

Service Program for Older People, Inc.

Financial Statements

June 30, 2023



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, 2023 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, 2023, 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.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, SPOP adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, which resulted in the recognition of a right of use asset and related lease liability, effective July 1, 2022. Our opinion is not modified with respect to that matter.

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.

PKF O'CONNOR DAVIES, LLP
245 Park Avenue, New York, NY 10167 | Tel: 212.867.8000 or 212.286.2600 | Fax: 212.286.4080 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 16, 2023

Service Program for Older People, Inc.

Statement of Financial Position

June 30, 2023

(with comparative amounts at June 30, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,117,841	\$ 2,672,806
Accounts receivable	718,587	685,381
Pledges receivable	14,000	10,000
Prepaid expenses	54,274	47,396
Prepaid rent	-	61,640
Investments (see note 5)	1,641,995	1,437,600
Security deposit	62,057	61,804
Property, plant and equipment, net	22,669	35,391
Right of use assets - operating leases, net	1,890,980	-
	\$ 7,522,403	\$ 5,012,018
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 348,546	\$ 258,541
Due to contracting agencies	67,142	77,366
Deferred rent	-	132,018
Lease liability	1,975,911	-
Total Liabilities	2,391,599	467,925
 Net Assets		
Without Donor Restriction		
Undesignated	3,258,805	2,786,987
Board designated	1,634,499	1,430,106
	4,893,304	4,217,093
With donor restriction	237,500	327,000
Total Net Assets	5,130,804	4,544,093
	\$ 7,522,403	\$ 5,012,018

See notes to financial statements

Service Program for Older People, Inc.

Statement of Activities
 Year Ended June 30, 2023
 (with summarized totals for the year ended June 30, 2022)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUE AND SUPPORT				
Program revenues	\$ 5,724,585	\$ -	\$ 5,724,585	\$ 4,771,427
Contributions	155,005	414,054	569,059	678,244
Investment return	77,261	-	77,261	(28,826)
Interest income	33,587	-	33,587	-
Other income	160,610	-	160,610	328,476
Net assets released from restrictions	<u>503,554</u>	<u>(503,554)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>6,654,602</u>	<u>(89,500)</u>	<u>6,565,102</u>	<u>5,749,321</u>
EXPENSES				
Program services	5,059,389	-	5,059,389	4,458,735
General and administrative	818,710	-	818,710	651,838
Fundraising	<u>100,292</u>	<u>-</u>	<u>100,292</u>	<u>104,457</u>
Total Expenses	<u>5,978,391</u>	<u>-</u>	<u>5,978,391</u>	<u>5,215,030</u>
Change in Net Assets	676,211	(89,500)	586,711	534,291
NET ASSETS				
Beginning of year	<u>4,217,093</u>	<u>327,000</u>	<u>4,544,093</u>	<u>4,009,802</u>
End of year	<u>\$ 4,893,304</u>	<u>\$ 237,500</u>	<u>\$ 5,130,804</u>	<u>\$ 4,544,093</u>

See notes to financial statements

Service Program for Older People, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023
(with summarized totals for the year ended June 30, 2022)

	Program Services						Supporting Services			2022 Total
	PROS	SOMH	DFTA Thrive	Clinic / Geriatric Mental Health Initiative	Total Program Services	General and Administrative	Fundraising	2023 Total		
									2022 Total	
Salaries	\$ 285,203	\$ 134,669	\$ 847,173	\$ 1,982,361	\$ 3,249,406	\$ 404,090	\$ 87,716	\$ 3,741,212	\$ 3,164,480	
Payroll taxes and fringe benefits	73,103	32,797	203,316	510,000	819,216	123,497	11,096	953,809	822,258	
Professional fees	-	-	2,400	12,000	14,400	20,850	-	35,250	31,300	
Consultants	-	103,184	-	-	103,184	66,994	1,200	171,378	74,842	
Food	38,462	-	157	-	38,619	146	-	38,765	14,143	
Communications	12,575	5,748	17,670	37,850	73,843	18,912	-	92,755	88,922	
Rent	136,789	27,947	8,759	224,574	398,069	86,339	-	484,408	453,793	
Insurance	4,340	2,186	12,407	26,365	45,298	4,421	-	49,719	45,446	
Utilities	24,036	6,132	2,847	3,292	36,307	4,987	-	41,294	36,960	
Printing and postage	251	119	617	1,686	2,673	273	-	2,946	3,313	
Program supplies	437	-	-	105	542	-	-	542	1,115	
Office supplies	3,527	1,189	2,037	5,125	11,878	6,069	-	17,947	15,015	
Travel	-	1,258	686	-	1,944	11,435	-	13,379	151	
Repairs and maintenance	1,272	1,200	256	782	3,510	10,206	-	13,716	989	
Service contracts	15,383	944	33,036	68,285	117,648	6,780	-	124,428	116,616	
Dues and subscriptions	755	3,937	2,643	6,779	14,114	12,741	-	26,855	19,055	
Advertising	195	905	2,300	772	4,172	2,225	-	6,397	13,503	
Technology	6,559	105	14,838	43,046	64,548	14,035	-	78,583	103,268	
Bad debt expense	-	-	-	39,988	39,988	-	-	39,988	159,528	
Payroll	785	369	1,740	4,904	7,798	1,225	-	9,023	7,461	
Other	2,626	2,887	2,820	3,899	12,232	7,357	280	19,869	28,797	
Depreciation	-	-	-	-	-	16,128	-	16,128	14,075	
Total Expenses	\$ 606,298	\$ 325,576	\$ 1,155,702	\$ 2,971,813	\$ 5,059,389	\$ 818,710	\$ 100,292	\$ 5,978,391	\$ 5,215,030	

See notes to financial statements

Service Program for Older People, Inc.

Statement of Cash Flows
Year Ended June 30, 2023
(with comparative amounts for the year ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 586,711	\$ 534,291
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	16,128	14,075
Unrealized (gain) loss on investment	(58,014)	32,684
Bad debt expense	39,988	159,528
Deferred rent	-	80,696
Amortization of right of use assets - operating leases	484,408	-
Changes in operating assets and liabilities		
Accounts receivable	(73,194)	(380,917)
Pledges receivable	(4,000)	4,000
Prepaid expenses	(6,878)	(2,793)
Prepaid rent	-	24,737
Security deposit	(253)	(955)
Accrued expenses	90,005	78,502
Lease liability	(469,855)	-
Due to third party reimbursers	(10,224)	-
Net Cash from Operating Activities	594,822	543,848
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,406)	(8,959)
Purchases of investments	-	(1,231,314)
Proceeds from sale of investments	612,000	322,000
Net change from money market activities	(758,381)	305,078
Net Cash from Investing Activities	(149,787)	(613,195)
 Net Change in Cash and Cash Equivalents	445,035	(69,347)
 CASH AND CASH EQUIVALENTS		
Beginning of year	2,672,806	2,742,153
End of year	\$ 3,117,841	\$ 2,672,806

See notes to financial statements

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

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 Policy

Leases

SPOP adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with July 1, 2022, as the date of initial adoption. In adopting Topic 842, SPOP elected to use the modified retrospective transition method, which applied the provisions of the standard at the effective date without any adjustment to the comparative periods presented. SPOP adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, SPOP will recognize lease payments on a straight-line basis over the remaining lease term and variable payments in the period when the corresponding obligation is incurred.

As a result of the adoption of the new lease accounting guidance, on July 1, 2022, SPOP recognized a lease liability of \$2,383,560, that represents the present value of the remaining operating lease payments of \$2,571,299, discounted using the normalized risk-free rate of 2.88% and a right-of-use asset of \$2,383,560. As part of the adoption of Topic 842, the prior year deferred rent balance of \$132,018 was captured within the right-of-use asset balance and the prior year prepaid rent balance of \$61,640 was captured within the lease liability balance at the adoption date.

Adoption of the standard had a material impact on SPOP's statement of financial position but did not have an impact on the statements of activities and cash flows. The most significant impact was the recognition of the right-of-use asset and lease liability for operating leases.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (continued)

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, 2023, all pledges are due in one year and deemed collectible by management.

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, 2023, SPOP believes all receivables are fully collectible.

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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

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 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.

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, 2023, 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.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

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

Accounts Receivable and Revenue (continued)

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, 2023 and 2022, Accounts receivable for revenue related to Topic 606 totaled \$39,988 and \$148,390, and \$138,500 as of July 1, 2021.

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, 2023

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.

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 \$6,397 for the year ended June 30, 2023.

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 2020.

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, 2022 from which the summarized information was derived.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

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 16, 2023.

3. Liquidity

Financial assets available for general expenditure within one year of June 30, 2023 are as follows:

Total financial assets at year end	
Cash	\$ 3,117,841
Accounts receivable	718,587
Pledges receivable	14,000
Investments	<u>1,641,995</u>
Total Financial Assets	<u>5,492,423</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	237,500
Net assets with board designated restriction	1,634,499
Less net assets with donor restrictions expected to be met in less than one year	<u>(237,500)</u>
	<u>1,634,499</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,857,924</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, 2023

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, 2023, SPOP had cash balances in excess of FDIC limits by approximately \$3,000,000. 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, 2023:

<u>Description</u>	<u>Total</u>
At Cost Plus Accrued Interest	
Certificates of deposit	\$ 446,016
Money market funds	921,656
Level 1	
Exchange traded funds	<u>274,323</u>
	<u>\$ 1,641,995</u>

Interest income, including interest earned on cash and cash equivalents consist of the following for the year ended June 30, 2023:

Interest	\$ 52,834
Unrealized gains	<u>58,014</u>
	<u>\$ 110,848</u>

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

6. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30, 2023:

Furniture and equipment	\$ 332,950
Leasehold improvements	<u>445,192</u>
	778,142
Accumulated depreciation	<u>(755,473)</u>
	<u>\$ 22,669</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, 2023 there was no outstanding obligation under this agreement.

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 lease liabilities 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 is \$484,408 for the year ended June 30, 2023, 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 as of June 30, 2023 are shown below:

Right-of-use assets - operating leases	\$ 1,890,980
Lease liability	1,975,911
Weighted Average:	
Discount rate	2.88%
Remaining lease term in years	4.31

ROU asset is net of \$484,408 accumulated amortization at June 30, 2023.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

8. Commitments and Contingencies (continued)

Operating Leases (continued)

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

	<u>Year Ended June 30:</u>	<u>Amount</u>
2024		\$ 484,527
2025		501,264
2026		518,598
2027		322,025
2028		<u>275,030</u>
Total Future Minimum Lease Payments		2,101,444
Less Imputed Interest		<u>(125,533)</u>
Total Operating Lease Liability		<u>\$ 1,975,911</u>

Supplemental cash flow information related to operating leases was as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 469,855
ROU assets recognized upon adoption of new lease guidance	\$ 2,313,182

CEO Benefits

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, 2023, no balances have been recognized or included in the accompanying financial statements.

Service Program for Older People, Inc.

Notes to Financial Statements
June 30, 2023

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2023 consist of the following:

<u>Restriction / Purpose</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases from Restriction</u>	<u>Ending Balance</u>
Isaac H. Tuttle Fund	\$ 35,000	\$ 25,000	\$ (35,000)	\$ 25,000
Altman Foundation	100,000	65,000	(100,000)	65,000
Florence Burden	10,000	-	(10,000)	-
The NY Community Trust	150,000	112,500	(150,000)	112,500
Mary J Hutchins Foundation	25,000	30,000	(25,000)	30,000
Columbia University	7,000	5,000	(7,000)	5,000
Edith M Schweckendieck Trust	-	35,554	(35,554)	-
Hyde and Watson Foundation	-	7,500	(7,500)	-
Metzger Price Fund	-	1,500	(1,500)	-
Laura Vogler Foundation	-	3,000	(3,000)	-
Adler-Harrington Fund	-	500	(500)	-
Laura Henschel Fund	-	2,500	(2,500)	-
The Barker Welfare Foundation	-	14,000	(14,000)	-
The Dammann Fund	-	10,000	(10,000)	-
Vladimir & Araxia Buckhantz Foundation	-	15,000	(15,000)	-
Samuels Foundation	-	84,000	(84,000)	-
Sandra and Jack Levitt Fund	-	3,000	(3,000)	-
	<u>\$ 327,000</u>	<u>\$ 414,054</u>	<u>\$ (503,554)</u>	<u>\$ 237,500</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, 2023:

Balance, beginning of year	\$ 1,430,106
Transfers	127,132
Investment income	<u>77,261</u>
Balance, end of year	<u>\$ 1,634,499</u>

* * * * *