

**Service Program for Older People, Inc.**

Financial Statements

June 30, 2020

## Independent Auditors' Report

### **Board of Directors** **Service Program for Older People, Inc.**

We have audited the accompanying financial statements of Service Program for Older People, Inc. ("SPOP") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Service Program for Older People, Inc. as of June 30, 2020 the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Service Program for Older People, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

December 10, 2020

**Service Program for Older People, Inc.**

Statement of Financial Position  
June 30, 2020  
(with comparative amounts at June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,980,571	\$ 296,808
Accounts receivable, net	582,537	498,147
Pledges receivable	-	60,000
Prepaid expenses	37,610	63,214
Prepaid rent	98,921	111,124
Investments (see note 5)	854,661	812,605
Security deposit	60,849	60,849
Property, plant and equipment, net	<u>54,395</u>	<u>-</u>
	<u>\$ 3,669,544</u>	<u>\$1,902,747</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accrued expenses	\$ 175,370	\$ 169,621
Paycheck Protection Program loan	607,300	-
Deferred rent expense	117,039	98,229
Due to third party reimbursers	<u>113,530</u>	<u>113,530</u>
Total Liabilities	<u>1,013,239</u>	<u>381,380</u>
 Net Assets		
Without Donor Restriction		
Undesignated	1,269,137	557,830
Board designated	<u>847,168</u>	<u>805,117</u>
	2,116,305	1,362,947
With donor restriction	<u>540,000</u>	<u>158,420</u>
Total Net Assets	<u>2,656,305</u>	<u>1,521,367</u>
	<u>\$ 3,669,544</u>	<u>\$1,902,747</u>

See notes to financial statements

**Service Program for Older People, Inc.**

Statement of Activities  
 Year Ended June 30, 2020  
 (with summarized totals for the year ended June 30, 2019)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>REVENUE AND SUPPORT</b>				
Program revenues	\$ 4,130,521	\$ -	\$ 4,130,521	\$ 3,823,427
Contributions	542,792	791,000	1,333,792	652,448
Interest income	26,507	-	26,507	19,563
Other income	225,735	-	225,735	97,752
Net assets released from restrictions	<u>409,420</u>	<u>(409,420)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>5,334,975</u>	<u>381,580</u>	<u>5,716,555</u>	<u>4,593,190</u>
<b>EXPENSES</b>				
Program services	3,870,079	-	3,870,079	3,932,705
General and administrative	608,759	-	608,759	590,508
Fundraising	<u>102,779</u>	<u>-</u>	<u>102,779</u>	<u>128,136</u>
Total Expenses	<u>4,581,617</u>	<u>-</u>	<u>4,581,617</u>	<u>4,651,349</u>
Change in Net Assets	753,358	381,580	1,134,938	(58,159)
<b>NET ASSETS</b>				
Beginning of year	<u>1,362,947</u>	<u>158,420</u>	<u>1,521,367</u>	<u>1,579,526</u>
End of year	<u>\$ 2,116,305</u>	<u>\$ 540,000</u>	<u>\$ 2,656,305</u>	<u>\$ 1,521,367</u>

See notes to financial statements

**Service Program for Older People, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020  
(with summarized totals for the year ended June 30, 2019)

	Program Services				Supporting Services		2020 Total	2019 Total	
	PROS	DFTA Thrive	Clinic	Geriatric Mental Health Initiative	Total Program Services	General and Administrative			Fundraising
Salaries	\$ 450,981	\$ 433,570	\$ 1,490,163	\$ 62,333	\$ 2,437,047	\$ 285,823	\$ 77,979	\$ 2,800,849	\$ 2,701,474
Payroll taxes and fringe benefits	101,916	119,556	367,923	16,207	605,602	48,949	13,493	668,044	741,636
Professional fees	-	-	-	-	-	35,750	-	35,750	27,000
Consultants	-	-	-	-	-	66,422	-	66,422	39,080
Food	28,255	40	-	-	28,295	739	-	29,034	43,214
Communications	12,427	4,297	24,948	-	41,672	22,988	-	64,660	64,267
Rent	136,734	9,810	233,168	-	379,712	79,985	-	459,697	464,169
Insurance	5,887	5,986	22,528	-	34,401	4,711	1,337	40,449	39,313
Utilities	24,056	2,950	5,353	-	32,359	6,038	-	38,397	36,407
Printing and postage	503	295	2,224	-	3,022	2,279	2,081	7,382	4,022
Program supplies	1,572	-	38	-	1,610	-	-	1,610	1,118
Office supplies	2,702	1,626	9,202	-	13,530	6,469	-	19,999	22,996
Travel	148	399	2,737	-	3,284	631	-	3,915	6,237
Repairs and maintenance	2,032	105	474	-	2,611	9,114	-	11,725	7,695
Service contracts	31,893	23,800	73,956	-	129,649	9,305	-	138,954	122,450
Dues and subscriptions	2,941	808	7,420	-	11,169	3,695	-	14,864	23,225
Advertising	556	634	3,718	-	4,908	1,100	-	6,008	5,220
Technology	15,429	9,749	54,853	-	80,031	7,622	1,425	89,078	91,816
Bad debt expense	48,517	-	1,868	-	50,385	-	-	50,385	170,057
Payroll	1,083	841	3,511	-	5,435	1,395	206	7,036	7,444
Other	74	1,088	3,578	-	4,740	15,204	6,258	26,202	23,902
Depreciation	-	-	617	-	617	540	-	1,157	8,607
<b>Total Expenses</b>	<b>\$ 867,706</b>	<b>\$ 615,554</b>	<b>\$ 2,308,279</b>	<b>\$ 78,540</b>	<b>\$ 3,870,079</b>	<b>\$ 608,759</b>	<b>\$ 102,779</b>	<b>\$ 4,581,617</b>	<b>\$ 4,651,349</b>

See notes to financial statements

**Service Program for Older People, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2020  
(with comparative amounts for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,134,938	\$ (58,159)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,157	8,607
Bad debt expense	50,385	170,057
Deferred rent	18,810	29,619
Changes in operating assets and liabilities		
Accounts receivable	(134,775)	85,919
Pledges receivable	60,000	40,096
Prepaid expenses	25,604	(19,909)
Prepaid rent	12,203	11,901
Security deposit	-	(755)
Accrued expenses	5,749	15,908
Net Cash from Operating Activities	<u>1,174,071</u>	<u>283,284</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(55,552)	-
Purchases of investments	(724,000)	(733,000)
Proceeds from sale of investments	645,000	592,933
Net change from money market activities	36,944	89,965
Net Cash from Investing Activities	<u>(97,608)</u>	<u>(50,102)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan	607,300	-
Net Cash from Financing Activities	<u>607,300</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	1,683,763	233,182
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>296,808</u>	<u>63,626</u>
End of year	<u>\$ 1,980,571</u>	<u>\$ 296,808</u>

See notes to financial statements

## **Service Program for Older People, Inc.**

Notes to Financial Statements  
June 30, 2020

### **1. Organization and Tax Status**

Service Program for Older People, Inc. (SPOP) is a community-based non-profit organization incorporated in 1979, dedicated to serving the needs of older adults in Manhattan. SPOP's mission is to enhance the quality of life for older adults and to foster their independent living through the delivery of comprehensive mental health and supportive services, advocacy and education.

SPOP is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a).

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Change in Accounting Principle***

##### ***Revenue from Contracts with Customers***

On July 1, 2019, SPOP adopted ASU 2014-09, Revenue from Contracts with Customers, as amended. The guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no significant changes in the way SPOP recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The new guidance requires SPOP to not recognize revenue until it is probable of collection. Based on SPOP's strong collection experience, SPOP has concluded that all revenue recognized is probable of collection.



## **Service Program for Older People, Inc.**

Notes to Financial Statements  
June 30, 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Change in Accounting Principle (continued)***

##### ***Recognition of Contributions***

Effective July 1, 2019, SPOP adopted ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way SPOP recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

##### ***Net Asset Presentation***

The financial statements report amounts separately by class of net assets based on the presence or absence of donor-imposed restrictions. Amounts without donor restriction are those currently available at the discretion of SPOP for use in its programs and operations. Amounts with donor restriction that are temporary in nature are those which are subject to donor-imposed restrictions that will be met either by actions of SPOP or the passage of time. Amounts with donor restrictions that are permanently restricted in nature are those subject to donor-imposed restrictions that they be maintained permanently by SPOP. All contributions are considered without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

##### ***Cash and Cash Equivalents***

For financial statement reporting purposes, cash equivalents include money market funds and other similar investments with a maturity of three months or less at the time of purchase unless held as part of the investing strategies of SPOP.

##### ***Pledges Receivable***

Pledges receivable include unconditional promises to give. As of June 30, 2020, all pledges receivable are deemed collectable by management and are expected within one year.

##### ***Allowance for Uncollectible Accounts Receivable***

An allowance for uncollectible receivable is estimated based on a combination of collection history, aging analysis and specific known troubled accounts. At June 30, 2020, SPOP believes all receivables are fully collectible.

##### ***Investment Valuations***

Investments consist of certificates of deposits and money market funds which are stated at cost plus accrued interest, which approximates fair value.

## **Service Program for Older People, Inc.**

Notes to Financial Statements  
June 30, 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

#### ***Property, Plant and Equipment***

Furniture and equipment with a cost of more than \$1,000 are stated at cost and depreciated using the straight-line method over their useful lives, estimated to be three to ten years. Leasehold improvements with a cost of more than \$2,500 are stated at cost and depreciated using the straight-line method over the term of the lease or the life of the asset, whichever is shorter. Property and equipment purchased through government contracts that remain the property of the funding source or where it is probable that the item will revert back to the grantor are expensed in the year of purchase.

#### ***Accounts Receivable, Revenue and Due to Third Party Reimburseurs***

Effective July 1, 2019, upon adoption of ASU 2014-09, net patient service revenue is reported at the amount that reflects the consideration to which SPOP expects to be entitled in exchange for providing patient care.

SPOP's initial estimate of the transaction price (as defined in ASU 2014-09) for services provided to patients' subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price considerations such as contractual adjustments and implicit price concessions provided, primarily to uninsured patients, and other reductions to SPOP's standard charges. SPOP determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For under-insured patients, SPOP determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimation of the transaction price are based on SPOP's historical collection experience for applicable portfolios.

## Service Program for Older People, Inc.

Notes to Financial Statements

June 30, 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Accounts Receivable, Revenue and Due to Third Party Reimburseurs (continued)***

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net patient services revenue in the period of change. For the year ended June 30, 2020, changes in the estimates of implicit price concessions, discounts, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense.

After satisfaction of amounts due from insurance, SPOP follows established guidelines for placing certain patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by SPOP's policy. Changes in the effectiveness of these collection efforts could impact the amounts expected to be collected and, therefore, could impact net patient service revenue in future periods.

Accounts receivable and net patient service revenue result from health care services provided by SPOP and are reported at the amount that reflects the consideration to which SPOP expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of ongoing and future audits, reviews, and investigations.

SPOP uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The portfolio consists of major payor classes for the services provided. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

SPOP has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to SPOP's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, SPOP may, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Prior to adoption of ASU 2014-09, patient accounts receivable was reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, SPOP analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Accounts receivable are recorded net of allowances for doubtful accounts of \$110,000 for fiscal 2019.

## **Service Program for Older People, Inc.**

Notes to Financial Statements

June 30, 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Accounts Receivable, Revenue and Due to Third Party Reimbursers (continued)***

As substantially all of its performance obligations relate to contracts with a duration of less than one year, SPOP has elected to apply the optional exemption provided in ASU 2014-09 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

#### ***Contributions***

Contributions are recorded as revenue when the promises become unconditional. Contributions are considered to be without donor restriction and available for general use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction that increases this net asset class. Contributions of non-cash assets are recorded at their fair values at the time of receipt.

#### ***Gifts-in-Kind***

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value when received.

#### ***Advertising Costs***

Advertising costs are expensed when incurred. Advertising costs amounted to \$6,008 for the year ended June 30, 2020.

#### ***Functional Expenses***

SPOP allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimates on a time and effort methodology.

#### ***Accounting for Uncertainty in Income Taxes***

SPOP recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that SPOP had no uncertain tax positions that would require financial statement recognition or disclosure. SPOP is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to fiscal 2016.

## Service Program for Older People, Inc.

Notes to Financial Statements  
June 30, 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Summarized Comparative Information***

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with SPOP's financial statements as of and for the year ended June 30, 2019 from which the summarized information was derived.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 10, 2020.

### 3. Liquidity

Financial assets available for general expenditure within one year of June 30, 2020 are as follows:

Total financial assets at year end	
Cash	\$ 1,980,571
Accounts receivable, net	582,537
Investments	<u>854,661</u>
Total Financial Assets	<u>3,417,769</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	540,000
Net assets with board designated restriction	847,168
Less net assets with donor restrictions expected to be met in less than one year	<u>(540,000)</u>
	<u>847,168</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,570,601</u>

As part of its liquidity plan, SPOP's board of directors established the board designated endowment fund, which would be made available for operations if needed. SPOP relies on reimbursements from billing, government agencies and donor contributions. Additionally, SPOP maintains a \$200,000 line of credit.

## Service Program for Older People, Inc.

Notes to Financial Statements  
June 30, 2020

### 4. Concentration of Credit Risk

#### *Credit Risk*

Financial instruments which potentially subject SPOP to concentrations of credit risk include cash and cash equivalents, money market funds, certificates of deposit, and receivables. SPOP maintains its cash (including certificates of deposit and money market funds) in bank deposit accounts which, at times, may exceed federal insured limits. SPOP has not experienced any losses in such accounts. Concentrations of credit risk with respect to receivables are generally diversified due to separate billings for each client. SPOP performs ongoing collectability evaluations and writes off uncollectible amounts as they become known.

#### *Operating Risk*

The Coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the Coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

### 5. Investments

It is the policy of SPOP that cash funds be invested for liquidity and safety of principal to meet known and unforeseen operational and capital needs. To maximize the portfolio's total rate of return while emphasizing safety of principal and adequate liquidity, the portfolio is of high quality with short-to-intermediate term duration/maturity.

The following are major categories of investments measured at cost plus accrued interest at June 30, 2020:

<u>Description</u>	<u>Total</u>
Certificates of deposit	\$ 824,332
Money market funds	<u>30,329</u>
	<u>\$ 854,661</u>

Interest income, including interest earned on cash and cash equivalents, as reported in the statement of activities for the year ended June 30, 2020 is \$26,507.

### 6. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30, 2020:

Furniture and equipment	\$ 320,585
Leasehold improvements	<u>445,192</u>
	765,777
Accumulated depreciation	<u>(711,382)</u>
	<u>\$ 54,395</u>

## Service Program for Older People, Inc.

Notes to Financial Statements  
June 30, 2020

### 6. Property, Plant and Equipment *(continued)*

All fully depreciated assets were still in service as of June 30, 2020.

### 7. Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and business affected by the coronavirus pandemic. SPOP applied for and received a \$607,300 Paycheck Protection Program loan (the "PPP Loan") from the Small Business Administration. The PPP Loan has an interest rate of 1.0% per annum, and the principal amount outstanding may be eligible for forgiveness if SPOP meets certain requirements of the CARES Act.

### 8. Due to Third Party Reimbursers

The New York State Office of Mental Health (OMH) has undertaken a multi-year initiative to restructure the way the state delivers and reimburses Article 31 Clinic Services (Clinic Restructuring). As part of this initiative OMH has proposed restructuring Medicaid clinic reimbursements with a phase out of COPS payments. SPOP records a liability to New York State for the excess of COPS and CSP payments it receives over the Medicaid threshold. The remaining liability for the excess COPS and CSP payments for fiscal years 2010 through 2014 totals \$113,530 at June 30, 2020.

### 9. Line of Credit

SPOP renews its \$200,000 bank credit facility annually. Interest is charged monthly at the bank's prime lending rate plus 2 percent as published in the *Wall Street Journal*. During the year ended June 30, 2020 there was no outstanding obligation under this agreement.

### 10. Commitments and Contingencies

SPOP occupies office space under operating leases that expire at various times through April 30, 2028. Approximate future minimum lease commitments under these leases are as follows:

2021	\$ 421,530
2022	277,778
2023	286,112
2024	294,698
2025	303,538
Thereafter	<u>909,697</u>
	<u>\$ 2,493,353</u>

During the year ended June 30, 2018, SPOP entered into an agreement to provide construction costs for an annex of \$125,000 at their 91<sup>st</sup> Street location in lieu of rent payments. The remaining amount is recorded as prepaid rent at June 30, 2020.

## Service Program for Older People, Inc.

Notes to Financial Statements  
June 30, 2020

### 10. Commitments and Contingencies *(continued)*

On July 8, 2015, SPOP entered into an agreement with the Chief Executive Officer. The agreement provides for a contingent 12-month benefit payable in a lump sum, and an additional taxable cash payment for family medical coverage. The agreement expires on the earlier of the date of separation of service or July 7, 2020. On July 7, 2020, the agreement was renewed and shall continue to automatically renew for additional one-year periods until SPOP or the Chief Executive Officer provides written notice of nonrenewal.

As of and for the year ended June 30, 2020, no balances have been recognized or included in the accompanying financial statements.

### 11. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2020 consist of the following:

<u>Restriction / Purpose</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases from Restriction</u>	<u>Ending Balance</u>
Fox and Leslie Samuels	\$ 60,000	\$ 10,000	\$ (70,000)	\$ -
Isaac H. Tuttle Fund	-	20,000	-	20,000
Altman Foundation	-	75,000	-	75,000
Florence Burden	-	15,000	-	15,000
Robinhood Foundation	-	40,000	-	40,000
The NY Community Trust	75,000	230,000	(230,000)	75,000
Starvos S.Niarcos Foundation	-	300,000	-	300,000
Hope & Grace Fund	23,420	-	(23,420)	-
SC Group	-	70,000	(70,000)	-
Baker Welfare Foundation	-	8,500	(8,500)	-
Hyde and Watson Foundation	-	7,500	(7,500)	-
Mary J Hutchins Foundation	-	15,000	-	15,000
	<u>\$ 158,420</u>	<u>\$ 791,000</u>	<u>\$ (409,420)</u>	<u>\$ 540,000</u>

### 12. Board Designated Net Assets

SPOP maintains a Board designated endowment fund whose purpose is to provide long term support for future projects and operations. The following is a reconciliation of the Board designated endowment fund for the year ended June 30, 2020:

Balance, beginning of year	\$ 805,117
Investment income	17,251
Designations	<u>24,800</u>
Balance, end of year	<u>\$ 847,168</u>

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