

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.



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

Years Ended June 30, 2018 and 2017

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.

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

YEARS ENDED JUNE 30, 2018 AND 2017

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Functional Expenses.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-12

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, 2018 and 2017, 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 audits 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, 2018 and 2017, 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
January 25, 2019

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash (Note 10)	\$ 1,050,749	\$ 3,536,267
Government grants receivable (Note 2C)	79,518	61,776
Accounts receivable, net (Notes 2D, 2G and 3)	3,408,896	3,180,122
Investments (Note 2E and 4)	4,528,527	4,265,310
Prepaid expenses and other assets	417,840	160,955
Due from affiliates (Note 11)	1,787,108	952,824
Property and equipment, net (Notes 2F and 5)	75,801	81,103
TOTAL ASSETS	\$ 11,348,439	\$ 12,238,357
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,189,426	\$ 2,847,758
Workers compensation assessment payable (Note 6)	711,680	828,668
TOTAL LIABILITIES	2,901,106	3,676,426
COMMITMENTS AND CONTINGENCIES (Note 7)		
NET ASSETS		
Unrestricted	8,325,734	8,453,984
Temporarily restricted (Notes 2B and 8)	121,599	107,947
TOTAL NET ASSETS	8,447,333	8,561,931
TOTAL LIABILITIES AND NET ASSETS	\$ 11,348,439	\$ 12,238,357

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, 2018 AND 2017

	For the Year ended June 30, 2018			For the Year ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
GOVERNMENT AND OTHER SUPPORT:						
Contract revenue - Managed care (Notes 2G and 10)	\$ 25,418,243	\$ -	\$ 25,418,243	\$ 25,994,791	\$ -	\$ 25,994,791
Government grants (Note 2C)	93,702	-	93,702	-	-	-
Contributions and grants (Notes 2H and 11)	15,292	205,000	220,292	-	335,000	335,000
Donated services (Note 2I)	882	-	882	11,404	-	11,404
Other income	1,459,069	-	1,459,069	1,053,632	-	1,053,632
Net assets released from restrictions (Notes 2B and 8)	<u>191,348</u>	<u>(191,348)</u>	<u>-</u>	<u>388,444</u>	<u>(388,444)</u>	<u>-</u>
TOTAL GOVERNMENT AND OTHER SUPPORT	<u>27,178,536</u>	<u>13,652</u>	<u>27,192,188</u>	<u>27,448,271</u>	<u>(53,444)</u>	<u>27,394,827</u>
OPERATING EXPENSES (Note 2K):						
Program services						
Home care	25,128,431	-	25,128,431	25,357,637	-	25,357,637
Supporting services						
Management and general	<u>2,391,586</u>	<u>-</u>	<u>2,391,586</u>	<u>2,577,903</u>	<u>-</u>	<u>2,577,903</u>
TOTAL OPERATING EXPENSES	<u>27,520,017</u>	<u>-</u>	<u>27,520,017</u>	<u>27,935,540</u>	<u>-</u>	<u>27,935,540</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	<u>(341,481)</u>	<u>13,652</u>	<u>(327,829)</u>	<u>(487,269)</u>	<u>(53,444)</u>	<u>(540,713)</u>
NON-OPERATING ACTIVITIES:						
Investment return (Note 4)	<u>213,231</u>	<u>-</u>	<u>213,231</u>	<u>265,310</u>	<u>-</u>	<u>265,310</u>
TOTAL NON-OPERATING ACTIVITIES	<u>213,231</u>	<u>-</u>	<u>213,231</u>	<u>265,310</u>	<u>-</u>	<u>265,310</u>
CHANGE IN NET ASSETS	(128,250)	13,652	(114,598)	(221,959)	(53,444)	(275,403)
NET ASSETS - BEGINNING OF YEAR	<u>8,453,984</u>	<u>107,947</u>	<u>8,561,931</u>	<u>8,675,943</u>	<u>161,391</u>	<u>8,837,334</u>
NET ASSETS - END OF YEAR	<u>\$ 8,325,734</u>	<u>\$ 121,599</u>	<u>\$ 8,447,333</u>	<u>\$ 8,453,984</u>	<u>\$ 107,947</u>	<u>\$ 8,561,931</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, 2018 AND 2017

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017		
	Program Services Home Care	Management and General	Total	Program Services Home Care	Management and General	Total
Salaries	\$ 16,670,418	\$ 945,494	\$ 17,615,912	\$ 18,154,529	\$ 1,275,189	\$ 19,429,718
Payroll taxes and fringe benefits (Note 9)	8,051,279	511,318	8,562,597	6,811,918	456,735	7,268,653
Total Personnel Costs	24,721,697	1,456,812	26,178,509	24,966,447	1,731,924	26,698,371
Consultants (Note 2I)	42,464	40,623	83,087	36,123	91,104	127,227
Computer services	72,169	66,245	138,414	105,064	89,969	195,033
Occupancy (Note 7)	108,933	99,992	208,925	95,292	81,600	176,892
Supplies/printing	28,663	67,832	96,495	24,522	86,602	111,124
Travel/transportation	2,311	2,122	4,433	2,502	2,457	4,959
Insurance	51,344	47,129	98,473	52,249	44,742	96,991
Repairs and maintenance	25,252	23,180	48,432	26,940	25,785	52,725
Dues and subscriptions	9,168	8,416	17,584	7,848	6,720	14,568
Depreciation and amortization (Notes 5 and 7)	7,710	7,078	14,788	7,964	6,819	14,783
Bad debt expense	-	531,732	531,732	-	350,000	350,000
Investment fees (Note 4)	-	15,348	15,348	-	10,225	10,225
Other	58,720	40,425	99,145	32,686	60,181	92,867
Sub-total	25,128,431	2,406,934	27,535,365	25,357,637	2,588,128	27,945,765
Less expenses deducted directly from revenues on the statement of activities	-	(15,348)	(15,348)	-	(10,225)	(10,225)
TOTAL EXPENSES	\$ 25,128,431	\$ 2,391,586	\$ 27,520,017	\$ 25,357,637	\$ 2,577,903	\$ 27,935,540

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (114,598)	\$ (275,403)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized gain on investment	(122,373)	(185,076)
Bad debt expense	531,732	350,000
Depreciation and amortization	14,788	14,783
Subtotal	309,549	(95,696)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable	(760,506)	644,394
Government grants receivable	(17,742)	(61,776)
Prepaid expenses and other assets	(256,885)	365,307
Due from affiliates	(834,284)	(530,727)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(658,332)	361,207
Workers compensation assessment payable	(116,988)	(116,988)
Net Cash (Used in) Provided by Operating Activities	(2,335,188)	565,721
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(9,486)	-
Purchase of investments	(140,844)	(4,080,234)
Cash Used in Investing Activities	(150,330)	(4,080,234)
NET DECREASE IN CASH	(2,485,518)	(3,514,513)
Cash - beginning of the year	3,536,267	7,050,780
CASH - END OF YEAR	\$ 1,050,749	\$ 3,536,267

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

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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”) and Sunnyside Home Care Project, Inc. (“Home Care”) and Sunnyside CDPAP, Inc. (“CDPAP”).

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. Unrestricted – represents resources available for support of Citywide’s operations over which the Board of Directors has discretionary control.
 - b. Temporarily restricted – 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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, 2018 and 2017, Citywide determined an allowance of \$562,000 and \$267,017, 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 4.
- 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, 2018 AND 2017

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 records accounts receivable 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 either temporarily or permanently 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, temporarily restricted net assets are reclassified as unrestricted net assets 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 legal services of \$882 and \$11,404 were received during the years ended June 30, 2018 and 2017, 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** - Because Citywide is a multi-funded organization, certain costs have been allocated, on the statements of functional expenses, between functional and supporting programs as determined by management. Such allocations conform to those made in seeking funds from third-party sources.
- 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.
- M. **Reclassifications** - Certain line items in the June 30, 2017 financial statements have been reclassified to conform to the June 30, 2018 presentation.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Medicaid – Managed care	\$ 3,718,922	\$ 3,282,113
Other third-party insurance	153,495	95,731
Other receivables	<u>98,479</u>	<u>69,295</u>
Total accounts receivable	3,970,896	3,447,139
Less: allowance for doubtful accounts	<u>(562,000)</u>	<u>(267,017)</u>
Total accounts receivable, net	<u>\$ 3,408,896</u>	<u>\$ 3,180,122</u>

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at June 30, 2018 and 2017 and were classified as Level 1 in the fair value hierarchy (as defined below) as follows:

	<u>2018</u>	<u>2017</u>
Fixed income	\$ 2,245,779	\$ 1,987,785
Equity	<u>2,282,784</u>	<u>2,277,525</u>
 Total Investments	 <u>\$ 4,528,527</u>	 <u>\$ 4,265,310</u>

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:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 106,206	\$ 90,459
Unrealized gain	<u>122,373</u>	<u>185,076</u>
	228,579	275,535
Less: Investment fees	<u>(15,348)</u>	<u>(10,225)</u>
	<u>\$ 213,231</u>	<u>\$ 265,310</u>

The fair value hierarchy defines three levels as follows:

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

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

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

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

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, 2018, no such transfers between fair value levels occurred.

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	2018	2017	Estimated Useful Lives
Leasehold improvements	\$ 84,574	\$ 75,088	12-15 Years
Furniture and equipment	48,912	48,912	5 Years
	133,486	124,000	
Less: accumulated depreciation and amortization	(57,685)	(42,897)	
Net book value	\$ 75,801	\$ 81,103	

For the years ended June 30, 2018 and 2017, depreciation and amortization expenses amounted to \$14,788 and \$14,783, respectively.

NOTE 6 – WORKERS COMPENSATION ASSESSMENT

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

On January 15, 2014, the WCB provided Citywide with a settlement agreement of \$1,169,883. The agreement included an option for a one-time lump sum payment with a 5% discount, which would net to a liability of \$1,111,389; an option to pay the full amount over one or two years, interest free; or the option to pay the full amount over a ten-year period with an interest rate of 3.5%. Citywide accrued the full amount of \$1,169,883 in June of 2013, while deciding on the best option for Citywide. On June 24, 2014, Citywide elected the option to pay the full amount over the ten-year period incurring annual interest of 3.5%, and signed the settlement agreement with WCB. Under the terms of this agreement, Citywide is required to make monthly payments of \$11,568, including interest, beginning in August 2014. Workers’ compensation assessment payable amounted to \$711,680 and \$828,668 as of June 30, 2018 and 2017, respectively.

Future principal payments are as follows:

2019	\$	116,988
2020		116,988
2021		116,988
2022		116,988
2023		116,988
Thereafter		126,740
	\$	711,680

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – 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 expires 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, 2018 and 2017 was \$114,163 and \$93,019, respectively.

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

Years ending June 30:	
2019	\$ 117,000
2020	114,000
2021	112,000
2022	<u>115,000</u>
Total	<u>\$ 458,000</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 Attorney General of the State of New York issued subpoenas to several Certified Home Health Agencies ("CHHAs") and Long Term Home Health Care Programs ("LTHHCPs") citing that the Home Health Aides ("HHAs") they contracted from licensed vendor agencies were not actually trained, and their certification as HHAs was falsified. Therefore, the CHHAs and LTHHCPs billed Medicaid for ineligible services. 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 Attorney General's investigation have not been concluded. Citywide's management believes that they have no exposure in this matter.

C. *Income Taxes*

Citywide believes it has no uncertain tax positions as of June 30, 2018 and 2017 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 CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	2018	2017
Home Health Aide Training	\$ 121,599	\$ 107,947
Total temporarily restricted net assets	\$ 121,599	\$ 107,947

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2018	2017
Home Health Aide Training	\$ 191,348	\$ 388,444
	\$ 191,348	\$ 388,444

NOTE 9 – PENSION PLANS

Nonunion Pension Plan

Citywide maintains a 403(b) pension plan that covers all full-time employees not covered by a collective bargaining agreement. On an annual basis, the Board determines a discretionary contribution for employees who are 21 years of age and have completed two years of service. Citywide’s contributions amounted to \$25,375 and \$16,539 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 was \$423,755 and \$485,357, respectively.

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	Expiration Date of Collective Bargaining Agreement
			2018	2017		
1199 SEIU Home Care Employees Pension Fund	EIN 13-3943904 Plan No. 001	Implemented	\$423,755	\$485,357	No	*March 2017

* A new agreement is in negotiation as of January 25, 2019, the date the financial statements were available to be issued.

As of the date the financial statements were available to be issued, Form 5500 was available for the plan year ended December 31, 2017 and did not include 2018 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, 2017.

SUNNYSIDE CITYWIDE HOME CARE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 – CONCENTRATION

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, 2018 and 2017, there was approximately \$1.14 million and \$3.4 million, respectively, of cash held by one bank that exceeded FDIC limits.

Revenue

In 2018, 32% of Citywide’s revenues and 8% of accounts receivable are derived from billings to Visiting Nurse Service of New York, Inc. (“VNS”) and 35% of revenues and 53% of accounts receivable are derived from billings to four other managed care vendors. In 2017, 32% of revenues and 10% of Citywide’s accounts receivable are derived from billings to VNS and 39% of revenues and 46% of accounts receivable are derived from billings to four other managed care vendors.

NOTE 11 – RELATED PARTY TRANSACTIONS

Citywide is related through common board members to Home Care and Sunnyside. Sunnyside CDPAP, Inc. (“CDPAP”) is a wholly owned subsidiary of Sunnyside. As of June 30, 2018, Citywide is owed \$1,465,542 from Home Care, \$315,603 from Sunnyside and \$5,963 from CDPAP. As of June 30, 2017, Citywide was owed \$704,444 from Home Care and was owed \$248,380 from Sunnyside. These represent normal operating expenses advances, are non-interest-bearing and are due on demand.

In addition, in 2018 and 2017 Sunnyside charged rent (Note 7) and other expenses, as outlined in the table below, to Citywide.

	<u>2018</u>	<u>2017</u>
Rent, real estate taxes and utilities expenses	\$ 159,922	\$ 136,918
Salaries, fringe benefits and other expenses	714,479	692,161

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure of, events subsequent to the date of the statement of financial position through January 25, 2019, the date the financial statements were available to be issued.