Services for the Aged, Inc.
(d/b/a JASACare)

Financial Statements
and Independent Auditor's Report

June 30, 2023 and 2022

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Services for the Aged, Inc.
(d/b/a JASACare)

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Independent Auditor's Report

To the Board of Trustees
Services for the Aged, Inc. (d/b/a JASACare)

Opinion

We have audited the financial statements of Services for the Aged, Inc. (d/b/a JASACare) (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and our audit for the year ended June 30, 2022 in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The 2023 financial statements were not required to be audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2016-02 (as amended), *Leases, ("Topic 842")* on July 1, 2021 ("adoption date") and elected to adjust comparative periods under the modified retrospective transition approach. Our opinion is not modified with respect to this 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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 audits.

CohnReznick LLP

New York, New York
May 13, 2024

Services for the Aged, Inc.
(d/b/a JASACare)

Statements of Financial Position
June 30, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash	$ 3,133,123	$ 5,405,174
Patient services receivable, net	4,368,882	2,595,525
Grants receivable	6,626	-
Prepaid expenses and other assets	86,961	96,067
Total current assets	7,595,592	8,096,766
Property and equipment, net	103,189	131,287
Operating right-of-use asset	2,395,822	3,363,057
Total assets	$ 10,094,603	$ 11,591,110

Liabilities and Net Assets Without Donor Restrictions

	2023	2022
Current liabilities		
Accounts payable	$ 192,992	$ 52,316
Due to related parties	1,516,496	256,393
Accrued payroll, payroll taxes and withholdings	1,114,678	874,195
Accrued vacation and other benefits	489,326	550,725
Other accrued expenses	215,080	206,874
Deferred revenue	2,935	1,175,578
Operating lease liability, current	241,407	306,430
Total current liabilities	3,772,914	3,422,511
Operating lease liability, noncurrent	2,625,839	3,526,634
Due to Human Resources Administration	2,352,433	2,346,351
Total liabilities	8,751,186	9,295,496
Commitments and contingencies		
Net assets without donor restrictions	1,343,417	2,295,614
Total liabilities and net assets without donor restrictions	$ 10,094,603	$ 11,591,110

See Notes to Financial Statements.

Services for the Aged, Inc.
(d/b/a JASACare)

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023	2022
Revenue without donor restrictions		
Patient services revenue, net	$ 30,354,458	$ 28,329,486
Grant income	1,172,091	266,928
Interest and other income	2,504	546
Total revenue	31,529,053	28,596,960
Expenses		
Program expenses	28,409,205	27,344,818
Management and general expenses	4,072,045	3,543,218
Total expenses	32,481,250	30,888,036
Change in net assets without donor restrictions	(952,197)	(2,291,076)
Net assets without donor restrictions, beginning	2,295,614	4,586,690
Net assets without donor restrictions, end	$ 1,343,417	$ 2,295,614

See Notes to Financial Statements.

Services for the Aged, Inc.
(d/b/a JASACare)

Statement of Functional Expenses
Year Ended June 30, 2023

	Program services	General and administrative	Total
Salaries	$ 21,816,253	$ 1,166,062	$ 22,982,315
Payroll taxes and fringe benefits	4,389,678	373,116	4,762,794
Total salaries and related expense	26,205,931	1,539,178	27,745,109
Emergency answering services	30,367	-	30,367
Medical exams	136,000	-	136,000
Computer services	163,588	-	163,588
Administrative fees	-	1,366,278	1,366,278
Insurance costs	892,047	263,961	1,156,008
Occupancy	168,691	200,138	368,829
Professional and consulting fees	-	175,570	175,570
Temporary staffing	1,237	88,845	90,082
Telephone	13,560	1,503	15,063
Expensed furniture and equipment	-	10,698	10,698
Printing, office and training supplies	170,632	2,910	173,542
Dues, subscriptions and conferences	-	102,807	102,807
Transportation	91,346	-	91,346
Postage and messenger service	19,015	2,012	21,027
Other operational expenses	-	290,047	290,047
Bad debt	516,791	-	516,791
Depreciation	-	28,098	28,098
Total functional expenses	$ 28,409,205	$ 4,072,045	$ 32,481,250

See Notes to Financial Statements.

Services for the Aged, Inc.
(d/b/a JASACare)

Statement of Functional Expenses
Year Ended June 30, 2022

	Program services	General and administrative	Total
Salaries	$ 20,848,744	$ 1,092,883	$ 21,941,627
Payroll taxes and fringe benefits	4,422,192	336,949	4,759,141
Total salaries and related expense	25,270,936	1,429,832	26,700,768
Emergency answering services	30,849	-	30,849
Medical exams	125,596	-	125,596
Computer services	192,009	-	192,009
Administrative fees	-	1,311,987	1,311,987
Insurance costs	1,034,368	270,831	1,305,199
Occupancy	194,122	223,561	417,683
Professional and consulting fees	-	106,214	106,214
Telephone	15,436	1,675	17,111
Expensed furniture and equipment	-	10,710	10,710
Printing, office and training supplies	168,075	2,676	170,751
Dues, subscriptions and conferences	-	19,457	19,457
Transportation	54,187	-	54,187
Postage and messenger service	20,100	2,181	22,281
Other operational expenses	-	146,568	146,568
Bad debt	239,140	-	239,140
Depreciation	-	17,526	17,526
Total functional expenses	$ 27,344,818	$ 3,543,218	$ 30,888,036

See Notes to Financial Statements.

Services for the Aged, Inc.
(d/b/a JASACare)

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (952,197)	$ (2,291,076)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Bad debt	516,791	239,140
Depreciation and amortization	28,098	17,526
Noncash operating lease costs	967,235	311,070
Noncash change in operating lease liability	(653,570)	58,517
Changes in operating assets and liabilities		
Patient services receivable	(2,290,148)	237,330
Grants receivable	(6,626)	31,111
Prepaid expenses and other current assets	9,106	13,057
Accounts payable and accrued expenses	327,966	(75,468)
Due to related parties	1,260,103	(19,583)
Deferred revenue	(1,172,643)	1,175,578
Operating lease liability	(312,248)	(329,184)
Due to Human Resources Administration	6,082	-
Net cash used in operating activities	(2,272,051)	(631,982)
Cash flows from investing activities		
Purchases of property and equipment	-	(41,787)
Net cash used in investing activities	-	(41,787)
Net decrease in cash	(2,272,051)	(673,769)
Cash, beginning of year	5,405,174	6,078,943
Cash, end of year	$ 3,133,123	$ 5,405,174

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting polices

Organization
Services for the Aged, d/b/a JASACare (the "Organization"), is a New York State Department of Health ("NYSDOH") licensed agency providing skilled home health care services, activities of daily living, and nursing services to older adults and their families.

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and concentration of risk
The Organization considers all highly-liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash consists of cash deposited with major U.S. banks. The Organization had no cash equivalents as of June 30, 2023 and 2022.

The Organization maintains its cash in a bank deposit account which, at times, may exceed the federally-insured limits. The Organization maintains its cash with a high-quality financial institution. The Organization monitors its financial institution and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institution.

Classification of net assets
The Organization classifies its net assets into two categories, which are described as follows:

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Organization and an outside party other than a donor or grantor.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. Donor-restricted contributions whose contributions expire during the same fiscal year are recognized as revenue without donor restrictions. There were no net assets with donor restrictions as of June 30, 2023 and 2022.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 15 years. Leasehold improvements are amortized on a straight-line basis over estimated useful life. The Organization capitalizes all purchases of property and equipment in excess of $5,000.

Net patient services revenue and receivables

Patient care service revenue is reported at the amount that reflects the consideration to which the Organization 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 could include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied, which is reflected after time sheets are submitted by home attendants.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving home attendant services. The Organization measures the performance obligation from the commencement of a home attendant service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the home attendant services.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board Accounting Standards Codification 606-10-50-14a 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. The Organization's performance obligations consist primarily of home attendant services that occur within one day; thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided. The transaction price or rate is established and then negotiated with patients and third-party payors based on the number of hours required per patient. The transaction price reflects the Organization's historical collection experience. The payor offers a contract price and the Organization reviews the rate to determine whether to accept or reject the proposed rate; any difference between the contract price and the accepted proposed rate is deemed a contractual adjustment and would constitute an implicit price concession. The Organization uses a blended rate based on hours to determine if the contract rate is acceptable.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

> Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per unit or per hour.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per units or per hour, an established blended rate, and prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. There were no adjustments arising from a change in the transaction price in 2023 or 2022 due to the above.

Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Grant income
Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be grants or contributions. Grants and contributions are classified as conditional or unconditional. A conditional grant or contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the grant or contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as deferred revenue.

Unconditional grants or contributions are recognized as revenue and receivable when the commitment to contribute is received.

Advertising costs
Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022 amounted to $232,309 and $99,854, respectively. These costs are included in other operational expenses on the statements of functional expenses.

Functional expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services, and general and administrative. Such allocations are determined by management using their best estimate. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries, payroll taxes and fringe benefits, insurance costs, and temporary staffing are allocated on the basis of actual cost. Emergency answering services, medical exams, computer services, administrative fees, occupancy, professional and consulting fees, expensed furniture and equipment, printing, office and training supplies, dues, subscriptions and conferences, transportation, other operational expenses, and depreciation are allocated on the basis of estimates of time and effort.

Tax status
The Organization was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, there is no provision for income taxes.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal and state income tax returns prior to fiscal year 2019 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and authoritative rulings.

If applicable, the Organization will recognize interest and penalties paid in association with tax matters as part of expenses in the statements of activities and changes in net assets. There were no interest or penalties incurred for the years ended June 30, 2023 and 2022.

New accounting pronouncement

The Organization adopted Accounting Standards Update 2016-02 (as amended), *Leases*, ("Topic 842") on July 1, 2021 ("adoption date") and elected to adjust comparative periods under the modified retrospective transition approach. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. The Organization elected and applied the following transition practical expedients when initially adopting Topic 842:

- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Organization recognized the following as of the adoption date in connection with transitioning to Topic 842:

	As of July 1, 2021
Operating lease right-of-use asset	$ 3,674,127
Operating lease liability	$ 4,103,731

The Organization's adoption of Topic 842 also resulted in a decrease of $429,604 in deferred rent which was reclassified to the operating lease right-of-use asset at adoption. The adoption of Topic 842 did not have a material impact on the Organization's change in net assets for the year ended June 30, 2022.

The Organization presents its right-of-use asset and lease liability for its operating lease separately on its statements of financial position. See Note 11 regarding its operating right-of-use asset and operating lease liability.

Subsequent events

The Organization has evaluated subsequent events through May 13, 2024, which is the date the financial statements were available to be issued.

Note 2 - Availability and liquidity

Financial assets available for general expenditures within one year from the statement of financial position dates are as follows:

	2023	2022
Financial assets at year-end		
Cash	$ 3,133,123	$ 5,405,174
Patient services receivable, net	4,368,882	2,595,525
Grants receivable	6,626	-
	7,508,631	8,000,699
Less: cash held for HRA recoupment	(1,106,196)	(1,102,376)
Financial assets available to meet general expenditures over the subsequent 12-month periods	$ 6,402,435	$ 6,898,323

The Organization has a contract with New York City Human Resources Administration ("HRA") to provide home attendant services to Medicaid-eligible individuals and management has set aside cash in anticipation of recoupment (see Note 6).

On a regular basis, the Organization monitors the availability of resources required to meet its operating needs and other commitments. For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities. In addition to the aforementioned assets available to meet general expenditures over the 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

The Organization has incurred operating losses and delayed payments to its affiliate (Note 7) to fund operations. For the year ended June 30, 2023, the Organization’s net loss was $952,197 and cash used in operating activities was $2,272,051. Management is in the process of adjusting its operations to ensure that adequate liquidity exists to continue to fund operations including:

- Hiring a marketing team to increase the Organization’s client base and create new relationships with managed long-term care plans and improve relationships with existing plans.

- Creating and hiring for two positions to attract and retain aides to support the increased client base and reduce overtime hours incurred.

With these initiatives, management believes the Organization will have sufficient liquidity to fund its operations and meet its obligations as they become due for at least the 12-month period beginning on May 13, 2024.

Note 3 - Net patient services revenue and net patient receivables

The composition of patient care service revenue by primary payor for the years ended June 30, 2023 and 2023 is as follows:

Patient services revenue
Patient services revenue, net, consists of the following at June 30:

	2023	2022
HRA	$ 10,308,173	$ 9,233,918
Managed long-term care plans	18,874,808	17,846,643
Private	1,171,477	1,248,925
	$ 30,354,458	$ 28,329,486

Revenue from patients' deductibles and coinsurance are included in the preceding categories based on the primary payor. Patient receivables consist of amounts due from government programs, commercial insurance companies, other group insurance programs, and private pay patients.

Net patient services receivables, net consist of the following at June 30:

	2023	2022
HRA	$ 1,928,724	$ 1,167,872
Managed long-term care plans	2,325,208	1,241,695
Private	114,950	185,958
Total	$ 4,368,882	$ 2,595,525

The Organization's concentration of credit risk relating to patient services receivables primarily relates to patient accounts for which the primary insurance payor has not paid. The Organization recognized $516,791 and $239,140 in patient receivable impairment for the years ended June 30, 2023 and 2022, respectively, based on patient-specific impairment events. Patient services receivables, net as of July 1, 2021 amounted to $3,071,995.

Note 4 - Property and equipment, net

Property and equipment, net as of June 30 is as follows:

	2023	2022
Computer equipment	$ 15,754	$ 15,754
Furniture and fixtures	114,745	114,745
Leasehold improvements	39,398	39,398
Computer software	62,988	62,988
Total	232,885	232,885
Lease accumulated depreciation and amortization	(129,696)	(101,598)
Property and equipment, net	$ 103,189	$ 131,287

Note 5 - Grant income and deferred revenue

During the year ended June 30, 2022, the Organization was awarded approximately $1,290,000 by NYSDOH as part of an initiative to enhance, expand, and strengthen Medicaid Home and Community-Based Services in New York State. This award is partially funded by the U.S. Department of Health and Human Services ("HHS") after the passage of the American Rescue Plan Act of 2021 ("ARPA"). In connection with this award, the Organization recognized revenue of approximately $1,166,616 and $120,000 during the years ended June 30, 2023 and 2022, respectively. The revenue is included in grant income in the statements of activities and changes in net assets. The remainder of the award at June 30, 2023 and 2022 in the amounts of $2,935 and $1,165,551, respectively, are reported as deferred revenue in the statements of financial position.

The Organization received approximately $20,000 from HHS related to the Provider Relief Fund ("PRF") and American Rescue Plan (ARP) Rural Distribution program during the year ended June 30, 2022 and recognized this amount in grant income in the statements of activities and changes in net assets in the same year. The Organization received no further awards related to the PRF program for the year ended June 30, 2023.

Note 6 - Due to Human Resources Administration

The Organization has a contract with HRA to provide home attendant services to Medicaid-eligible individuals. The contracts prior to March 31, 2017 stipulate a fixed direct labor cost, plus an approved general and administration fee, and an indirect labor ("GAIL") expense amount. As a not-for-profit entity, the previous HRA contract also stipulates that the Organization cannot generate a profit from the services performed. Consequently, revenue in excess of expenses incurred under the previous HRA contract is recorded as Due to HRA on the statements of financial position. Should the Organization incur GAIL (profit) the Organization must repay HRA. In accordance with the HRA contract, audits are to be conducted annually. The HRA audits have been completed through June 30, 2012. As of June 30, 2023 and 2022, the liability due to HRA is $2,352,433 and $2,346,351, respectively, which reflects the result of the HRA audits through June 30, 2012, as well as the estimated amounts determined by the Organization for the fiscal years through June 30, 2023 and 2022. Management's estimate of this liability could change based upon future HRA audits.

Note 7 - Related party transactions

The Organization is related to Jewish Association for Services for the Aged ("JASA") as they are both controlled by the JASA Corporation through the same Board of Trustees and management. The Organization is a participant in a general insurance plan, including health insurance, with JASA sponsored by the UJA-Federation. Health insurance and other employee benefits for the years ended June 30, 2023 and 2022, respectively, amounted to $872,690 and $409,783. JASA provides management support services to the Organization under contract. Fees for these services amounted to $1,366,278 and $1,311,987 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, $1,516,496 and $256,393, respectively, is due to JASA. This amount is included in the due to related parties on the statements of financial position.

On November 21, 2016, the Organization entered into a Letter of Understanding with JASA to sublease office space from JASA. The lease term commenced on November 21, 2016 and terminates on May 31, 2032. During the year ended June 30, 2023, the sublease payments were modified from July 1, 2022 through the end of the lease term. See Note 11 for additional disclosures related to the lease commitment.

Note 8 - 401(k) retirement plan

For administrative staff, the Organization sponsors a tax-qualified, defined-contribution pension plan (the "Plan") under Section 401(k) of the Internal Revenue Code. Eligible employees can elect to invest a pretax contribution up to 20% of their salary to a maximum of $22,500 and $20,500 for calendar years 2023 and 2022, respectively. Investments are participant-directed and accumulated on a tax-deferred basis with interest until withdrawn. Effective July 1, 2019, the Plan was amended to allow a discretionary profit sharing contributions to the Plan. For the years ended June 30, 2023 and 2022, the employer's discretionary profit sharing contribution was 3% of the employee's eligible compensation. For the years ended June 30, 2023 and 2022, the employer's discretionary profit sharing contribution was $41,130 and $50,390, respectively.

Note 9 - Pension plan

For the unionized home care aides, the Organization is a participant in a multi-employer pension plan. The District Council 1707, Local 389 Home Care and Professional Employees Pension Fund (the "Fund") is a noncontributory, multi-employer defined benefit pension fund that was established as part of a collective bargaining agreement. The Organization contributes .455 per billable work hour for the aides. The risks of participating in multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

- If a participating employer stops contribution to the multi-employer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

- If one of the participating employers' petitions to stop participating in the multi-employer plan, such employer may be required to pay the plan a withdrawal liability based on the funded status of the plan.

The Fund is designed to provide normal retirement, early retirement, and vested pension benefits for its members including the eligible employees of the Organization. Benefits are calculated utilizing specified percentages with the plan document.

The following table discloses the most recent funded status of the Fund, as of January 1, 2022 and 2021 (the dates of the latest actuarial valuation), inclusive of the fair value of plan assets as of December 31, 2022 and 2021, respectively:

Valuation date	EIN/ pension plan number	Fair value of Plan assets	Actuarial present value of accumulated Plan benefits	Total contributions	Funded status	Zone status
January 1, 2022	EIN 13-698650 Plan No. 001	$ 58,789,602	$ 80,354,381	$ 1,041,633	85.08%	Green*
January 1, 2021	EIN 13-698650 Plan No. 001	$ 70,715,450	$ 74,549,255	$ 1,543,399	87.60%	Green

* As of December 31, 2022 and 2021, the Fund has a certified green zone status as determined by the Fund's actuary. The Plan's actuary has declared that the Fund is in critical and declining status, but the Fund Sponsor has elected to keep the Fund's status from prior year in accordance with Section 9701 of ARPA.

The Organization is not required to file an annual zone certification under the Pension Protection Act of 2006 and disclosures concerning a financial improvement plan or rehabilitation plan are not applicable. The Fund is at 73.16% and 94.86% funded using the most recent financial information as of the Fund's years ended December 31, 2022 and 2021, respectively.

The Organization's contributions to the Fund for the years ended June 30, 2023 and 2022 were $481,435 and $510,981, respectively. The Organization's contributions to the Fund represented more than 5% of total contributions to the Fund for the years ended December 31, 2022 and 2021.

Note 10 - Workers' compensation

The Organization has a retrospective plan for workers' compensation coverage for its home care workers. The premiums for this plan are adjustable based on actual payroll expense recorded. Per annual audits, the Organization may be required to pay additional premiums or may be refunded excess premiums paid. The Organization does not anticipate these settlement amounts to materially affect the Organization's financial position or results of operations.

Note 11 - Leases

The Organization subleases building space used in its operations from its affiliate JASA (see Note 7). All contracts that implicitly or explicitly involve property and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease obligation, adjusted for prepaid lease costs, initial direct costs, and lease incentives. The Organization has elected and applies the practical expedient available to lessees to combine nonlease components with their related lease components and account for them as a single combined lease component for its lease. The Organization remeasures its lease liability and right-of-use asset whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract. During the year ended June 30, 2023, the sublease agreement between the Organization and JASA was modified with respect to future lease payments beginning July 1, 2022 through the end of the lease on May 31, 2032. This modification did not qualify to be accounted for as a separate contract; therefore, the operating lease liability and right-of-use asset was remeasured as of July 1, 2022. The remeasurement resulted in a decrease in both the operating lease liability and right-of-use asset in the amount of $738,960.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable with respect to its office lease, the Organization elected to use a risk-free rate instead of its incremental borrowing rate as the discount rate. The Organization's risk-free rate, which is determined at either lease commencement or when a lease obligation is remeasured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for the Organization's lease coincides with the contractual effective date. The Organization's lease has a minimum base term with a renewal option or fixed term with an early termination option. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization includes variable rental payments based on a rate or an index such as the Consumer Price Index in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Leases involving real estate
The Organization subleases office space under a 15.5-year lease agreement expiring in May 2032, which has been incorporated into its measurement of the related right-of-use asset and lease liability. The office lease requires reimbursement of real estate taxes and other charges.

Rental payments on this lease provides for fixed minimum payments that increase over the lease term at predetermined amounts. Rent expense is recognized using the straight-line method over the term of the lease. Variable rental payments for taxes and other charges are recognized as occupancy expenses when incurred.

Financial information

The following provides information about the Organization's right-of-use asset and lease liability for its operating lease as of June 30, 2023 and 2022:

	Statement of Financial Position Classification	2023	2022
Right-of-use asset			
Operating lease	Operating right-of-use asset	$ 2,395,822	$ 3,363,057
Lease liability			
Operating lease	Operating lease liability, current	$ 241,407	$ 306,430
Operating lease	Operating lease liability, noncurrent	2,625,839	3,526,634
Total lease liability		$ 2,867,246	$ 3,833,064

The components of the Organization's lease costs for its office space for the years ended June 30, 2023 and 2022 are as follows:

	Statement of Functional Expense Classification	2023	2022
Rent expense	Occupancy	$ 313,664	$ 369,588
Variable costs	Occupancy	55,165	48,095
Net operating lease cost		$ 368,829	$ 417,683

The weighted average remaining lease term and weighted average discount rate for the Organization's leases as of June 30, 2023 and 2022 are as follows:

	2023	2022
Weighted average remaining term (in years)	8.9	9.9
Weighted average discount rate (1)	2.88%	1.48%

(1) The Organization has elected to use the risk-free rate as the discount rate for its lease involving office space. The Organization uses the rate on U.S. government securities for the period comparable with the lease term as the risk-free rate.

The annual maturity analysis of the Organization's lease obligation as of June 30, 2023 is as follows:

2024	$ 320,055
2025	328,056
2026	336,257
2027	346,493
2028	375,270
Thereafter	1,561,964
Total lease payments	3,268,095
Less interest	(400,849)
Present value of lease liability	2,867,246
Less current portion of lease liability	241,407
Noncurrent portion of lease liability	$ 2,625,839

Note 12 - Contingencies

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions.

The Organization has cash set aside for the terminated HRA program. The amount in the liability due to HRA reflects the result of the HRA audits through June 30, 2012, as well as the estimated amounts determined by the Organization for the fiscal years through June 30, 2023 and 2022. Management's estimate of this liability could change based upon future HRA audits (see Note 6).

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