



SUNNYSIDE COMMUNITY SERVICES, INC.



FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2025 AND 2024

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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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as 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, 2025 and 2024, 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
January 22, 2026

SUNNYSIDE COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents (Notes 2C and 10)	\$ 496,926	\$ 507,854
Government grants receivable, net (Notes 2D, 2G and 4)	6,351,754	4,983,636
Accounts receivable, net (Notes 2E and 2G)	112,237	97,680
Contributions receivable (Notes 2F and 2G)	170,000	69,698
Prepaid expenses and other assets	632,915	694,308
Operating lease right-of-use assets (Notes 2P and 6)	13,536,643	14,117,859
Finance lease right-of-use assets (Notes 2P and 6)	53,506	125,684
Property and equipment, net (Notes 2H and 5)	1,383,880	1,533,317
TOTAL ASSETS	\$ 22,737,861	\$ 22,130,036
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,563,051	\$ 1,464,223
Advances payable and deferred revenue (Note 2I)	224,132	335,786
Operating lease liabilities (Notes 2P and 6)	15,837,595	16,278,118
Finance lease liabilities (Notes 2P and 6)	55,794	128,687
Due to affiliates (Note 11)	2,418,849	1,345,893
TOTAL LIABILITIES	20,099,421	19,552,707
COMMITMENTS AND CONTINGENCIES (Note 7)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Invested in property and equipment	1,383,880	1,533,317
Operations	416,542	214,777
Total without donor restrictions	1,800,422	1,748,094
With donor restrictions (Notes 2B and 8)	838,018	829,235
TOTAL NET ASSETS	2,638,440	2,577,329
TOTAL LIABILITIES AND NET ASSETS	\$ 22,737,861	\$ 22,130,036

SUNNYSIDE COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
GOVERNMENT AND OTHER SUPPORT:						
Government and other grants (Notes 2J and 10)	\$ 16,123,285	\$ -	\$ 16,123,285	\$ 17,639,734	\$ -	\$ 17,639,734
Program service fees (Note 2K)	194,533	-	194,533	178,830	-	178,830
Contributions and grants (Note 2L)	713,483	845,975	1,559,458	555,094	647,157	1,202,251
Rental income (Note 2N)	57,682	-	57,682	32,895	-	32,895
Employee retention credit (Note 2O)	372,778	-	372,778	-	-	-
Other income	132,490	-	132,490	65,167	-	65,167
Net assets released from restrictions (Notes 2B and 8)	<u>837,192</u>	<u>(837,192)</u>	<u>-</u>	<u>688,989</u>	<u>(688,989)</u>	<u>-</u>
TOTAL GOVERNMENT AND OTHER SUPPORT	<u>18,431,443</u>	<u>8,783</u>	<u>18,440,226</u>	<u>19,160,709</u>	<u>(41,832)</u>	<u>19,118,877</u>
EXPENSES (Note 2R):						
Program services						
Senior service program	7,207,783	-	7,207,783	7,955,115	-	7,955,115
Youth service program	<u>7,610,134</u>	<u>-</u>	<u>7,610,134</u>	<u>8,218,855</u>	<u>-</u>	<u>8,218,855</u>
Total program services	<u>14,817,917</u>	<u>-</u>	<u>14,817,917</u>	<u>16,173,970</u>	<u>-</u>	<u>16,173,970</u>
Supporting services						
Management and general	3,274,760	-	3,274,760	3,344,807	-	3,344,807
Fundraising	<u>286,438</u>	<u>-</u>	<u>286,438</u>	<u>357,747</u>	<u>-</u>	<u>357,747</u>
Total supporting services	<u>3,561,198</u>	<u>-</u>	<u>3,561,198</u>	<u>3,702,554</u>	<u>-</u>	<u>3,702,554</u>
TOTAL EXPENSES	<u>18,379,115</u>	<u>-</u>	<u>18,379,115</u>	<u>19,876,524</u>	<u>-</u>	<u>19,876,524</u>
CHANGE IN NET ASSETS	52,328	8,783	61,111	(715,815)	(41,832)	(757,647)
NET ASSETS - BEGINNING OF YEAR	<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>
NET ASSETS - END OF YEAR	<u>\$ 1,800,422</u>	<u>\$ 838,018</u>	<u>\$ 2,638,440</u>	<u>\$ 1,748,094</u>	<u>\$ 829,235</u>	<u>\$ 2,577,329</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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Program Services			Supporting Services		Total 2025	Total 2024
	Senior Service Program	Youth Service Program	Total	Management and General	Fundraising		
Salaries (Note 11)	\$ 4,024,751	\$ 5,076,860	\$ 9,101,611	\$ 2,088,877	\$ 141,526	\$ 11,332,014	\$ 12,059,856
Payroll taxes and fringe benefits (Note 9)	994,175	1,055,316	2,049,491	321,411	27,600	2,398,502	2,618,042
Total Personnel Costs	<u>5,018,926</u>	<u>6,132,176</u>	<u>11,151,102</u>	<u>2,410,288</u>	<u>169,126</u>	<u>13,730,516</u>	<u>14,677,898</u>
Consultants	165,841	214,400	380,241	94,559	26,838	501,638	614,517
Occupancy (Notes 2P and 6)	508,445	417,478	925,923	187,807	24,495	1,138,225	1,151,644
Communications	71,390	92,294	163,684	40,705	11,553	215,942	251,645
Food	143,701	117,991	261,692	53,079	6,923	321,694	317,832
Supplies/printing	86,973	112,440	199,413	49,590	14,075	263,078	363,813
Travel/transportation	56,994	73,682	130,676	32,496	9,223	172,395	246,535
Client respite and supplemental expense	604,724	-	604,724	-	-	604,724	674,528
Insurance	142,724	158,814	301,538	70,043	-	371,581	333,557
Repairs and maintenance	142,139	130,210	272,349	58,250	10,101	340,700	357,634
Dues and subscriptions	9,192	11,883	21,075	5,240	1,487	27,802	68,626
Advertising expenses (Note 2Q)	17,293	22,357	39,650	9,860	2,798	52,308	49,106
Depreciation and amortization	88,765	47,967	136,732	111,006	-	247,738	260,553
Lease amortization expense	23,862	30,849	54,711	13,605	3,862	72,178	75,657
Grant expense	90,000	-	90,000	-	-	90,000	-
Bad debt expense	-	-	-	44,747	-	44,747	146,985
Other	36,814	47,593	84,407	93,485	5,957	183,849	285,994
TOTAL EXPENSES	<u>\$ 7,207,783</u>	<u>\$ 7,610,134</u>	<u>\$ 14,817,917</u>	<u>\$ 3,274,760</u>	<u>\$ 286,438</u>	<u>\$ 18,379,115</u>	<u>\$ 19,876,524</u>

**SUNNYSIDE COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total 2024</u>
	<u>Senior Service Program</u>	<u>Youth Service Program</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries (Note 11)	\$ 4,574,578	\$ 5,435,156	\$ 10,009,734	\$ 1,862,521	\$ 187,601	\$ 12,059,856
Payroll taxes and fringe benefits (Note 9)	1,097,560	1,161,549	2,259,109	328,734	30,199	2,618,042
Total Personnel Costs	<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>
Consultants	201,930	263,013	464,943	115,345	34,229	614,517
Occupancy (Notes 2P and 6)	514,440	422,400	936,840	190,021	24,783	1,151,644
Communications	82,691	107,703	190,394	47,234	14,017	251,645
Food	141,976	116,574	258,550	52,442	6,840	317,832
Supplies/printing	119,549	155,712	275,261	68,288	20,264	363,813
Travel/transportation	81,011	105,517	186,528	46,275	13,732	246,535
Client respite and supplemental expense	674,528	-	674,528	-	-	674,528
Insurance	128,186	142,762	270,948	62,609	-	333,557
Repairs and maintenance	151,290	135,561	286,851	60,637	10,146	357,634
Dues and subscriptions	22,551	29,372	51,923	12,881	3,822	68,626
Advertising expenses (Note 2Q)	16,136	21,018	37,154	9,217	2,735	49,106
Depreciation and amortization	93,357	50,448	143,805	116,748	-	260,553
Lease amortization expense	-	-	-	75,657	-	75,657
Bad debt expense	-	-	-	146,985	-	146,985
Other	55,332	72,070	127,402	149,213	9,379	285,994
TOTAL EXPENSES	<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>

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 61,111	\$ (757,647)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	44,747	146,985
Depreciation and amortization	247,738	260,553
Operating lease right-of-use assets amortization	581,216	566,135
Finance lease right-of-use assets amortization	72,178	75,657
Subtotal	1,006,990	291,683
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Government grants receivable	(1,412,865)	3,072
Accounts receivable	(14,557)	(63,986)
Contributions receivable	(100,302)	130,490
Due from affiliates	-	35,626
Prepaid expenses and other assets	61,393	68,071
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	98,828	(267,490)
Advances payable and deferred revenue	(111,654)	(272,843)
Operating lease liabilities	(440,523)	(401,871)
Due to affiliates	1,072,956	1,207,657
Net Cash Provided by Operating Activities	160,266	730,409
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(98,301)	(311,495)
Net Cash Used in Investing Activities	(98,301)	(311,495)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment on borrowings from bank line of credit	-	(100,000)
Payments on finance leases	(72,893)	(73,819)
Net Cash Used in Financing Activities	(72,893)	(173,819)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,928)	245,095
Cash and cash equivalents- beginning of year	507,854	262,759
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 496,926	\$ 507,854
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 12,330	\$ 6,112

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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.

Sunnyside 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, 2025 AND 2024

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, 2023 was \$33,694.
- 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 \$170,000 and \$69,698 as of June 30, 2025 and 2024, respectively, and are due within one year.
- G. **Allowance for credit losses and allowance for doubtful accounts** - Sunnyside determines whether an allowance for credit losses should be provided for accounts receivable and whether an allowance for doubtful accounts should be provided for government grants receivable and contributions 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 or allowance for doubtful accounts when all reasonable collection efforts have been exhausted. 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 June 30, 2025, Sunnyside determined that an allowance of \$32,639 was necessary for accounts receivable and no allowance was necessary for government grants receivable and contributions receivable. As of June 30, 2024, Sunnyside determined that an allowance of \$2,161 was necessary for government grants receivable and no allowance was necessary for accounts receivable and contributions receivable.

Sunnyside calculated the allowance for credit losses for accounts receivable as follows as of June 30:

	2025	2024
Balance, beginning of year	\$ -	\$ -
Credit losses expenses for the period	32,639	-
Balance, end of year	\$ 32,639	\$ -

- H. **Property and equipment** - Property and equipment are recorded at cost less accumulated depreciation and amortization. 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.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$16,123,285 and \$17,639,734 for the years ended June 30, 2025 and 2024, respectively.

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. As of June 30, 2025 and 2024, Sunnyside received conditional grants and contracts from government agencies in the aggregate amounts of \$23,062,854 and \$13,087,917, 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, 2025 and 2024. 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, 2025 and 2024 consists of revenues for the following programs:

	2025	2024
Youth Service Program	\$ 50,128	\$ 54,910
Senior Service Program	144,405	123,920
	\$ 194,533	\$ 178,830

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 with donor restrictions 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 to 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, 2025 and 2024.
- N. **Rental revenue** - Rental revenue is recognized based on rental agreements signed annually.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- O. **Employee retention credit (“ERC”)** - Sunnyside has made claims for refundable credits under the ERC program as provided under the Federal Coronavirus Aid, Relief and Economic Security Act. Under the terms of the program, Sunnyside must incur qualifying wage or health care costs and have either suspended operations under governmental order or experience a specified decline in gross receipts. If conditions are not met, any amount of credit received is refundable to the government and Sunnyside may be subject to fines and penalties. Sunnyside accounts for the ERC as a conditional contribution. The ERC payment of \$372,778 was received and reported as revenue during the year ended June 30, 2025.
- P. **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.
- Q. **Advertising expenses** - Advertising costs are charged to operations when incurred. Advertising expenses for the years ended June 30, 2025 and 2024 amounted to \$52,308 and \$49,106, respectively.
- R. **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.

- S. **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.
- T. **Reclassification** - Certain reclassifications have been made to prior year financial statements to conform to the current year presentation. These changes have had no effect on the net assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 496,926	\$ 507,854
Accounts receivable, net	112,237	97,680
Contributions receivable	170,000	69,698
Government grants receivable, net	<u>6,351,754</u>	<u>4,983,636</u>
	<u>\$ 7,130,917</u>	<u>\$ 5,658,868</u>

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 \$3 million with a financial institution (Note 7B), which can be drawn upon if needed.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

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.

NOTE 4 – GOVERNMENT GRANTS RECEIVABLE, NET

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

	2025	2024
New York City Department for the Aging (“DFTA”)	\$ 1,132,605	\$ 1,067,941
New York City Department of Youth and Community Development (“DYCD”)	2,354,762	1,522,497
New York State Education Department	510,928	420,015
New York State Department of Health	998,585	780,956
New York City Department of Health and Mental Hygiene	27,666	100,000
New York City Human Resources Administration (“HRA”)	-	2,079
New York City Office of Community Schools (“OCS”)	173,604	-
New York City Office of Early Childhood Education	82,357	207,145
New York City Department of Social Services (“DSS”)	370,075	-
New York City Department of Design & Construction	175,685	175,685
New York State Department of Labor	7,165	175,448
Other receivables	518,322	534,031
Subtotal	6,351,754	4,985,797
Allowance for doubtful accounts	-	(2,161)
Total government grants receivable, net	\$ 6,351,754	\$ 4,983,636

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	2025	2024	Estimated Useful Lives
Leasehold improvements	\$ 4,653,920	\$ 4,564,535	8-15 Years
Furniture and equipment	1,614,501	1,641,020	5 Years
	6,268,421	6,205,555	
Less: accumulated depreciation and amortization	(4,884,541)	(4,672,238)	
Net book value	\$ 1,383,880	\$ 1,533,317	

For the years ended June 30, 2025 and 2024, depreciation and amortization expense amounted to \$247,738 and \$260,553, respectively. During the year ended June 30, 2025, SCS disposed fully depreciated equipment of \$35,435.

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.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – LEASES (Continued)

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

The operating lease costs for each of the years ended June 30, 2025 and 2024 were \$1,106,902. Total cash paid by Sunnyside in the determination of the lease liability was \$966,209 and \$942,643 for the years ended June 30, 2025 and 2024, respectively.

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

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term in years:		
Operating leases	17.50	18.48
Finance leases	1.00	1.83
Weighted-average discount rate:		
Operating leases	3.32%	3.32%
Finance leases	3.70%	3.68%

The operating lease assets and liabilities as of June 30, 2025, totaled \$13,536,643 and \$15,837,595, respectively. The finance lease assets and liabilities as of June 30, 2025, totaled \$53,506 and \$55,794, respectively. 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 future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2025:

	<u>Operating Leases</u>			<u>Finance Leases</u>
	<u>Total</u> <u>Commitments</u>	<u>Sublessor's</u> <u>Share</u>	<u>Sunnyside's</u> <u>Share</u>	<u>Total</u> <u>Commitments</u>
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	1,066,514	-	1,066,514	-
2030	1,093,176	-	1,093,176	-
Thereafter	<u>16,108,791</u>	<u>-</u>	<u>16,108,791</u>	<u>-</u>
Total minimum lease payments	21,314,524	674,400	20,640,124	56,891
Less: amount representing interest	<u>(5,476,929)</u>	<u>(29,010)</u>	<u>(5,447,919)</u>	<u>(1,097)</u>
Operating/finance lease liabilities	<u>\$ 15,837,595</u>	<u>\$ 645,390</u>	<u>\$ 15,192,205</u>	<u>\$ 55,794</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. *Income Taxes*

Sunnyside believes it has no uncertain tax positions as of June 30, 2025 and 2024 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.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

B. *Line of Credit*

Sunnyside has a revolving line of credit of \$3 million with a bank as borrower with Home Care and Citywide as guarantors that matured on December 31, 2025. Subsequent to year end, the line was extended for another year and matures on December 31, 2026. Interest on this line is calculated using the Term Secured Overnight Financing Rate (“SOFR”) Daily Floating Rate plus 2.47 percentage points. As of June 30, 2025, there was no outstanding balance on the line. As of January 22, 2026, there is no borrowing under the line.

Sunnyside had 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 and the outstanding balance from the lines was repaid as of June 30, 2024.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 and 2024 are available for the following purposes:

	2025	2024
Senior services	\$ 271,109	\$ 356,596
Youth services	258,711	173,462
Home health aide training program	-	119,078
Time	276,981	152,943
Other	31,217	27,156
Total net assets with donor restrictions	\$ 838,018	\$ 829,235

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.

	2025	2024
Senior services	\$ 207,987	\$ 233,611
Youth services	300,726	324,781
Home health aide training program	209,078	71,922
Time	45,962	45,940
Other	73,439	12,735
	\$ 837,192	\$ 688,989

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 \$61,835 and \$68,534 for the years ended June 30, 2025 and 2024, respectively.

SUNNYSIDE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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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 per financial institution. As of June 30, 2025 and 2024, there was approximately \$319,000 and \$288,000, 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 \$16,123,285 and \$17,639,734, which represented 87% and 92% of total revenues, during the years ended June 30, 2025 and 2024, respectively. Receivables from these New York City and New York State agencies represented 93% and 90%, respectively, of total receivables at June 30, 2025 and 2024.

NOTE 11 – RELATED-PARTY TRANSACTIONS

As of June 30, 2025 and 2024, Sunnyside owed \$66,855 and \$69,490, respectively, to Citywide. As of June 30, 2025 and 2024, Sunnyside owed \$2,351,994 and \$1,276,403, respectively, to Home Care. These represent normal operating expenses and advances, are noninterest-bearing and are due on demand.

In addition, Sunnyside subleases a portion of its office space to Home Care (Note 6). For the years ended June 30, 2025 and 2024, Sunnyside allocated rent and other expenses, as outlined in the table below, to Home Care.

	2025	2024
Home Care		
Rent, real estate taxes and utilities expenses	\$ 482,058	\$ 328,156
Salaries, fringe benefits and other expenses	1,188,372	995,341

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, 2025 and 2024, 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 January 22, 2026, the date the financial statements were available to be issued.

On October 8, 2025, Sunnyside received the Donation Agreement from a donor who intended to donate certain real property, including development air rights, located in Sunnyside, New York with an estimated fair value of \$8,750,000. There is no restriction for the future use of the property. As of the date of this report, the deed has not been transferred to Sunnyside.