

Service Program for Older People, Inc.

Financial Statements

June 30, 2025

Service Program for Older People, Inc.

Financial Statements
June 30, 2025

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Independent Auditors' Report

Board of Directors
Service Program for Older People, Inc.

Opinion

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, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPOP as of June 30, 2025, and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 SPOP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 SPOP's ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 SPOP'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 SPOP'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.

Report on Summarized Comparative Information

We have previously audited SPOP's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 18, 2025

Service Program for Older People, Inc.

Statement of Financial Position
June 30, 2025
(with comparative amounts at June 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,610,708	\$ 2,624,912
Accounts receivable	1,056,399	1,336,832
Pledges receivable	152,500	40,000
Prepaid expenses	54,590	53,759
Investments (see note 5)	3,089,752	1,923,607
Security deposit	62,976	62,444
Property, plant and equipment, net	30,996	41,300
Right of use assets - operating leases, net	<u>1,009,411</u>	<u>1,456,661</u>
	<u>\$ 8,067,332</u>	<u>\$ 7,539,515</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 590,473	\$ 392,686
Advances received	146,545	196,875
Lease liability	<u>1,077,365</u>	<u>1,541,472</u>
Total Liabilities	<u>1,814,383</u>	<u>2,131,033</u>
 Net Assets		
Without Donor Restriction		
Undesignated	2,957,461	3,221,750
Board designated	<u>2,989,738</u>	<u>1,823,607</u>
	5,947,199	5,045,357
With donor restriction	<u>305,750</u>	<u>363,125</u>
Total Net Assets	<u>6,252,949</u>	<u>5,408,482</u>
	<u>\$ 8,067,332</u>	<u>\$ 7,539,515</u>

See notes to financial statements

Service Program for Older People, Inc.

Statement of Activities
Year Ended June 30, 2025
(with summarized totals for the year ended June 30, 2024)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2025 Total</u>	<u>2024 Total</u>
REVENUE AND SUPPORT				
Program revenues	\$ 5,837,794	\$ -	\$ 5,837,794	\$ 5,392,235
Contributions	272,372	814,500	1,086,872	728,828
Investment return	126,859	-	126,859	149,113
Interest income	19,812	-	19,812	37,132
Other income	281,889	-	281,889	248,554
Net assets released from restrictions	<u>871,875</u>	<u>(871,875)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>7,410,601</u>	<u>(57,375)</u>	<u>7,353,226</u>	<u>6,555,862</u>
EXPENSES				
Program services	5,507,218	-	5,507,218	5,292,771
General and administrative	882,382	-	882,382	886,351
Fundraising	<u>119,159</u>	<u>-</u>	<u>119,159</u>	<u>99,062</u>
Total Expenses	<u>6,508,759</u>	<u>-</u>	<u>6,508,759</u>	<u>6,278,184</u>
Change in Net Assets	901,842	(57,375)	844,467	277,678
NET ASSETS				
Beginning of year	<u>5,045,357</u>	<u>363,125</u>	<u>5,408,482</u>	<u>5,130,804</u>
End of year	<u>\$ 5,947,199</u>	<u>\$ 305,750</u>	<u>\$ 6,252,949</u>	<u>\$ 5,408,482</u>

See notes to financial statements

Service Program for Older People, Inc.

Statement of Functional Expenses
Year Ended June 30, 2025
(with summarized totals for the year ended June 30, 2024)

	Program Services						Supporting Services			2024 Total
	PROS	SOMH	DFTA	DGMH	Clinic / Geriatric Mental Health Initiative	Total Program Services	General and Administrative	Fundraising	2025 Total	
Salaries	\$ 343,410	\$ 168,459	\$ 419,953	\$ 2,570,076	\$ 3,501,898	\$ 452,765	\$ 91,242	\$ 4,045,905	\$ 3,888,551	
Payroll taxes and fringe benefits	105,970	46,170	89,867	678,941	920,948	75,725	25,446	1,022,119	1,034,436	
Professional fees	7,500	-	1,200	11,500	20,200	36,813	-	57,013	31,500	
Consultants	-	100,000	-	25,000	125,000	113,831	-	238,831	152,162	
Food	29,343	320	18	-	29,681	2,804	-	32,485	36,625	
Communications	5,593	1,603	6,398	35,111	48,705	10,124	-	58,829	75,654	
Rent	160,489	4,693	-	242,765	407,947	76,461	-	484,408	484,409	
Insurance	6,262	2,068	5,608	36,551	50,489	6,874	-	57,363	51,498	
Utilities	20,944	577	1,233	7,096	29,850	4,765	-	34,615	32,881	
Printing and postage	300	71	73	851	1,295	845	-	2,140	2,081	
Program supplies	43	-	-	-	43	-	-	43	353	
Office supplies	4,744	64	1,065	6,403	12,276	4,475	-	16,751	19,386	
Travel	100	1,056	-	-	1,156	1,181	-	2,337	1,678	
Repairs and maintenance	298	123	589	3,219	4,229	1,306	-	5,535	10,048	
Service contracts	21,943	292	16,350	88,322	126,907	9,270	-	136,177	131,133	
Dues and subscriptions	1,362	-	1,885	11,358	14,605	22,656	2,203	39,464	22,410	
Advertising	-	-	879	45	924	1,500	-	2,424	4,429	
Technology	17,517	2,452	10,292	57,020	87,281	12,053	-	99,334	96,601	
Bad debt expense	17,348	-	-	86,108	103,456	-	-	103,456	147,613	
Payroll service	1,667	604	1,268	10,453	13,992	1,800	-	15,792	11,862	
Other	1,739	1,582	766	2,249	6,336	36,830	268	43,434	27,054	
Depreciation	-	-	-	-	-	10,304	-	10,304	15,820	
Total Expenses	\$ 746,572	\$ 330,134	\$ 557,444	\$ 3,873,068	\$ 5,507,218	\$ 882,382	\$ 119,159	\$ 6,508,759	\$ 6,278,184	

See notes to financial statements

Service Program for Older People, Inc.

Statement of Cash Flows
Year Ended June 30, 2025
(with comparative amounts for the year ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 844,467	\$ 277,678
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	10,304	15,820
Unrealized gain on investment	(57,023)	(106,596)
Bad debt expense	103,456	147,613
Amortization of right of use assets - operating leases	447,250	484,408
Changes in operating assets and liabilities		
Accounts receivable	176,977	(765,858)
Pledges receivable	(112,500)	(26,000)
Prepaid expenses	(831)	515
Security deposit	(532)	(387)
Accrued expenses	197,787	44,140
Lease liability	(464,107)	(484,528)
Advances received	(50,330)	196,875
Due to third party reimbursers	<u>-</u>	<u>(67,142)</u>
Net Cash from Operating Activities	<u>1,094,918</u>	<u>(283,462)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-	(34,451)
Purchases of investments	(1,170,920)	(1,593,571)
Proceeds from sale of investments	950,000	650,000
Net change from money market activities	<u>(888,202)</u>	<u>768,555</u>
Net Cash from Investing Activities	<u>(1,109,122)</u>	<u>(209,467)</u>
 Net Change in Cash and Cash Equivalents	(14,204)	(492,929)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,624,912</u>	<u>3,117,841</u>
 End of year	<u>\$ 2,610,708</u>	<u>\$ 2,624,912</u>

See notes to financial statements

Service Program for Older People, Inc.

Notes to Financial Statements

June 30, 2025

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.

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, 2025, all pledges are due in one year and deemed collectible by management.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

SPOP follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted market prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuations

Investments are carried at fair value, except for certificates of deposit, US Treasury notes, and money market funds which are stated at cost plus accrued interest, which approximates fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

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.

Allowance for Credit Losses

Accounts receivable are recorded at the amount invoiced less an allowance for credit losses that are not expected to be recovered. The amount of receivables and corresponding allowance for credit losses are presented on the statement of financial position. SPOP maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. SPOP recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. SPOP's allowance for credit losses is based on the assessment of the collectability of assets

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

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

Allowance for Credit Losses (continued)

SPOP records a provision for expected credit losses using a historical loss-rate method based on the ratio of its historical write-offs to its average patient services receivable. At each reporting period, SPOP assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, SPOP may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

SPOP's accounts receivable are short-term in nature and written off only when all collection attempts have failed. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with SPOP's accounting policy election. The total amount of write offs for the year ended June 30, 2025 was \$103,456.

Accounts Receivable and Revenue

SPOP's initial estimate of the transaction price 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.

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, 2025, 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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

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

Accounts Receivable and Revenue (continued)

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.

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, *Revenue from Contracts with Customers* (Topic 606) 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.

At June 30, 2025 and 2024, accounts receivable for revenue related to Topic 606 totaled \$376,018 and \$374,130, and \$224,184 as of July 1, 2023.

Due to Contracting Agencies

SPOP reflects an estimated amount in its financial statements, which is recorded in due to contracting agencies, for excess reimbursements but does not reflect any adjustment for potential disallowances of expenses since management believes that all expenses incurred for such programs should be treated as allowable costs.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs amounted to \$2,424 for the year ended June 30, 2025.

Leases

SPOP leases office space and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets ("ROU assets") and lease liabilities on the accompanying statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, SPOP uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The ROU assets include any lease payments made and exclude lease incentives. The lease terms may include options to extend the lease, and when it is reasonably certain that SPOP will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

SPOP's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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, and include but are not limited to salaries, payroll taxes and fringe benefits, rent and service contracts.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

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

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 2022.

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, 2024 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 November 18, 2025.

3. Liquidity

Financial assets available for general expenditure within one year of June 30, 2025 are as follows:

Total financial assets at year end	
Cash	\$ 2,610,708
Accounts receivable	1,056,399
Pledges receivable	152,500
Investments	<u>3,089,752</u>
Total Financial Assets	<u>6,909,359</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	305,750
Net assets with board designated restriction	2,989,738
Less net assets with donor restrictions expected to be met in less than one year	<u>(150,000)</u>
	<u>3,145,488</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,763,871</u>

Service Program for Older People, Inc.

Notes to Financial Statements

June 30, 2025

3. Liquidity (*continued*)

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.

4. Concentration of Credit Risk

Credit Risk

Financial instruments which potentially subject SPOP to concentrations of credit risk include cash and cash equivalents, investments, 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. At June 30, 2025, SPOP had cash balances in excess of FDIC limits by approximately \$2,360,000. 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. The investment portfolio is managed by professional investment advisors and managers and is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

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 at June 30, 2025:

<u>Description</u>	<u>Total</u>
At Cost Plus Accrued Interest	
Certificates of deposit	\$ 1,359,604
Money market funds	1,133,820
US Treasury notes	202,033
Level 1	
Exchange traded funds	394,295
	<u>\$ 3,089,752</u>

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

5. Investments (*continued*)

Interest earned on cash and cash equivalents consist of the following for the year ended June 30, 2025:

Investment return	\$ 89,648
Unrealized gains	<u>57,023</u>
	<u>\$ 146,671</u>

6. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30, 2025:

Furniture and equipment	\$ 339,401
Leasehold improvements	<u>473,192</u>
	812,593
Accumulated depreciation	<u>(781,597)</u>
	<u>\$ 30,996</u>

7. Line of Credit

During the year ended June 30, 2025, SPOP's existing line of credit agreement with a lender expired, a new agreement for \$500,000 was entered into during October 2025. There were no drawings on the line of credit at June 30, 2025.

8. Commitments and Contingencies

Operating Leases

SPOP occupies office space under operating leases that expire at various times through April 30, 2028.

During the year ended June 30, 2018, SPOP entered into an agreement to provide construction costs for an annex of \$125,000 at their 91st Street location in lieu of rent payments. The remaining amount is recorded as net of right-of-use assets upon adoption of Topic 842.

Rent expense for the above operating leases is calculated on a straight-line basis over the term of the respective leases. Rent expense for the lease agreements was \$484,408 for the year ended June 30, 2025, and is included within rent in the statement of functional expenses.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

8. Commitments and Contingencies (continued)

Operating Leases (continued)

The right-of-use asset and corresponding liability associated with future lease payments on the above noted lease are shown below as of June 30:

	<u>2025</u>
Right-of-use assets - operating leases	\$ 1,009,411
Lease liability	1,077,365
Weighted Average:	
Discount rate	2.88%
Remaining lease term in years	2.49

ROU asset is net of \$1,416,066 accumulated amortization at June 30, 2025.

Future minimum rental payment under the lease arrangements are as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2026	\$ 518,598
2027	322,025
2028	<u>275,030</u>
Total Future Minimum Lease Payments	1,115,653
Less Imputed Interest	<u>(38,288)</u>
Total Operating Lease Liability	<u>\$ 1,077,365</u>

Supplemental cash flow information related to operating leases was as follows for the year ended June 30:

	<u>2025</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 501,264

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2025

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2025 consist of the following:

<u>Restriction / Purpose</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Ending balance</u>
PROS	\$ 30,000	\$ 20,000	\$ (50,000)	\$ -
Training	160,000	194,500	(267,000)	87,500
Clinic	148,125	332,000	(411,875)	68,250
Time Restriction	25,000	225,000	(100,000)	150,000
Empowerment Workshop	-	43,000	(43,000)	-
	<u>\$ 363,125</u>	<u>\$ 814,500</u>	<u>\$ (871,875)</u>	<u>\$ 305,750</u>

10. 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, 2025:

Balance, beginning of year	\$ 1,823,607
Transfers	1,020,000
Investment income	<u>146,131</u>
Balance, end of year	<u>\$ 2,989,738</u>

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