



**SUNNYSIDE COMMUNITY SERVICES, INC.**



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

**YEARS ENDED JUNE 30, 2024 AND 2023**

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Sunnyside Community Services, Inc.  
New York, NY

### **Opinion**

We have audited the financial statements of Sunnyside Community Services, Inc. ("Sunnyside"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sunnyside as of June 30, 2024 and 2023, 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.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Sunnyside's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunnyside'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.

*CBIZ CPAs P.C.*

New York, NY  
February 25, 2025

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 10)	\$ 507,854	\$ 262,759
Government grants receivable, net (Notes 2D, 2G, 2S and 4)	4,983,636	5,133,693
Accounts receivable (Notes 2E and 2G)	97,680	33,694
Contributions receivable (Notes 2F and 2G)	69,698	200,188
Prepaid expenses and other assets	694,308	762,379
Operating lease right-of-use assets (Notes 2O and 6)	14,117,859	14,683,994
Finance lease right-of-use assets (Notes 2O and 6)	125,684	201,341
Property and equipment, net (Notes 2H and 5)	1,533,317	1,482,375
Due from affiliates (Note 11)	-	35,626
<b>TOTAL ASSETS</b>	<b>\$ 22,130,036</b>	<b>\$ 22,796,049</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,464,223	\$ 1,731,713
Advances payable and deferred revenue (Note 2I)	335,786	608,629
Bank line of credit (Note 7B)	-	100,000
Operating lease liability (Notes 2O and 6)	16,278,118	16,679,989
Finance lease liability (Notes 2O and 6)	128,687	202,506
Due to affiliates (Note 11)	1,345,893	138,236
<b>TOTAL LIABILITIES</b>	<b>19,552,707</b>	<b>19,461,073</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 7)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions:		
Invested in property and equipment	1,533,317	1,482,375
Operations	214,777	981,534
Total without donor restrictions	1,748,094	2,463,909
With donor restrictions (Notes 2B and 8)	829,235	871,067
<b>TOTAL NET ASSETS</b>	<b>2,577,329</b>	<b>3,334,976</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,130,036</b>	<b>\$ 22,796,049</b>

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	For the Year Ended June 30, 2024			For the Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>GOVERNMENT AND OTHER SUPPORT:</b>						
Government and other grants (Notes 2J and 10)	\$ 17,639,734	\$ -	\$ 17,639,734	\$ 17,136,349	\$ -	\$ 17,136,349
Program service fees (Note 2K)	178,830	-	178,830	116,756	-	116,756
Contributions and grants (Note 2L)	555,094	647,157	1,202,251	164,064	708,511	872,575
Rental income (Note 2N)	32,895	-	32,895	150	-	150
Other income	65,167	-	65,167	129,240	-	129,240
Net assets released from restrictions (Notes 2B and 8)	688,989	(688,989)	-	517,703	(517,703)	-
<b>TOTAL GOVERNMENT AND OTHER SUPPORT</b>	<u>19,160,709</u>	<u>(41,832)</u>	<u>19,118,877</u>	<u>18,064,262</u>	<u>190,808</u>	<u>18,255,070</u>
<b>EXPENSES</b> (Note 2Q):						
Program services						
Senior service program	7,955,115	-	7,955,115	7,142,237	-	7,142,237
Youth service program	8,218,855	-	8,218,855	7,742,522	-	7,742,522
Total program services	<u>16,173,970</u>	<u>-</u>	<u>16,173,970</u>	<u>14,884,759</u>	<u>-</u>	<u>14,884,759</u>
Supporting services						
Management and general	3,344,807	-	3,344,807	2,960,108	-	2,960,108
Fundraising	357,747	-	357,747	336,448	-	336,448
Total supporting services	<u>3,702,554</u>	<u>-</u>	<u>3,702,554</u>	<u>3,296,556</u>	<u>-</u>	<u>3,296,556</u>
<b>TOTAL EXPENSES</b>	<u>19,876,524</u>	<u>-</u>	<u>19,876,524</u>	<u>18,181,315</u>	<u>-</u>	<u>18,181,315</u>
<b>CHANGE IN NET ASSETS</b>	(715,815)	(41,832)	(757,647)	(117,053)	190,808	73,755
NET ASSETS - BEGINNING OF YEAR	<u>2,463,909</u>	<u>871,067</u>	<u>3,334,976</u>	<u>2,580,962</u>	<u>680,259</u>	<u>3,261,221</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,748,094</u>	<u>\$ 829,235</u>	<u>\$ 2,577,329</u>	<u>\$ 2,463,909</u>	<u>\$ 871,067</u>	<u>\$ 3,334,976</u>

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

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	Program Services			Supporting Services		Total 2024	Total 2023
	Senior Service Program	Youth Service Program	Total	Management and General	Fundraising		
Salaries (Note 11)	\$ 4,574,578	\$ 5,435,156	\$ 10,009,734	\$ 1,862,521	\$ 187,601	\$ 12,059,856	\$ 11,047,215
Payroll taxes and fringe benefits (Note 9)	1,097,560	1,161,549	2,259,109	328,734	30,199	2,618,042	2,332,050
<b>Total Personnel Costs</b>	<u>5,672,138</u>	<u>6,596,705</u>	<u>12,268,843</u>	<u>2,191,255</u>	<u>217,800</u>	<u>14,677,898</u>	<u>13,379,265</u>
Consultants	201,930	263,013	464,943	115,345	34,229	614,517	655,615
Occupancy (Notes 2O and 6)	514,440	422,400	936,840	190,021	24,783	1,151,644	1,363,252
Communications	82,691	107,703	190,394	47,234	14,017	251,645	219,263
Food	141,976	116,574	258,550	52,442	6,840	317,832	274,081
Supplies/printing	119,549	155,712	275,261	68,288	20,264	363,813	392,019
Travel/transportation	81,011	105,517	186,528	46,275	13,732	246,535	211,941
Client respite and supplemental expense	674,528	-	674,528	-	-	674,528	578,658
Insurance	128,186	142,762	270,948	62,609	-	333,557	230,426
Repairs and maintenance	151,290	135,561	286,851	60,637	10,146	357,634	229,671
Dues and subscriptions	22,551	29,372	51,923	12,881	3,822	68,626	50,345
Advertising expenses (Note 2P)	16,136	21,018	37,154	9,217	2,735	49,106	77,247
Depreciation and amortization	93,357	50,448	143,805	116,748	-	260,553	267,763
Lease amortization expense	-	-	-	75,657	-	75,657	40,929
Bad debt expense	-	-	-	146,985	-	146,985	65
Other	55,332	72,070	127,402	149,213	9,379	285,994	210,775
<b>TOTAL EXPENSES</b>	<u>\$ 7,955,115</u>	<u>\$ 8,218,855</u>	<u>\$ 16,173,970</u>	<u>\$ 3,344,807</u>	<u>\$ 357,747</u>	<u>\$ 19,876,524</u>	<u>\$ 18,181,315</u>

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

**SUNNYSIDE COMMUNITY SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services		Total 2023
	Senior Service Program	Youth Service Program	Total	Management and General	Fundraising	
Salaries (Note 11)	\$ 4,041,953	\$ 5,050,218	\$ 9,092,171	\$ 1,794,122	\$ 160,922	\$ 11,047,215
Payroll taxes and fringe benefits (Note 9)	987,051	1,041,159	2,028,210	275,396	28,444	2,332,050
<b>Total Personnel Costs</b>	5,029,004	6,091,377	11,120,381	2,069,518	189,366	13,379,265
Consultants	203,700	292,994	496,694	122,338	36,583	655,615
Occupancy (Notes 2O and 6)	608,965	500,014	1,108,979	224,936	29,337	1,363,252
Communications	68,125	97,988	166,113	40,915	12,235	219,263
Food	122,432	100,528	222,960	45,223	5,898	274,081
Supplies/printing	121,800	175,193	296,993	73,151	21,875	392,019
Travel/transportation	65,850	94,717	160,567	39,548	11,826	211,941
Client respite and supplemental expense	578,658	-	578,658	-	-	578,658
Insurance	84,451	102,977	187,428	42,998	-	230,426
Repairs and maintenance	84,768	121,925	206,693	7,754	15,224	229,671
Dues and subscriptions	15,642	22,499	38,141	9,395	2,809	50,345
Advertising expenses (Note 2P)	24,001	34,522	58,523	14,414	4,310	77,247
Depreciation and amortization	95,940	51,843	147,783	119,980	-	267,763
Lease amortization expense	-	-	-	40,929	-	40,929
Bad debt expense	-	-	-	65	-	65
Other	38,901	55,945	94,846	108,944	6,985	210,775
<b>TOTAL EXPENSES</b>	<b>\$ 7,142,237</b>	<b>\$ 7,742,522</b>	<b>\$ 14,884,759</b>	<b>\$ 2,960,108</b>	<b>\$ 336,448</b>	<b>\$ 18,181,315</b>

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



**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (757,647)	\$ 73,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	146,985	65
Depreciation and amortization	260,553	267,763
Operating lease right-of-use amortization	566,135	601,016
Finance lease right-of-use amortization	75,657	40,929
Subtotal	291,683	983,528
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Government grants receivable	3,072	311,979
Accounts receivable	(63,986)	72,294
Contributions receivable	130,490	100,060
Due from affiliates	35,626	(35,626)
Prepaid expenses and other assets	68,071	(242,459)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(267,490)	(644,671)
Advances payable and deferred revenue	(272,843)	(57,675)
Deferred rent obligation	-	(1,808,749)
Operating lease liability	(401,871)	1,394,979
Due to affiliates	1,207,657	(50,054)
<b>Net Cash Provided by Operating Activities</b>	<b>730,409</b>	<b>23,606</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(311,495)	(508,216)
<b>Net Cash Used in Investing Activities</b>	<b>(311,495)</b>	<b>(508,216)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bank line of credit	-	860,000
Repayment on borrowings from bank line of credit	(100,000)	(760,000)
Payments on finance lease	(73,819)	(39,764)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(173,819)</b>	<b>60,236</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>245,095</b>	<b>(424,374)</b>
Cash and cash equivalents- beginning of year	262,759	687,133
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 507,854</b>	<b>\$ 262,759</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 6,112	\$ 6,533

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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 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 Sunnyside Community Services, Inc., and do not include the financial position, changes in net assets and cash flows of its related organizations: Sunnyside Home Care Project, Inc. (“Home Care”), and Sunnyside Citywide Home Care Services, Inc. (“Citywide”).

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 Sunnyside’s financial statements and are, therefore, not included.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. ***Basis of accounting*** - The accompanying financial statements of Sunnyside have been prepared on the accrual basis of accounting. Sunnyside adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Basis of presentation*** - Sunnyside 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 Sunnyside’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, less any liabilities related to those assets.
  - b. Net assets with donor restrictions – represents assets that are subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- C. ***Cash and cash equivalents*** - Cash and cash equivalents consist of cash and highly liquid investments with maturity dates, when acquired, of three months or less.

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

- D. **Government grants receivable** - Government grants receivable are recorded for expenditures made in accordance with grant agreements.
- E. **Accounts receivable** - Accounts receivable consists of receivables from program service fees and is recorded when services are provided. Interest is not accrued or recorded on outstanding receivables. Accounts receivable at July 1, 2022 was \$105,988.
- 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 \$69,698 and \$200,188 as of June 30, 2024 and 2023, respectively, and are due within one year.
- G. **Allowance for credit losses** - Sunnyside determines whether an allowance for credit losses 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 credit losses when all reasonable collection efforts have been exhausted. Sunnyside has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, *Financial Instruments – Credit Losses*, in its financial statements for the year ended June 30, 2024. Management anticipates that the historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to their methodology or inputs are required. As of both June 30, 2024 and 2023, Sunnyside determined that an allowance of \$2,161 was necessary for government grants receivable, no allowance was necessary for accounts receivable and contributions receivable.
- H. **Property and equipment** - Property and equipment and leasehold improvements are recorded at cost. Items with a cost of \$1,000 or more 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.
- I. **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, Sunnyside establishes refundable advances from governmental sources.
- J. **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 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 \$17,639,734 and \$17,136,349 for the years ended June 30, 2024 and 2023, respectively.

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. As of June 30, 2024 and 2023, Sunnyside received conditional grants and contracts from government agencies in the aggregate amounts of \$13,087,917 and \$13,235,321, respectively, that have not been recorded in the accompanying financial statements, as they have not been earned. These grants and contracts require Sunnyside 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 Sunnyside may be required to return the funds already remitted.

- K. **Program service fees** - Fees from Sunnyside’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 Sunnyside 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. Sunnyside 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, 2024 and 2023. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. Sunnyside determines the transaction price based on established rates and contracts for services provided. Program service revenue for the years ended June 30, 2024 and 2023 consists of revenues for the following programs:

	2024	2023
Youth Service Program	\$ 54,910	\$ 78,279
Senior Service Program	123,920	38,477
	\$ 178,830	\$ 116,756

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

- L. **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.
- M. **Noncash contributions in-kind** - Noncash contributions 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. Sunnyside did not receive any noncash contributions for either of the years ended June 30, 2024 and 2023.
- N. **Rental revenue** - Rental revenue is recognized based on rental agreements signed annually.
- O. **Leases** - Sunnyside reports leases in accordance with ASU No. 2016-02, *Leases* (Topic 842). This standard requires the recognition of lease assets and lease liabilities on the statements of financial position and the disclosure of key information about leasing arrangements. The recognition, presentation, and measurement of lease related items in the financial statements will depend on whether the lease is classified as a finance or operating lease.

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

- P. **Advertising expenses** - Advertising costs are charged to operations when incurred. Advertising expenses for the years ended June 30, 2024 and 2023 amounted to \$49,106 and \$77,247, respectively.
- Q. **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 and payroll taxes, which are allocated on the basis of estimates of time and effort, and professional services, office expenses, information technology and other, which are allocated on the basis of full time equivalent.

- R. **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.
- S. **Recent accounting pronouncements** - On July 1, 2023, Sunnyside adopted FASB ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost which will be presented at the net amount expected to be collected by using an allowance for credit losses.

Sunnyside adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost. The adoption had no effect on the change in 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:

	2024	2023
Cash and cash equivalents	\$ 507,854	\$ 262,759
Accounts receivable	97,680	33,694
Contributions receivable	69,698	200,188
Government grants receivable, net	4,983,636	5,133,693
	\$ 5,658,868	\$ 5,630,334

Sunnyside 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. Sunnyside also strives to collect receivables on a timely basis from all types of debtors. In addition, Sunnyside has one line of credit for \$1.75 million with a financial institution (Note 7B), which can be drawn upon if needed.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Sunnyside considers all expenditures related to its ongoing activities of its 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.

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**NOTE 4 – GOVERNMENT GRANTS RECEIVABLE**

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

	2024	2023
New York City Department for the Aging (“DFTA”)	\$ 1,067,941	\$ 1,474,108
New York City Department of Youth and Community Development (“DYCD”)	1,522,497	1,381,347
New York State Education Department	420,015	403,603
Dormitory Authority of the State of New York (“DASNY”)	-	32,613
New York State Department of Health	780,956	773,776
New York City Department of Health and Mental Hygiene	100,000	293,036
New York City Human Resources Administration (“HRA”)	2,079	2,079
New York City Office of Early Childhood Education	207,145	177,291
New York City Department of Design & Construction	175,685	265,000
New York State Department of Labor	175,448	-
Other receivables	534,031	333,001
Sub-total	4,985,797	5,135,854
Allowance for doubtful accounts	(2,161)	(2,161)
Total government grants receivable	\$ 4,983,636	\$ 5,133,693

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

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

	2024	2023	Estimated Useful Lives
Leasehold improvements	\$ 4,564,535	\$ 4,330,031	8-15 Years
Furniture and equipment	1,641,020	1,564,029	5 Years
	6,205,555	5,894,060	
Less: accumulated depreciation and amortization	(4,672,238)	(4,411,685)	
Net book value	\$ 1,533,317	\$ 1,482,375	

For the years ended June 30, 2024 and 2023, depreciation and amortization expense amounted to \$260,553 and \$267,763, respectively.

**NOTE 6 – LEASES**

Sunnyside leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. Sunnyside is obligated under two operating leases for office spaces that expire on June 30, 2043 and December 31, 2036, respectively. Sunnyside also leases various equipment at various lease terms under long-term finance leases, expiring at various dates through 2027.

In addition, Sunnyside subleases a portion of its office space to Home Care under two operating leases, which provide for them to pay as additional rent their pro-rata share of real estate taxes and utilities. One of the leases expires on June 30, 2028 and the other lease expires on December 31, 2024. In the event that government funding is terminated, Home Care may cancel the leases upon giving one month’s notice to Sunnyside.

The operating lease costs for the years ended June 30, 2024 and 2023 were \$1,106,902 and \$1,109,046, respectively. Total cash paid by Sunnyside in the determination of the lease liability was \$942,643 and \$921,798 for the years ended June 30, 2024 and 2023, respectively.

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**NOTE 6 – LEASES (Continued)**

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2024	2023
Weighted average remaining lease term in years:		
Operating leases	18.48	19.55
Finance leases	1.83	2.77
Weighted-average discount rate:		
Operating leases	3.32%	3.32%
Finance leases	3.68%	3.75%

The operating lease assets and liabilities as of June 30, 2024, totaled \$14,117,859 and \$16,278,118, respectively. The finance lease assets and liabilities as of June 30, 2024, totaled \$125,684 and \$128,687, respectively. The operating lease assets and liabilities as of June 30, 2023, totaled \$14,683,994 and \$16,679,989, respectively. The finance lease assets and liabilities as of June 30, 2023, totaled, \$201,341 and \$202,506, respectively.

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024:

	Operating Lease			Finance Lease
	Total Commitments	Sublessor's Share	Sunnyside's Share	Total Commitments
2025	\$ 966,209	\$ 213,925	\$ 752,284	\$ 76,328
2026	990,364	219,273	771,091	48,521
2027	1,015,123	224,754	790,369	8,370
2028	1,040,556	230,373	810,183	-
2029	1,040,514	-	1,040,514	-
Thereafter	17,227,966	-	17,227,966	-
Total minimum lease payments	22,280,732	888,325	21,392,407	133,219
Less: amount representing interest	(6,002,614)	(50,340)	(5,952,274)	(4,532)
Operating/finance lease liability	\$ 16,278,118	\$ 837,985	\$ 15,440,133	\$ 128,687

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**A. *Income Taxes***

Sunnyside believes it has no uncertain tax positions as of June 30, 2024 and 2023 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**B. *Line of Credit***

Sunnyside has a revolving line of credit of \$1.75 million with a bank as borrower with Home Care and Citywide as guarantors that matures on December 31, 2024. Interest on this line is calculated using Term SOFR Daily Floating Rate plus 3.38 percentage points. As of June 30, 2024, there was no outstanding balance on the Line. As of February 25, 2025, there is no borrowing under the line.

As of June 30, 2023, Sunnyside has two revolving lines of credit of \$2 million and \$1.5 million with a bank as borrower with Home Care and Citywide as guarantors that matured on December 31, 2023 and March 31, 2024, respectively. Neither of the revolving lines of credit were renewed during the year. As of June 30, 2023, the outstanding balance from the lines amounted to \$100,000 and was repaid during the year ended June 30, 2024.

**SUNNYSIDE COMMUNITY SERVICES, INC.**  
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**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2024 and 2023 are available for the following purposes:

	2024	2023
Senior services	\$ 356,596	\$ 456,147
Youth services	42,703	120,636
Other	429,936	294,284
Total net assets with donor restrictions	\$ 829,235	\$ 871,067

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.

	2024	2023
Senior services	\$ 233,611	\$ 234,035
Youth services	113,934	73,118
Other	341,444	210,550
	\$ 688,989	\$ 517,703

**NOTE 9 – PENSION PLAN**

Sunnyside maintains a 403(b) pension plan which covers all full-time employees. 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. Sunnyside’s contributions amounted to \$68,534 and \$76,991 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 10 – CONCENTRATION**

**Credit Risk**

Cash and cash equivalents that potentially subject Sunnyside to a concentration of credit risk include 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, 2024 and 2023, there was approximately \$288,000 and \$0, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits.

**Revenue**

Sunnyside received grants from various New York City and New York State agencies totaling \$17,639,734 and \$17,136,349, which represented 92% and 94% of total revenues, during the years ended June 30, 2024 and 2023, respectively. Receivables from these New York City and New York State agencies represented 90% and 96%, respectively of total receivables at June 30, 2024 and 2023.

**NOTE 11 – RELATED-PARTY TRANSACTIONS**

As of June 30, 2024 and 2023, Sunnyside owed \$69,490 and \$138,236, respectively, to Citywide. As of June 30, 2024 and 2023, Sunnyside owed \$1,276,403 and is owed \$35,626, respectively from/to Home Care. These represent normal operating expenses and advances, are noninterest-bearing and are due on demand.



**SUNNYSIDE COMMUNITY SERVICES, INC.**  
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**NOTE 11 – RELATED-PARTY TRANSACTIONS (Continued)**

In addition, Sunnyside subleases a portion of its office space to Home Care (Note 6). For the years ended June 30, 2024 and 2023, Sunnyside allocated rent and other expenses, as outlined in the table below, to Home Care.

	<u>2024</u>	<u>2023</u>
Home Care		
Rent, real estate taxes and utilities expenses	\$ 328,156	\$ 302,851
Salaries, fringe benefits and other expenses	995,341	968,460

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, 2024 and 2023, there were no transactions between Sunnyside and Woodysun and no balances were outstanding. Woodysun is not controlled by Sunnyside.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through February 25, 2025, the date the financial statements were available to be issued.