

Service Program for Older People, Inc.

Financial Statements

June 30, 2024

Service Program for Older People, Inc.

Financial Statements
June 30, 2024

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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, 2024 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, 2024, 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.

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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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 5, 2024

Service Program for Older People, Inc.

Statement of Financial Position
June 30, 2024
(with comparative amounts at June 30, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,624,912	\$ 3,117,841
Accounts receivable	1,336,832	718,587
Pledges receivable	40,000	14,000
Prepaid expenses	53,759	54,274
Investments (see note 5)	1,923,607	1,641,995
Security deposit	62,444	62,057
Property, plant and equipment, net	41,300	22,669
Right of use assets - operating leases, net	1,456,661	1,890,980
	\$ 7,539,515	\$ 7,522,403
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 392,686	\$ 348,546
Advances received	196,875	-
Due to contracting agencies	-	67,142
Lease liability	1,541,472	1,975,911
Total Liabilities	2,131,033	2,391,599
Net Assets		
Without Donor Restriction		
Undesignated	3,221,750	3,258,805
Board designated	1,823,607	1,634,499
	5,045,357	4,893,304
With donor restriction	363,125	237,500
Total Net Assets	5,408,482	5,130,804
	\$ 7,539,515	\$ 7,522,403

See notes to financial statements

Service Program for Older People, Inc.

Statement of Activities
Year Ended June 30, 2024
(with summarized totals for the year ended June 30, 2023)

	Without Donor Restriction	With Donor Restriction	2024 Total	2023 Total
REVENUE AND SUPPORT				
Program revenues	\$ 5,392,235	\$ -	\$ 5,392,235	\$ 5,724,585
Contributions	304,203	424,625	728,828	569,059
Investment return	149,111	-	149,111	77,261
Interest income	37,134	-	37,134	33,587
Other income	248,554	-	248,554	160,610
Net assets released from restrictions	<u>299,000</u>	<u>(299,000)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>6,430,237</u>	<u>125,625</u>	<u>6,555,862</u>	<u>6,565,102</u>
EXPENSES				
Program services	5,292,771	-	5,292,771	5,059,389
General and administrative	886,351	-	886,351	818,710
Fundraising	<u>99,062</u>	<u>-</u>	<u>99,062</u>	<u>100,292</u>
Total Expenses	<u>6,278,184</u>	<u>-</u>	<u>6,278,184</u>	<u>5,978,391</u>
Change in Net Assets	152,053	125,625	277,678	586,711
NET ASSETS				
Beginning of year	<u>4,893,304</u>	<u>237,500</u>	<u>5,130,804</u>	<u>4,544,093</u>
End of year	<u>\$ 5,045,357</u>	<u>\$ 363,125</u>	<u>\$ 5,408,482</u>	<u>\$ 5,130,804</u>

See notes to financial statements

Service Program for Older People, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized totals for the year ended June 30, 2023)

	Program Services				Total Program Services	Supporting Services		2024 Total	2023 Total
	PROS	SOMH	DFTA DGMH	Clinic / Geriatric Mental Health Initiative		General and Administrative	Fundraising		
Salaries	\$ 413,212	\$ 159,934	\$ 297,216	\$ 2,441,354	\$ 3,311,716	\$ 488,897	\$ 87,938	\$ 3,888,551	\$ 3,741,212
Payroll taxes and fringe benefits	106,561	41,834	77,135	624,804	850,334	172,978	11,124	1,034,436	953,809
Professional fees	7,500	-	1,200	11,500	20,200	11,300	-	31,500	35,250
Consultants	2,768	103,578	-	37,927	144,273	7,889	-	152,162	171,378
Food	33,106	900	235	-	34,241	2,384	-	36,625	38,765
Communications	9,250	3,086	7,072	37,608	57,016	18,638	-	75,654	92,755
Rent	149,521	26,948	-	225,031	401,500	82,909	-	484,409	484,408
Insurance	4,637	1,888	4,552	31,395	42,472	9,026	-	51,498	49,719
Utilities	7,836	6,649	1,102	8,751	24,338	8,543	-	32,881	41,294
Printing and postage	1,099	-	87	738	1,924	157	-	2,081	2,946
Program supplies	201	152	-	-	353	-	-	353	542
Office supplies	3,466	1,267	1,120	6,573	12,426	6,960	-	19,386	17,947
Travel	-	290	-	-	290	1,388	-	1,678	13,379
Repairs and maintenance	1,300	-	923	5,396	7,619	2,429	-	10,048	13,716
Service contracts	17,303	1,171	14,376	85,763	118,613	12,520	-	131,133	124,428
Dues and subscriptions	976	1,127	1,350	7,638	11,091	11,319	-	22,410	26,855
Advertising	-	150	729	625	1,504	2,925	-	4,429	6,397
Technology	12,680	2,295	9,881	61,842	86,698	9,903	-	96,601	78,583
Bad debt expense	51,169	-	-	96,444	147,613	-	-	147,613	39,988
Payroll service	796	336	686	5,370	7,188	4,674	-	11,862	9,023
Other	7,845	3,517	-	-	11,362	15,692	-	27,054	19,869
Depreciation	-	-	-	-	-	15,820	-	15,820	16,128
Total Expenses	\$ 831,226	\$ 355,122	\$ 417,664	\$ 3,688,759	\$ 5,292,771	\$ 886,351	\$ 99,062	\$ 6,278,184	\$ 5,978,391

See notes to financial statements

Service Program for Older People, Inc.

Statement of Cash Flows
Year Ended June 30, 2024
(with comparative amounts for the year ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 277,678	\$ 586,711
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	15,820	16,128
Unrealized gain on investment	(106,596)	(58,014)
Bad debt expense	147,613	39,988
Amortization of right of use assets - operating leases	484,408	484,408
Changes in operating assets and liabilities		
Accounts receivable	(765,858)	(73,194)
Pledges receivable	(26,000)	(4,000)
Prepaid expenses	515	(6,878)
Security deposit	(387)	(253)
Accrued expenses	44,140	90,005
Lease liability	(484,528)	(469,855)
Advances received	196,875	-
Due to third party reimbursers	(67,142)	(10,224)
Net Cash from Operating Activities	(283,462)	594,822
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(34,451)	(3,406)
Purchases of investments	(1,593,571)	-
Proceeds from sale of investments	650,000	612,000
Net change from money market activities	768,555	(758,381)
Net Cash from Investing Activities	(209,467)	(149,787)
 Net Change in Cash and Cash Equivalents	(492,929)	445,035
CASH AND CASH EQUIVALENTS		
Beginning of year	3,117,841	2,672,806
End of year	\$ 2,624,912	\$ 3,117,841

See notes to financial statements

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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.

Adoption of New Accounting Policy

Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard removes the previous requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current conditions and reasonable and supportive forecasts to estimate their future expected credit losses. SPOP adopted ASU 2016-13 effective July 1, 2023. The adoption did not have a material impact on SPOP's financial statements.

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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

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, 2024, all pledges are due in one year and deemed collectible by management.

Allowance for Credit Losses

Prior to July 1, 2023, accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts were presented on the statement of financial position. Receivable balances were assessed at every reporting date. Subsequent to July 1, 2023, 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

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, 2024 was \$147,613.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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 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.

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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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

Accounts Receivable and Revenue (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, 2024, 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.

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, 2024 and 2023, accounts receivable for revenue related to Topic 606 totaled \$374,130 and \$224,184, and \$243,537 as of July 1, 2022.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

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.

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 \$4,429 for the year ended June 30, 2024.

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.

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 2021.

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, 2023 from which the summarized information was derived.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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

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 5, 2024.

3. Liquidity

Financial assets available for general expenditure within one year of June 30, 2024 are as follows:

Total financial assets at year end	
Cash	\$ 2,624,912
Accounts receivable	1,336,832
Pledges receivable	40,000
Investments	<u>1,923,607</u>
Total Financial Assets	<u>5,925,351</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	363,125
Net assets with board designated restriction	1,823,607
Less net assets with donor restrictions expected to be met in less than one year	<u>(363,125)</u>
	<u>1,823,607</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 4,101,744</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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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. At June 30, 2024, SPOP had cash balances in excess of FDIC limits by approximately \$2,300,000. 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, 2024:

<u>Description</u>	<u>Total</u>
At Cost Plus Accrued Interest	
Certificates of deposit	\$ 1,332,903
Money market funds	245,605
Level 1	
Exchange traded funds	<u>345,099</u>
	<u>\$ 1,923,607</u>

Investment return, including interest earned on cash and cash equivalents consist of the following for the year ended June 30, 2024:

Interest	\$ 79,649
Unrealized gains	<u>106,596</u>
	<u>\$ 186,245</u>

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

6. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30, 2024:

Furniture and equipment	\$ 339,401
Leasehold improvements	<u>473,192</u>
	812,593
Accumulated depreciation	<u>(771,293)</u>
	<u>\$ 41,300</u>

7. 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, 2024 there was no outstanding obligation under this agreement. Subsequent to fiscal year-end, the line of credit was closed on July 2, 2024.

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, 2024, and is included within rent in the statement of functional expenses.

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>2024</u>
Right-of-use assets - operating leases	\$ 1,456,661
Lease liability	1,541,472
Weighted Average:	
Discount rate	2.88%
Remaining lease term in years	3.37

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

8. Commitments and Contingencies (continued)

Operating Leases (continued)

ROU asset is net of \$968,816 accumulated amortization at June 30, 2024.

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

Year Ended June 30:	Amount
2025	\$ 501,264
2026	518,598
2027	322,025
2028	<u>275,030</u>
Total Future Minimum Lease Payments	1,616,917
Less Imputed Interest	<u>(75,445)</u>
Total Operating Lease Liability	<u>\$ 1,541,472</u>

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

	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 469,855
ROU assets recognized during the fiscal year	-

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2024 consist of the following:

Restriction / Purpose	Beginning balance	Additions	Released from restriction	Ending balance
PROS	\$ 30,000	\$ 35,000	\$ (35,000)	\$ 30,000
Training	65,000	-	(65,000)	-
Clinic	112,500	194,625	(159,000)	148,125
Time Restriction	30,000	25,000	(30,000)	25,000
Capital/Renovation	-	10,000	(10,000)	-
Career Pathway Project	-	160,000	-	160,000
	<u>\$ 237,500</u>	<u>\$ 424,625</u>	<u>\$ (299,000)</u>	<u>\$ 363,125</u>

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2024

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, 2024:

Balance, beginning of year	\$ 1,634,499
Transfers	39,997
Investment income	<u>149,111</u>
Balance, end of year	<u>\$ 1,823,607</u>

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