 36% of Citywide’s revenues were derived from Fidelis Catholic Charities and as of June 30, 2020, 41% of accounts receivable was due from Independent Care Systems. Also in 2020, 52% of revenues and 26% of accounts receivable are derived from billings to four other managed care vendors. For the year ended June 30, 2019, 40% of Citywide’s revenues were derived from Visiting Nurse Service of New York, Inc. (“VNS”) and as of June 30, 2019, 46% of accounts receivable was from Independent Care Systems, and 30% of revenues and 24% of accounts receivable are derived from billings to four other managed care vendors.

**NOTE 12 – 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, 2020, Citywide is owed \$2,767,225 from Home Care, \$106,328 from Sunnyside and \$5,963 from CDPAP. As of June 30, 2019, Citywide was owed \$3,342,682 from Home Care, \$302,039 from Sunnyside and \$5,963 from CDPAP. These amounts represent operating expenses advances, are non-interest-bearing and are due on demand.

In addition, in 2020 and 2019 Sunnyside charged rent (Note 8) and other expenses, as outlined in the table below, to Citywide.

	<u>2020</u>	<u>2019</u>
Rent, real estate taxes and utilities expenses	\$ 144,498	\$ 164,232
Salaries, fringe benefits and other expenses	-	369,268

Sunnyside has a \$2 million revolving line of credit with a bank as borrower with Home Care and Citywide as guarantors that matures on March 31, 2021. Interest on this line is calculated using LIBOR Daily Floating Rate plus 2.25% percent points. As of June 30, 2020, there is no outstanding balance on this line. As of February 9, 2021, there is no borrowing under this line.

**SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure of, events subsequent to the date of the statement of financial position through February 9, 2021, the date the financial statements were available to be issued.

Subsequent to year end, Citywide received \$310,242 in funding from the U.S. Department of Health and Human Services (“HHS”) Care Act Provider Relief Fund.