

DOROT, Inc.

Financial Statements

June 30, 2022 and 2021

DOROT, Inc.

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Independent Auditors' Report

To the Board of Directors of
DOROT, Inc.

Opinion

We have audited the financial statements of DOROT, Inc. (DOROT), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DOROT as of June 30, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 DOROT 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 DOROT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 DOROT'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 DOROT'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.

Baker Tilly US, LLP

Uniondale, New York
November 30, 2022

DOROT, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,182,798	\$ 1,980,011
Investments	16,758,789	23,099,549
Pledges and grants receivable	1,719,322	698,120
Accounts receivable	34,820	15,302
Prepaid expenses and other assets	147,211	194,365
	<hr/>	<hr/>
Total current assets	19,842,940	25,987,347
Security Deposits	28,000	36,266
Pledges and Grants Receivable, Long-Term, Net	901,964	583,580
Investments, Perpetual Endowment	6,198,794	6,198,794
Property and Equipment, Net	1,967,077	2,254,004
	<hr/>	<hr/>
Total assets	<u>\$ 28,938,775</u>	<u>\$ 35,059,991</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 256,238	\$ 466,155
Accrued vacation pay	283,124	293,077
Current portion of charitable gift annuities and trusts	23,448	23,448
	<hr/>	<hr/>
Total current liabilities	562,810	782,680
Charitable Gift Annuities and Trusts, Long-Term	66,680	71,895
	<hr/>	<hr/>
Total liabilities	629,490	854,575
Net Assets		
Net assets without donor restrictions	18,361,293	25,195,821
Net assets with donor restrictions	9,947,992	9,009,595
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Total net assets	28,309,285	34,205,416
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Total liabilities and net assets	<u>\$ 28,938,775</u>	<u>\$ 35,059,991</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022	2021
Public Support and Revenue				
Private gifts and grants	\$ 5,234,023	\$ 1,691,448	\$ 6,925,471	\$ 7,118,729
Bequests and legacies	1,748,197	-	1,748,197	6,267,765
Government grants	259,044	-	259,044	206,512
UJA/Federation of Jewish Philanthropies of New York, Inc.	216,432	243,638	460,070	434,325
Special event revenue, net of direct expenses of \$56,279 in 2022	520,032	-	520,032	449,695
Contributed nonfinancial assets	141,640	-	141,640	207,410
Other income	24,507	-	24,507	-
Investment revenue, net	(4,345,778)	265,360	(4,080,418)	3,523,579
Net assets released from donor restrictions	1,262,049	(1,262,049)	-	-
Total public support and revenue	5,060,146	938,397	5,998,543	18,208,015
Expenses				
Program services:				
Socialization services	3,381,305	-	3,381,305	2,844,272
Concrete services	2,140,675	-	2,140,675	2,637,986
Education services	1,667,001	-	1,667,001	1,338,233
Community services	2,260,516	-	2,260,516	2,115,145
Total program services	9,449,497	-	9,449,497	8,935,636
Supporting services:				
Management and general	1,192,763	-	1,192,763	982,945
Fundraising	1,252,414	-	1,252,414	836,282
Total supporting services	2,445,177	-	2,445,177	1,819,227
Total expenses	11,894,674	-	11,894,674	10,754,863
Change in net assets	(6,834,528)	938,397	(5,896,131)	7,453,152
Net Assets, Beginning	25,195,821	9,009,595	34,205,416	26,752,264
Net Assets, Ending	\$ 18,361,293	\$ 9,947,992	\$ 28,309,285	\$ 34,205,416

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public Support and Revenue			
Private gifts and grants	\$ 7,118,729	\$ -	\$ 7,118,729
Bequests and legacies	1,267,765	5,000,000	6,267,765
Government grants	206,512	-	206,512
UJA/Federation of Jewish Philanthropies of New York, Inc.	202,556	231,769	434,325
Special event revenue, net of direct expenses of \$20,400 in 2021	449,695	-	449,695
Contributed nonfinancial assets	207,410	-	207,410
Investment revenue, net	3,493,537	30,042	3,523,579
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
Expenses			
Program services:			
Socialization services	2,844,272	-	2,844,272
Concrete services	2,637,986	-	2,637,986
Education services	1,338,233	-	1,338,233
Community services	2,115,145	-	2,115,145
Total program services	8,935,636	-	8,935,636
Supporting services:			
Management and general	982,945	-	982,945
Fundraising	836,282	-	836,282
Total supporting services	1,819,227	-	1,819,227
Total expenses	10,754,863	-	10,754,863
Change in net assets	3,900,261	3,552,891	7,453,152
Net Assets, Beginning	21,295,560	5,456,704	26,752,264
Net Assets, Ending	\$ 25,195,821	\$ 9,009,595	\$ 34,205,416

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries and payroll taxes	\$ 2,011,545	\$ 1,014,518	\$ 996,354	\$ 1,375,789	\$ 5,398,206	\$ 708,414	\$ 620,955	\$ 6,727,575	\$ 6,296,123
Employee benefits	208,006	104,907	103,029	142,265	558,207	73,254	64,211	695,672	681,476
Telephone	10,897	7,459	31,658	4,282	54,296	2,202	2,126	58,624	57,650
Postage and printing	66,851	33,716	33,113	45,723	179,403	23,543	131,418	334,364	300,785
Transportation	11,438	4,023	1,198	3,234	19,893	339	321	20,553	10,210
Client food and delivery	5,326	347,434	-	1,194	353,954	-	-	353,954	457,562
Supplies and equipment	29,999	28,116	15,911	19,373	93,399	7,791	6,371	107,561	79,353
Repairs and maintenance	67,528	41,135	32,368	39,427	180,458	20,905	20,246	221,609	190,904
Site rental	87,585	122,439	25,673	32,594	268,291	18,586	11,565	298,442	331,675
Outside services	455,135	229,546	225,436	311,288	1,221,405	172,913	248,242	1,642,560	1,120,536
Community outreach	11,384	1,230	82	11,524	24,220	14,663	24,458	63,341	49,757
Staff development and training	48,084	26,000	22,553	29,020	125,657	16,248	12,394	154,299	28,931
Utilities	21,734	10,961	10,766	14,865	58,326	7,654	6,711	72,691	62,771
Insurance	71,801	36,213	35,564	49,108	192,686	25,286	22,164	240,136	227,415
Service fees and other	52,394	26,425	25,951	35,834	140,604	18,452	16,015	175,071	106,658
Contributed nonfinancial assets	46,210	18,096	20,472	25,040	109,818	20,746	11,076	141,640	207,410
Subtotal before depreciation	3,205,917	2,052,218	1,580,128	2,140,560	8,978,823	1,130,996	1,198,273	11,308,092	10,209,216
Depreciation	175,388	88,457	86,873	119,956	470,674	61,767	54,141	586,582	545,647
Total expenses	<u>\$ 3,381,305</u>	<u>\$ 2,140,675</u>	<u>\$ 1,667,001</u>	<u>\$ 2,260,516</u>	<u>\$ 9,449,497</u>	<u>\$ 1,192,763</u>	<u>\$ 1,252,414</u>	<u>\$ 11,894,674</u>	<u>\$ 10,754,863</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Socialization Services</u>	<u>Concrete Services</u>	<u>Education Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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
Employee benefits	194,902	145,427	91,590	148,562	580,481	56,358	44,637	681,476
Telephone	12,244	7,989	30,274	4,383	54,890	1,661	1,099	57,650
Postage and printing	56,354	42,049	26,483	42,955	167,841	16,295	116,649	300,785
Transportation	2,920	2,179	1,372	2,226	8,697	844	669	10,210
Client food and delivery	35,641	419,684	-	2,237	457,562	-	-	457,562
Supplies and equipment	22,695	16,934	10,665	17,299	67,593	6,562	5,198	79,353
Repairs and maintenance	54,599	40,739	25,657	41,617	162,612	15,788	12,504	190,904
Site rental	79,741	163,652	22,993	37,295	303,681	16,788	11,206	331,675
Outside services	292,427	218,196	137,420	222,899	870,942	84,558	165,036	1,120,536
Community outreach	14,231	10,618	6,687	10,847	42,383	4,115	3,259	49,757
Staff development and training	8,274	6,174	3,888	6,307	24,643	2,393	1,895	28,931
Utilities	17,953	13,395	8,436	13,684	53,468	5,191	4,112	62,771
Insurance	65,041	48,530	30,565	49,576	193,712	18,807	14,896	227,415
Service fees and other	30,504	22,761	14,335	23,252	90,852	8,820	6,986	106,658
Contributed nonfinancial assets	-	19,625	8,334	500	28,459	178,951	-	207,410
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
Depreciation	156,055	116,441	73,335	118,951	464,782	45,125	35,740	545,647
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>

See notes to financial statements

DOROT, Inc.Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (5,896,131)	\$ 7,453,152
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	586,582	545,647
Contributions restricted for endowment	-	(5,000,000)
Realized and unrealized loss (gain) on investments, net	4,383,912	(3,210,131)
Change in charitable gift annuities and trusts liability	18,233	12,432
Change in discount on pledges and grants receivable	94,115	1,151
(Increase) decrease in current assets:		
Pledges and grants receivable	(1,433,701)	1,319,179
Accounts receivable	(19,518)	15,291
Prepaid expenses and other assets	47,154	(68,364)
Security deposits	8,266	-
Increase in operating liabilities:		
Accounts payable and accrued expenses	(209,917)	211,350
Accrued vacation pay	(9,953)	(51,795)
Net cash flows from operating activities	<u>(2,430,958)</u>	<u>1,227,912</u>
Cash Flows From Investing Activities		
Additions to property and equipment	(299,655)	(284,304)
Purchase of investments	(5,153,381)	(24,859,637)
Proceeds from the sale and maturity of investments	7,110,229	19,322,452
Net cash flows from investing activities	<u>1,657,193</u>	<u>(5,821,489)</u>
Cash Flows From Financing Activities		
Contributions restricted for endowment	-	5,000,000
Payments to annuitants	(23,448)	(25,030)
Net cash flows from financing activities	<u>(23,448)</u>	<u>4,974,970</u>
Net change in cash and cash equivalents	(797,213)	381,393
Cash and Cash Equivalents, Beginning	<u>1,980,011</u>	<u>1,598,618</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,182,798</u>	<u>\$ 1,980,011</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 and loneliness among older adults and provides services to help them to 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 and virtual Onsite at Home program. Included within the programs service centers are:

Socialization Services connect older adults to peers and younger generations to enhance quality of life, reduce social isolation, and create larger community bonds. DOROT's Friendly Visiting and Caring Calls programs match compassionate volunteers with older adults for weekly/monthly meetings and conversations at home or virtually. Through Caring Calls social workers support older adult-volunteer matches throughout their relationship, providing guidance and referrals to other services.

DOROT runs a wide range of online group offerings through Onsite at Home, including health, wellness, and exercise; Legacy projects; current events classes; and arts and cultural programming. Through longstanding synagogue partnerships, DOROT social workers support older congregants, guide caregivers, inspire an ethic of volunteerism, and advise pastoral staff about resources for the aging. DOROT Westchester offers volunteer visiting and educational services to older adult Westchester residents.

Concrete Services help older adults live independently in the community. Kosher Meals at Home (KMH) delivers weekly nutritious frozen kosher meals to home-based older adults who have difficulty shopping or cooking. The KMH Coordinator and social work interns ensure participants' needs are met by providing critical, life-enhancing case assistance. We deliver emergency meals upon discharge from the hospital or the unexpected absence of a caregiver.

Through four annual Package Delivery programs, volunteers bring packages of holiday food, treats, and essentials to home-based older adults and enjoy a friendly visit either over the phone or in the home. DOROT social workers follow-up on any unmet needs.

The Homelessness Prevention Program (HPP) provides safe transitional housing, food, and ongoing counseling to homeless older adults, and relocates them into affordable permanent homes. DOROT's Board of Directors and senior staff made the difficult decision to phase out the residential portion of the HPP by March 2022. This decision was based on the fact that maintaining the program is extremely expensive while the number of older adults we are able to serve has significantly declined in recent years.

Education Services alleviates isolation by enabling older adults, caregivers, and professionals to participate in classes and support groups. University Without Walls offers educational and cultural courses, support groups, and holiday celebrations via teleconference and online to older adults throughout the country. Russian University Without Walls offers Russian-speaking older adults 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.

Through Tech Coaching, trained volunteers offer one-on-one assistance to late technology adopters to help them master computer skills. Tech Coaches teach older adults how to connect with family and friends virtually, participate in online classes, and access essential services over the internet. Families can download technology guides from the DOROT website to help teach parents and grandparents to use a laptop, smartphone and other devices.

Community Services alleviates social isolation and brings the generations together through enriching programs. DOROT's Response Team volunteer corps provides older adults with one-time services such as birthday visits and calls, helps with errands and household tasks such as returning library books, organizing paperwork, and taking neighborhood walks, thus decreasing social isolation and offering concrete assistance. Volunteers share older adults' concerns with social workers so that DOROT can connect them to resources and professional support and promote aging in place. 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.

Bringing the generations together is a high priority for DOROT and a wide range of intergenerational programs are offered that bring older adults and volunteers together to form lasting relationships. Key programs include our teen and college internship programs, family volunteering, art, music and current events workshops, Lasting Impressions Legacy programs, and many others. During 2022, over 6,000 compassionate volunteers provided older adults with a range of services and social interaction

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, which contain both a barrier and a right of return or release, 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.

Contributed Nonfinancial Assets

DOROT receives contributed nonfinancial assets consisting of advertising, food, supplies, professional services and licenses and web support. Such contributed nonfinancial assets are recorded at fair value. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

DOROT relies extensively upon the utilization of volunteers to carry out its program and supporting services. Management estimates that volunteers contributed approximately 49,000 hours during the 2022 fiscal year and 44,000 hours during the 2021 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, 2022, there was a direct benefit to donors in the amount of \$56,279. For the year ended June 30, 2021, there was a direct benefit to donors in the amount of \$20,400.

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, 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, 2022 and 2021.

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, 2022, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

DOROT, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

Reclassifications

Certain 2021 amounts have been reclassified to conform with the 2022 presentation. Such reclassifications had no effect on the reported changes in net assets.

Recent Accounting Pronouncements

During 2022, DOROT adopted Accounting Standards Update (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. DOROT has adjusted the presentation of these financial statements accordingly. ASU 2020-07 has been applied retrospectively to all periods presented.

In February 2016, the FASB issued 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.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,182,798	\$ 1,980,011
Investments, current portion	16,758,789	23,099,549
Accounts receivable	34,820	15,302
Pledges and grants receivable, current portion	<u>1,719,322</u>	<u>698,120</u>
Total financial assets	19,695,729	25,792,982
Less Board-designated	1,594,463	1,594,463
Less donor restricted amounts	3,749,198	2,810,801
Less annuity obligations	<u>90,128</u>	<u>95,343</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,261,940</u>	<u>\$ 21,292,375</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.

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3. Pledges and Grants Receivable

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

	<u>2022</u>	<u>2021</u>
Amounts due in:		
One year	\$ 1,719,322	\$ 698,120
Two to five years	1,012,499	600,000
Less discount to net present value	<u>110,535</u>	<u>16,420</u>
Total pledges and grants receivable	<u>\$ 2,621,286</u>	<u>\$ 1,281,700</u>

Amounts that are expected to be collected after one year have been discounted at rates ranging from 2.92% to 3.04% and 0.07% to 0.87% as of June 30, 2022 and 2021, respectively.

4. Conditional Grant

On January 20, 2022, DOROT received a conditional grant with a matching provision to be utilized for services related to Person-Centered, Trauma-Informed Supportive Services for Holocaust Survivors, Older Adults with a History of Trauma and Their Family Caregivers. The two-year grant, which terminates on February 24, 2024, grants DOROT \$120,000 for each year, provided they meet the annual \$40,000 minimum matching requirement. During the year ended June 30, 2022, DOROT raised \$40,000 of matching funds.

5. Investments and Fair Value

Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 156,181	\$ 131,729
U.S. government obligations	2,819,251	2,342,405
Certificates of deposit	25,005	1,252,624
Municipal obligations	68,132	86,417
Common stocks	4,370,869	5,881,980
Mutual funds:		
Domestic funds	14,201,805	17,731,733
Global funds	-	108,001
Corporate bonds	1,207,707	1,653,679
International bonds	108,633	96,425
Other	<u>-</u>	<u>13,350</u>
Total	<u>\$ 22,957,583</u>	<u>\$ 29,298,343</u>
Consisting of:		
Operations and Board-designation	\$ 16,758,789	\$ 23,099,549
Restricted for perpetual endowment	<u>6,198,794</u>	<u>6,198,794</u>
Total	<u>\$ 22,957,583</u>	<u>\$ 29,298,343</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.

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, 2022 and 2021.

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.

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The following tables present the fair value hierarchy for assets of DOROT measured at fair value as of June 30, 2022 and 2021:

	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 2,819,251	\$ -	\$ -	\$ 2,819,251
Municipal obligations	-	68,132	-	68,132
Common stocks	4,370,869	-	-	4,370,869
Mutual funds, domestic funds	14,201,805	-	-	14,201,805
Corporate bonds	1,207,707	-	-	1,207,707
International bonds	108,633	-	-	108,633
Total	<u>\$ 22,708,265</u>	<u>\$ 68,132</u>	<u>\$ -</u>	<u>\$ 22,776,397</u>

	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	<u>\$ 27,827,573</u>	<u>\$ 86,417</u>	<u>\$ -</u>	<u>\$ 27,913,990</u>

Investment revenue consists of the following as of June 30:

	2022	2021
Interest and dividend income	\$ 303,494	\$ 313,448
Investment (loss) gain (net of fees of \$82,227 and \$43,481, respectively)	(4,383,912)	3,210,131
Investment revenue, net	<u>\$ (4,080,418)</u>	<u>\$ 3,523,579</u>

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6. Property and Equipment, Net

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

	<u>2022</u>	<u>2021</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,783,356	7,929,612
Furniture, fixtures and equipment	<u>1,153,942</u>	<u>2,065,935</u>
Total property and equipment	9,252,298	10,310,547
Less accumulated depreciation	<u>7,285,221</u>	<u>8,056,543</u>
Property and equipment, net	<u>\$ 1,967,077</u>	<u>\$ 2,254,004</u>

7. Donor Restricted Endowment and Board Designated Net Assets

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.

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The following represents the composition of endowment net assets by fund type as of June 30, 2022:

	<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, 2022:

	<u>Board-Designated</u>	<u>Net Assets With Donor Restrictions</u>
Endowment net assets, beginning	\$ 1,594,463	\$ 6,198,794
Investment income	17,858	265,360
Transfer to net assets without donor restrictions	(17,858)	-
Appropriations	-	(265,360)
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, 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 composition of net assets restricted in perpetuity was as follows as of June 30:

	<u>2022</u>	<u>2021</u>
The Jack and Selma Bernstein Endowment Fund	\$ 5,000,000	\$ 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>\$ 6,198,794</u>

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The composition of Board-designated endowment net assets as of June 30:

	<u>2022</u>	<u>2021</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>2022</u>	<u>2021</u>
Purpose restricted:		
Homelessness Prevention Program	\$ -	\$ 54,000
Homelessness Prevention Program Reserve	725,637	1,225,707
Kosher Meals for the Homebound	575,000	-
Partners in Caring	-	1,769
DOROT, Westchester Program	-	600
Friendly Visiting Program	227,738	-
Friendly Visiting Program, Holocaust	-	5,250
University Without Walls	125,000	-
Reserve for Building Maintenance	108,590	108,590
Health and Wellness	-	500
Volunteer and Youth Services	15,150	3,000
Volunteer and Service Enterprise	19,500	39,500
Volunteer and Jewish Learning	-	5,000
Lasting Impressions	610,000	700,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	278,685	343,685
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	105,000	140,000
Low Income Initiative	100,000	-
LGBT - Social Connection	23,750	-
Cemetery Visits	3,600	-
Volunteer Services	10,500	-
Door to Door	32,848	-
Virtual Circles	125,000	-
Internships	50,000	-
PCTI	30,000	-
Unspent appropriated endowment earnings	3,200	3,200
Total purpose restricted	3,169,198	2,630,801
Time restricted, general support	580,000	180,000
Endowment held in perpetuity	6,198,794	6,198,794
Total net assets with donor restrictions	<u>\$ 9,947,992</u>	<u>\$ 9,009,595</u>

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During 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 54,000	\$ 145,000
Homelessness Prevention Program Reserve	500,070	342,188
Kosher Meals for the Homebound	10,000	285,000
DOROT, Westchester Program	600	-
Health and Wellness	500	12,500
Volunteer and Service Enterprise	39,500	42,625
Volunteer and Jewish Learning	5,000	-
Lasting Impressions	100,000	18,690
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	1,769	6,375
Friendly Visiting Program	-	129,000
Friendly Visiting Program, Holocaust	5,250	-
University Without Walls	-	42,500
	<u>816,689</u>	<u>1,123,878</u>
Total purpose restricted		
Time restricted, general support	180,000	555,000
Appropriations	265,360	30,042
	<u>445,360</u>	<u>585,042</u>
Total net assets released from donor restrictions	<u>\$ 1,262,049</u>	<u>\$ 1,708,920</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, 2022 and 2021, the gift annuity liability amounted to \$90,128 and \$95,343, respectively.

10. Pension

A defined contribution plan, as defined by IRC Section 403(b) (the Plan), is offered to all full-time employees of DOROT. DOROT's contributions to the Plan are discretionary. For the years ended June 30, 2022 and 2021, the expense associated with the Plan totaled \$187,798 and \$176,872, respectively.

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11. Allocation of Joint Costs

For the years ended June 30, 2022 and 2021, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Programs	\$ 238,652	\$ 222,206
Management and general	25,130	20,265
Fundraising	<u>213,521</u>	<u>201,940</u>
Total	<u>\$ 477,303</u>	<u>\$ 444,411</u>

12. Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities and change in net assets consisted of the following:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 120,000	\$ 120,700
Food	9,580	19,625
Supplies	1,250	500
Professional Services	2,700	55,595
Licenses and Web Support	<u>8,110</u>	<u>10,990</u>
Total	<u>\$ 141,640</u>	<u>\$ 207,410</u>

The contributed advertising is used for programmatic and administrative activities. Fair value of the donated advertising is based on values provided by the vendors.

Contributed food and supplies were utilized for programmatic purposes. Contributed supplies were comprised of household goods and event tickets. For food and supplies, fair value was based on purchase price for similar items.

Contributed professional services consisted of 14 and 124 hours in 2022 and 2021, respectively. The professional services recognized comprise professional services from various professionals who provide educational courses for the University Without Walls program, attorneys advising DOROT on various administrative legal matters, and architects provided services for administrative purposes. Contributed services are valued based on current rates for similar services.

DOROT utilized licenses and web support for administrative purposes. Fair value of the donated advertising was based on values provided by the vendors.

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13. 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.

14. Commitments and Contingencies

Leases

DOROT occupies premises under leases which expire on various dates through 2029. Rent expense for the years ended June 30, 2022 and 2021 approximated \$298,000 and \$332,000, respectively.

Years ending June 30:		
2023	\$	210,000
2024		215,000
2025		49,000
2026		34,000
2027		35,000
Thereafter		<u>57,000</u>
Total	\$	<u><u>600,000</u></u>

15. Related-Party Transactions

For the year ended June 30, 2022, DOROT received contributions in the amount of \$549,198 from its board of directors.