

DOROT, Inc.

Financial Statements

June 30, 2021 and 2020

DOROT, Inc.

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Independent Auditors' Report

To the Board of Directors of
DOROT, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of DOROT, Inc., (DOROT), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DOROT as of June 30, 2021 and 2020, 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.



Melville, New York
November 30, 2021

DOROT, Inc.Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,980,011	\$ 1,598,618
Investments	23,099,549	19,352,233
Pledges and grants receivable	698,120	1,863,299
Accounts receivable	15,302	30,593
Prepaid expenses and other assets	194,365	126,001
	<hr/>	<hr/>
Total current assets	25,987,347	22,970,744
Security Deposits	36,266	36,266
Pledges and Grants Receivable, Long-Term, Net	583,580	738,731
Investments, Perpetual Endowment	6,198,794	1,198,794
Property and Equipment, Net	2,254,004	2,515,347
	<hr/>	<hr/>
Total assets	<u>\$ 35,059,991</u>	<u>\$ 27,459,882</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 466,155	\$ 254,805
Accrued vacation pay	293,077	344,872
Current portion of charitable gift annuities and trusts	23,448	26,581
	<hr/>	<hr/>
Total current liabilities	782,680	626,258
Charitable Gift Annuities and Trusts, Long-Term	71,895	81,360
	<hr/>	<hr/>
Total liabilities	854,575	707,618
Net Assets		
Net assets without donor restrictions	25,195,821	21,295,560
Net assets with donor restrictions	9,009,595	5,456,704
	<hr/>	<hr/>
Total net assets	34,205,416	26,752,264
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 35,059,991</u>	<u>\$ 27,459,882</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021	2020
Public Support and Revenue				
Private gifts and grants	\$ 7,118,729	\$ -	\$ 7,118,729	\$ 5,649,084
Bequests and legacies	1,267,765	5,000,000	6,267,765	5,068,952
Government grants	206,512	-	206,512	98,557
UJA/Federation of Jewish Philanthropies of New York, Inc.	202,556	231,769	434,325	315,000
Special event revenue, net of direct expenses of \$20,400 in 2021	449,695	-	449,695	11,200
Donated goods and services	207,410	-	207,410	280,648
Other income	-	-	-	600
Investment revenue, net	3,493,537	30,042	3,523,579	549,069
Net assets released from donor restrictions	1,708,920	(1,708,920)	-	-
Total public support and revenue	14,655,124	3,552,891	18,208,015	11,973,110
Expenses				
Program services:				
Socialization services	2,844,272	-	2,844,272	2,870,330
Concrete services	2,637,986	-	2,637,986	2,601,292
Education services	1,338,233	-	1,338,233	1,276,724
Community services	2,115,145	-	2,115,145	2,039,058
Total program services	8,935,636	-	8,935,636	8,787,404
Supporting services:				
Management and general	982,945	-	982,945	987,714
Fundraising	836,282	-	836,282	790,402
Total supporting services	1,819,227	-	1,819,227	1,778,116
Total expenses	10,754,863	-	10,754,863	10,565,520
Change in net assets	3,900,261	3,552,891	7,453,152	1,407,590
Net Assets, Beginning	21,295,560	5,456,704	26,752,264	25,344,674
Net Assets, Ending	<u>\$ 25,195,821</u>	<u>\$ 9,009,595</u>	<u>\$ 34,205,416</u>	<u>\$ 26,752,264</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public Support and Revenue			
Private gifts and grants	\$ 5,081,084	\$ 568,000	\$ 5,649,084
Bequests and legacies	5,068,952	-	5,068,952
Government grants	98,557	-	98,557
UJA/Federation of Jewish Philanthropies of New York, Inc.	107,375	207,625	315,000
Special event revenue	11,200	-	11,200
Donated goods and services	280,648	-	280,648
Other income	600	-	600
Investment revenue, net	526,793	22,276	549,069
Net assets released from donor restrictions	1,513,501	(1,513,501)	-
	<u>12,688,710</u>	<u>(715,600)</u>	<u>11,973,110</u>
Total public support and revenue			
Expenses			
Program services:			
Socialization services	2,870,330	-	2,870,330
Concrete services	2,601,292	-	2,601,292
Education services	1,276,724	-	1,276,724
Community services	2,039,058	-	2,039,058
	<u>8,787,404</u>	<u>-</u>	<u>8,787,404</u>
Total program services			
Supporting services:			
Management and general	987,714	-	987,714
Fundraising	790,402	-	790,402
	<u>1,778,116</u>	<u>-</u>	<u>1,778,116</u>
Total supporting services			
Total expenses	<u>10,565,520</u>	<u>-</u>	<u>10,565,520</u>
Change in net assets	2,123,190	(715,600)	1,407,590
Net Assets, Beginning	<u>19,172,370</u>	<u>6,172,304</u>	<u>25,344,674</u>
Net Assets, Ending	<u>\$ 21,295,560</u>	<u>\$ 5,456,704</u>	<u>\$ 26,752,264</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	2021 Total	2020 Total
Salaries and payroll taxes	\$ 1,800,691	\$ 1,343,593	\$ 846,199	\$ 1,372,555	\$ 5,363,038	\$ 520,689	\$ 412,396	\$ 6,296,123	\$ 6,429,407
Employee benefits	194,902	145,427	91,590	148,562	580,481	56,358	44,637	681,476	632,146
Telephone	12,244	7,989	30,274	4,383	54,890	1,661	1,099	57,650	46,252
Postage and printing	56,354	42,049	26,483	42,955	167,841	16,295	116,649	300,785	328,256
Transportation	2,920	2,179	1,372	2,226	8,697	844	669	10,210	50,794
Client food and delivery	35,641	419,684	-	2,237	457,562	-	-	457,562	378,831
Supplies and equipment	22,695	16,934	10,665	17,299	67,593	6,562	5,198	79,353	145,988
Repairs and maintenance	54,599	40,739	25,657	41,617	162,612	15,788	12,504	190,904	184,396
Site rental	79,741	163,652	22,993	37,295	303,681	16,788	11,206	331,675	325,753
Outside services	292,427	218,196	137,420	222,899	870,942	84,558	165,036	1,120,536	874,108
Community outreach	14,231	10,618	6,687	10,847	42,383	4,115	3,259	49,757	81,808
Staff development and training	8,274	6,174	3,888	6,307	24,643	2,393	1,895	28,931	52,527
Utilities	17,953	13,395	8,436	13,684	53,468	5,191	4,112	62,771	71,997
Insurance	65,041	48,530	30,565	49,576	193,712	18,807	14,896	227,415	121,836
Service fees and other	30,504	22,761	14,335	23,252	90,852	8,820	6,986	106,658	56,972
Donated goods and services	-	19,625	8,334	500	28,459	178,951	-	207,410	280,648
Subtotal before depreciation	2,688,217	2,521,545	1,264,898	1,996,194	8,470,854	937,820	800,542	10,209,216	10,061,719
Depreciation	156,055	116,441	73,335	118,951	464,782	45,125	35,740	545,647	503,801
Total expenses	<u>\$ 2,844,272</u>	<u>\$ 2,637,986</u>	<u>\$ 1,338,233</u>	<u>\$ 2,115,145</u>	<u>\$ 8,935,636</u>	<u>\$ 982,945</u>	<u>\$ 836,282</u>	<u>\$ 10,754,863</u>	<u>\$ 10,565,520</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 1,889,603	\$ 1,350,818	\$ 845,467	\$ 1,375,250	\$ 5,461,138	\$ 580,575	\$ 387,694	\$ 6,429,407
Employee benefits	185,788	132,814	83,127	135,216	536,945	57,083	38,118	632,146
Telephone	11,173	7,587	21,602	3,307	43,669	1,017	1,566	46,252
Postage and printing	67,875	48,522	30,369	49,399	196,165	20,854	111,237	328,256
Transportation	14,928	10,672	6,679	10,865	43,144	4,587	3,063	50,794
Client food and delivery	19,100	354,469	-	5,262	378,831	-	-	378,831
Supplies and equipment	42,906	30,672	19,197	31,227	124,002	13,183	8,803	145,988
Repairs and maintenance	54,194	38,742	24,248	39,442	156,626	16,651	11,119	184,396
Site rental	68,758	167,612	22,997	37,408	296,775	18,232	10,746	325,753
Outside services	221,951	158,666	99,308	161,536	641,461	68,194	164,453	874,108
Community outreach	24,043	17,188	10,758	17,499	69,488	7,387	4,933	81,808
Staff development and training	15,438	11,036	6,907	11,236	44,617	4,743	3,167	52,527
Utilities	21,160	15,127	9,468	15,400	61,155	6,501	4,341	71,997
Insurance	35,807	25,598	16,021	26,061	103,487	11,002	7,347	121,836
Service fees and other	16,745	11,970	7,492	12,187	48,394	5,142	3,436	56,972
Donated goods and services	32,794	113,950	6,834	-	153,578	127,070	-	280,648
Subtotal before depreciation	2,722,263	2,495,443	1,210,474	1,931,295	8,359,475	942,221	760,023	10,061,719
Depreciation	148,067	105,849	66,250	107,763	427,929	45,493	30,379	503,801
Total expenses	<u>\$ 2,870,330</u>	<u>\$ 2,601,292</u>	<u>\$ 1,276,724</u>	<u>\$ 2,039,058</u>	<u>\$ 8,787,404</u>	<u>\$ 987,714</u>	<u>\$ 790,402</u>	<u>\$ 10,565,520</u>

See notes to financial statements

DOROT, Inc.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 7,453,152	\$ 1,407,590
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	545,647	503,801
Contributions restricted for endowment	(5,000,000)	-
Realized and unrealized gain on investments, net	(3,210,131)	(128,070)
Change in charitable gift annuities and trusts liability	(12,598)	(5,388)
Change in discount on pledges and grants receivable	1,151	(66,041)
(Increase) decrease in current assets:		
Pledges and grants receivable	1,319,179	(92,653)
Accounts receivable	15,291	3,233
Prepaid expenses and other assets	(68,364)	20,201
Increase in operating liabilities:		
Accounts payable and accrued expenses	211,350	16,127
Accrued vacation pay	(51,795)	104,865
Net cash flows from operating activities	<u>1,202,882</u>	<u>1,763,665</u>
Cash Flows From Investing Activities		
Additions to property and equipment	(284,304)	(641,001)
Purchase of investments	(24,859,637)	(13,077,879)
Proceeds from the sale and maturity of investments	<u>19,322,452</u>	<u>12,662,189</u>
Net cash flows from investing activities	<u>(5,821,489)</u>	<u>(1,056,691)</u>
Cash Flows From Financing Activities		
Contributions restricted for endowment	<u>5,000,000</u>	<u>-</u>
Net cash flows from financing activities	<u>5,000,000</u>	<u>-</u>
Net increase in cash and cash equivalents	381,393	706,974
Cash and Cash Equivalents, Beginning	<u>1,598,618</u>	<u>891,644</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,980,011</u>	<u>\$ 1,598,618</u>

See notes to financial statements

1. Description of Organization and Summary of Significant Accounting Policies**Nature of Operations**

DOROT, Inc. (DOROT) alleviates social isolation among the elderly and provides services to help them live independently as valued members of the community. DOROT provides in-person services in New York City and Westchester County, but serves seniors beyond our catchment area with our University Without Walls program. Included within the programs service centers are:

Socialization Services which connect seniors to their peers and younger generations to enhance their quality of life, reduce social isolation and create bonds to the larger community. Friendly Visiting matches homebound seniors with volunteers ranging in age from 18 to 89 for weekly visits in the seniors' homes; the average length of match is 37 months. Cemetery Visits recruits and trains volunteers to escort homebound and frail older adults to area cemeteries, to visit the graves of their loved ones. Door to Door enables frail and homebound elderly to access medical care, food and other needs by providing trained staff and volunteers to escort them to their appointments. DOROT Westchester offers volunteer visiting and educational services to homebound Westchester residents. Lasting Impressions offers seniors the opportunity to create their legacy in the form of an ethical will, memoir, art project or video/audio interview; and helps those interested compose advance care plans.

Concrete Services that help older adults live independently in the community, which includes the provision of home-delivered meals, health and wellness classes, holiday packages and visits by volunteers. Kosher Meals for the Homebound delivers nutritious frozen meals each week to seniors who can no longer easily shop or cook for themselves; the Emergency Meals component provides meals to seniors immediately after discharge from a hospital. The Wellness Program for Seniors encourages the elderly to take an active role in their own health, offering classes to improve their strength and balance, and informational sessions about nutrition and health. The Homelessness Prevention Program (HPP) provides safe transitional housing, and food, and relocates homeless seniors into affordable permanent homes. The Aftercare Program of the HPP provides meals and ongoing counseling to at-risk older adults, ensuring that they do not become homeless again.

Education Services which alleviate isolation by enabling older adults, caregivers and professionals to participate in classes and support groups and obtain information about relevant services. University Without Walls offers educational and cultural courses, support groups and holiday celebrations via teleconference to homebound elders. Russian University Without Walls offers Russian-speaking, homebound seniors continuing education and ESL classes through teleconference, easing loneliness and isolation, and helping them integrate into American life. Through Information and Referral, DOROT staff and trained volunteers provide guidance to seniors, caregivers and professionals about available services at DOROT, and in New York City and beyond.

Community Services which alleviate social isolation and bring the generations together in mutually supportive and beneficial relationships and enriching programs. Volunteers deliver holiday packages and meals to seniors; escort seniors to cultural events; teach them how to communicate by email and access the Internet; and facilitate teleconference classes and support groups. Teen and college volunteers shop for seniors and participate in intergenerational art and music workshops. Volunteers receive ongoing support and training from staff, while they make new friends and contribute to building a better community.

Basis of Accounting

The financial statements of DOROT have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting (U.S. GAAP).

Revenue Recognition**Contributions and Grants**

Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contribution or grant is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met. Revenue from government grants is recognized when earned, generally by incurring qualifying expenses. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as conditions are achieved. Donor restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets with donor restrictions.

Bequests are gifts made through a will or a living trust at the donor's death and are recorded at fair value at the date of gift, net of any fees, taxes and other direct expenses incurred in clearing DOROT's title to the gift or in converting the bequest to cash.

DOROT reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, DOROT reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Goods and Services

DOROT receives goods, principally food, office space and promotional materials, and professional services, which consisted of 124 hours and 41 hours in 2021 and 2020, respectively, in support of its activities. Such goods and services are recorded as in-kind contributions and expensed or capitalized at their fair values as determined by donors. For the years ended June 30, 2021 and 2020, DOROT recorded donated goods and services in the amount of \$207,410 and \$280,648, respectively.

DOROT relies extensively upon the utilization of volunteers to carry out its program and supporting services. Management estimates that volunteers contributed approximately 44,000 hours during the 2021 fiscal year and 54,000 hours during the 2020 fiscal year, respectively. Because these services do not meet the recognition criteria under U.S. GAAP, the value of these contributions is not recorded, although they constituted a significant factor in the operation of DOROT.

Special Events Revenue

A portion of special events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contributions. Special event revenue is recognized at the time the event takes place. For the year ended June 30, 2021, there was a direct benefit to donors in the amount of \$20,400. For the year ended June 30, 2020, there were no direct benefits to donors, as the event was cancelled.

Pledges and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions have been substantially met. As of June 30, 2021 and 2020, DOROT had a conditional pledge for a matching grant (see Note 4).

Net Assets

DOROT reports information regarding its financial position and activities in the following classes of net assets which are as follows:

Net Assets Without Donor Restrictions - Net assets which are not donor restricted and are available for use for the general operating activities and objectives of DOROT. The class includes Board-designated net assets, which are net assets without donor restrictions that have been designated for specific programs and general reserves by the Board of Directors.

Net Assets With Donor Restrictions - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of DOROT. Also includes net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit DOROT to utilize earnings as specified by donors.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and highly liquid investments with maturities of three months or less, except for endowment cash and cash equivalents included in investments.

Allowance for Doubtful Accounts

Management must make estimates of the uncollectability of all accounts, pledges and grants receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts. DOROT determined an allowance for doubtful accounts was not required as of June 30, 2021 and 2020.

Property and Equipment

Property and equipment are capitalized at cost when acquired. Individual purchases over \$500 are depreciated on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years. Donated fixed assets are recorded at fair value at the date of donation.

Investments

Investments are recorded at fair value based upon quoted market prices, except for certificates of deposit and money market accounts which are recorded based upon original investment plus accrued interest.

Tax-Exempt Status

DOROT qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. DOROT is classified as a publicly supported organization described in Section 509(a)(1); therefore, DOROT qualifies for the maximum charitable contribution deductions for donors.

Uncertain Tax Positions

Management has evaluated DOROT's tax positions and concluded that DOROT has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of DOROT. Some of the expenses are directly identified to their related programs or supporting functions and are recorded accordingly. Expenses not directly charged to programs are allocated based on estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through November 30, 2021, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for DOROT for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of ASU 2016-02 on DOROT's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Management is currently evaluating the impact of ASU 2020-07 on DOROT's financial statements.

DOROT, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Liquidity and Availability of Resources

DOROT's financial assets available within one year of the statements of financial position dates for general expenditures such as operating expenses and fixed asset purchases not financed with debt financing are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,980,011	\$ 1,598,618
Investments, current portion	23,099,549	19,352,233
Accounts receivable	15,302	30,593
Pledges and grants receivable, current portion	<u>698,120</u>	<u>1,863,299</u>
 Total financial assets	 25,792,982	 22,844,743
 Less Board-designated	 1,594,463	 1,594,463
Less donor restricted amounts	2,810,801	4,257,910
Less annuity obligations	<u>95,343</u>	<u>107,941</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 21,292,375</u>	 <u>\$ 16,884,429</u>

As part of DOROT's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. DOROT's main source of liquidity is private gifts and grants. Although investments are available for expenditure, it is not DOROT's intention to use investments for operating purposes.

3. Pledges and Grants Receivable

Pledges and grants receivable are comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
One year	\$ 698,120	\$ 1,863,299
Two to five years	600,000	754,000
 Less discount to net present value	 <u>16,420</u>	 <u>15,269</u>
 Total pledges and grants receivable	 <u>\$ 1,281,700</u>	 <u>\$ 2,602,030</u>

Amounts that are expected to be collected after one year have been discounted at rates ranging from .07 percent to .87 percent and .16 percent to .49 percent as of June 30, 2021 and 2020, respectively.

4. Conditional Grant

DOROT received a conditional grant on June 20, 2018 with a matching provision to be used for marketing and technology improvements. For every \$2 DOROT raises, the donor will donate \$1, up to a maximum of \$250,000. The grant agreement terminated in December 2020. During the year ended June 30, 2021, \$50,000 was raised and a \$25,000 contribution was made. Through June 30, 2020, \$450,000 was raised and a \$225,000 contribution was made.

DOROT, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

5. Investments and Fair Value

Investments consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 131,729	\$ 634,811
U.S. government obligations	2,342,405	3,342,709
Certificates of deposit	1,252,624	8,539,818
Municipal obligations	86,417	141,138
Common stocks	5,881,980	-
Mutual funds:		
Domestic funds	17,731,733	6,895,260
Global funds	108,001	144,384
Corporate bonds	1,653,679	756,407
International bonds	96,425	52,130
Other	13,350	44,370
 Total	 <u>\$ 29,298,343</u>	 <u>\$ 20,551,027</u>
 Consisting of:		
Operations and Board-designation	\$ 23,099,549	\$ 19,352,233
Restricted for perpetual endowment	6,198,794	1,198,794
 Total	 <u>\$ 29,298,343</u>	 <u>\$ 20,551,027</u>

Cash and cash equivalents and certificates of deposit are excluded from the fair value hierarchy.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that DOROT has access to.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from and corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology were unobservable and significant to the fair value measurement.

DOROT, Inc.

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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021 and 2020.

U.S. government obligations, common stocks, corporate and international bonds and equity exchange traded funds are valued based on prices on the exchanges on which they are traded.

Municipal obligations are valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual funds are valued at the daily closing price as reported by the fund. These are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to establish their daily net asset value and to transact at that price. These funds are deemed to be actively traded.

The following tables present the fair value hierarchy for assets of DOROT measured at fair value as of June 30, 2021 and 2020:

	Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 2,342,405	\$ -	\$ -	\$ 2,342,405
Municipal obligations	-	86,417	-	86,417
Common stocks	5,881,980	-	-	5,881,980
Mutual funds, domestic funds	17,731,733	-	-	17,731,733
Mutual funds, global funds	108,001	-	-	108,001
Corporate bonds	1,653,679	-	-	1,653,679
International bonds	96,425	-	-	96,425
Other	13,350	-	-	13,350
Total	\$ 27,827,573	\$ 86,417	\$ -	\$ 27,913,990

	Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 3,342,709	\$ -	\$ -	\$ 3,342,709
Municipal obligations	-	141,138	-	141,138
Equity exchange traded funds	6,895,260	-	-	6,895,260
Mutual funds, domestic funds	144,384	-	-	144,384
Mutual funds, global funds	756,407	-	-	756,407
Corporate bonds	52,130	-	-	52,130
Other	44,370	-	-	44,370
Total	\$ 11,235,260	\$ 141,138	\$ -	\$ 11,376,398

DOROT, Inc.

Notes to Financial Statements
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Investment revenue consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 313,448	\$ 420,999
Investment gain (net of fees of \$43,481 and \$6,001, respectively)	<u>3,210,131</u>	<u>128,070</u>
Investment revenue, net	<u>\$ 3,523,579</u>	<u>\$ 549,069</u>

6. Property and Equipment, Net

Property and equipment, net, consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,929,612	7,852,561
Furniture, fixtures and equipment	<u>2,065,935</u>	<u>1,869,972</u>
	10,310,547	10,037,533
Less accumulated depreciation	<u>8,056,543</u>	<u>7,522,186</u>
	<u>\$ 2,254,004</u>	<u>\$ 2,515,347</u>

7. Donor Restricted Endowment and Net Assets With Donor Restrictions

DOROT has a donor restricted endowment and net assets with donor restrictions. The following apply to the donor restricted endowment:

Interpretation of relevant law - The spending of endowment funds by a not-for-profit corporation in the State of New York is governed by the New York Prudent Management of Institutional Funds Act (NYPMIFA). DOROT has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post September 17, 2010 gifts, as allowing DOROT to appropriate for expenditure or accumulate earnings as DOROT determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, DOROT has classified as net assets with donor restrictions the original value of gifts donated to the endowment. The remaining portion of the donor restricted endowment fund that is not required to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by DOROT and, if purpose restricted, spent for the applicable purpose.

Spending policy - DOROT may spend earnings from the endowment fund annually to fund programs specified by the donors, or, if no purpose is specified, to fund operations.

Endowment investment policy - DOROT has adopted an investment policy for endowment assets that attempts to provide a predictable stream of returns that can be utilized toward operating programs, while seeking to maintain the purchasing power of the endowment assets. Each endowment is maintained in a separate investment account.

DOROT, Inc.Notes to Financial Statements
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The following represents the composition of endowment net assets by fund type as of June 30, 2021:

	<u>Original Gift</u>	<u>Accumulated Gains</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,594,463	\$ -	\$ 1,594,463
Donor restricted endowment funds	\$ 6,198,794	\$ -	\$ 6,198,794

The changes in endowment net assets were as follows for the year ended June 30, 2021:

	<u>Board-Designated</u>	<u>Net Assets With Donor Restrictions</u>
Endowment net assets, beginning	\$ 1,594,463	\$ 1,198,794
Contributions	-	5,000,000
Investment income	34,468	30,042
Transfer to net assets without donor restrictions	(34,468)	-
Appropriations	-	(30,042)
Endowment net assets, ending	<u>\$ 1,594,463</u>	<u>\$ 6,198,794</u>

The following represents the composition of endowment net assets by fund type as of June 30, 2020:

	<u>Original Gift</u>	<u>Accumulated Gains</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,594,463	\$ -	\$ 1,594,463
Donor restricted endowment funds	\$ 1,198,794	\$ -	\$ 1,198,794

The changes in endowment net assets were as follows for the year ended June 30, 2020:

	<u>Board-Designated</u>	<u>Net Assets With Donor Restrictions</u>
Endowment net assets, beginning	\$ 1,594,463	\$ 1,198,794
Investment income	33,803	22,276
Transfer to net assets without donor restrictions	(33,803)	-
Appropriations	-	(22,276)
Endowment net assets, ending	<u>\$ 1,594,463</u>	<u>\$ 1,198,794</u>

The composition of net assets restricted in perpetuity was as follows as of June 30:

	<u>2021</u>	<u>2020</u>
The Jack and Selma Bernstein Endowment Fund	\$ 5,000,000	\$ -
Ullendorf Memorial Foundation Afternoon Concerts with Friends	300,000	300,000
The Bella and Harry Wexner Endowment	180,000	180,000
The Polonsky Family Emergency Fund of DOROT	202,387	202,387
The S. Begun Special Meal Program Endowment	516,407	516,407
Total	<u>\$ 6,198,794</u>	<u>\$ 1,198,794</u>

DOROT, Inc.Notes to Financial Statements
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The composition of Board-designated endowment net assets as of June 30:

	<u>2021</u>	<u>2020</u>
Cash Relief Fund	\$ 157,505	\$ 157,505
Friendly Visiting Program	45,000	45,000
Homelessness Prevention Program	200,000	200,000
Merrin Institute	180,000	180,000
General Operating	347,300	347,300
Kosher Meals for the Homebound	25,453	25,453
Chanukah Package Delivery	87,435	87,435
Simcha Fund	90,000	90,000
Tu-Bshevat	5,653	5,653
University Without Walls	456,117	456,117
	<u>\$ 1,594,463</u>	<u>\$ 1,594,463</u>

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted for the following as of June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 54,000	\$ 199,000
Homelessness Prevention Program Reserve	1,225,707	1,567,895
Kosher Meals for the Homebound	-	275,000
Partners in Caring	1,769	6,375
DOROT, Westchester Program	600	600
Friendly Visiting Program	-	129,000
Friendly Visiting Program, Holocaust	5,250	5,250
University Without Walls	-	42,500
Reserve for Building Maintenance	108,590	108,590
Health and Wellness	500	12,500
Volunteer and Youth Services	3,000	3,000
Volunteer and Service Enterprise	39,500	42,625
Volunteer and Jewish Learning	5,000	5,000
Lasting Impressions	700,000	718,690
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	343,685	408,685
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	140,000	175,000
Unspent appropriated endowment earnings	3,200	3,200
	<u>2,630,801</u>	<u>3,702,910</u>
Total purpose restricted		
Time restricted, general support	180,000	555,000
Endowment held in perpetuity	6,198,794	1,198,794
	<u>\$ 9,009,595</u>	<u>\$ 5,456,704</u>
Total net assets with donor restrictions		

DOROT, Inc.

Notes to Financial Statements
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During 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 145,000	\$ 66,000
Homelessness Prevention Program Reserve	342,188	409,734
Kosher Meals for the Homebound	285,000	260,000
Health and Wellness	12,500	-
Volunteer and Service Enterprise	42,625	135,000
Volunteer and Jewish Learning	-	11,250
Lasting Impressions	18,690	114,000
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	35,000	35,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	65,000	65,000
Partners in Caring	6,375	64,875
Friendly Visiting Program	129,000	104,000
Friendly Visiting Program, Holocaust	-	47,250
University Without Walls	42,500	30,000
Total purpose restricted	<u>1,123,878</u>	<u>1,342,109</u>
Time restricted, general support	555,000	149,116
Appropriations	30,042	22,276
Total net assets released from donor restrictions	<u>\$ 1,708,920</u>	<u>\$ 1,513,501</u>

9. Charitable Gift Annuities and Trusts

DOROT has a gift annuity and trust program. Under this program, the gift annuity liability is recorded at the present value of the estimated future payments expected to be made to the gift annuitant. As of June 30, 2021 and 2020, the gift annuity liability amounted to \$95,343 and \$107,941, respectively.

10. Pension

A defined contribution plan, as defined by IRC Section 403(b), is offered to all full-time employees of DOROT. DOROT's contributions to the Plan are discretionary. For the years ended June 30, 2021 and 2020, the expense associated with the Plan totaled \$176,872 and \$152,564, respectively.

11. Allocation of Joint Costs

During the years ended June 30, 2021 and 2020, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows for the years ended:

	<u>2021</u>	<u>2020</u>
Programs	\$ 222,206	\$ 216,225
Management and general	20,265	19,525
Fundraising	201,940	196,699
Total	<u>\$ 444,411</u>	<u>\$ 432,449</u>

DOROT, Inc.

Notes to Financial Statements
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12. Concentrations of Credit Risk

DOROT's financial instruments that are potentially exposed to concentrations of credit risk consist principally of cash, cash equivalents, receivables and investments. DOROT places its cash and cash equivalents with what it believes to be qualified financial institutions. DOROT routinely assesses the collectability of its pledges and grants receivable. At times, certain of DOROT's cash balances exceeded the FDIC insurance limit. DOROT invests primarily in securities issued by the U.S. Government and municipal obligations, certificates of deposit and mutual funds. Investments are exposed to various risks such as interest rate, market volatility, credit and liquidity risks. Due to the level of uncertainty related to changes in interest rates, market volatility, credit and liquidity risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statements of financial position. DOROT believes its concentration of credit risk with respect to its cash, cash equivalents, receivables and investments is limited.

13. Commitments and Contingencies

Leases

DOROT occupies premises under leases which expire on various dates through 2029. Rent expense for the years ended June 30, 2021 and 2020 approximated \$332,000, and \$326,000, respectively.

Years ending June 30:

2022	\$	338,000
2023		345,000
2024		353,000
2025		190,000
2026		180,000
Thereafter		<u>483,000</u>
Total	\$	<u>1,889,000</u>