

DOROT, Inc.

Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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.

Emphasis of Matter

As described in Note 1 to the financial statements, on July 1, 2022, DOROT adopted Accounting Standards Codification Topic 842 as required by the Accounting Standards Update 2016-02, *Leases (Topic 842)* and its related amendments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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
December 13, 2023

DOROT, Inc.Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 626,456	\$ 1,182,798
Investments	17,126,844	16,758,789
Pledges and grants receivable	2,902,012	1,719,322
Accounts receivable	14,708	34,820
Prepaid expenses and other assets	229,738	147,211
	<hr/>	<hr/>
Total current assets	20,899,758	19,842,940
Security Deposits	28,000	28,000
Pledges and Grants Receivable, Long-Term, Net	503,276	901,964
Investments, Perpetual Endowment	5,965,372	6,198,794
Right-of-Use Assets, Operating Leases	1,325,475	-
Property and Equipment, Net	1,581,608	1,967,077
	<hr/>	<hr/>
Total assets	<u>\$ 30,303,489</u>	<u>\$ 28,938,775</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 387,644	\$ 256,238
Accrued vacation pay	309,891	283,124
Current portion of charitable gift annuities and trusts	22,569	23,448
Current portion of operating lease liabilities	193,417	-
	<hr/>	<hr/>
Total current liabilities	913,521	562,810
Charitable Gift Annuities and Trusts, Long-Term	62,545	66,680
Operating Lease Liabilities	1,198,700	-
	<hr/>	<hr/>
Total liabilities	<u>2,174,766</u>	<u>629,490</u>
Net Assets		
Net assets without donor restrictions	17,653,885	18,361,293
Net assets with donor restrictions	10,474,838	9,947,992
	<hr/>	<hr/>
Total net assets	<u>28,128,723</u>	<u>28,309,285</u>
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Total liabilities and net assets	<u>\$ 30,303,489</u>	<u>\$ 28,938,775</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2023	2022
Public Support and Revenue				
Private gifts and grants	\$ 4,692,298	\$ 715,400	\$ 5,407,698	\$ 6,925,471
Bequests and legacies	1,328,001	1,345,711	2,673,712	1,748,197
Government grants	176,828	100,000	276,828	259,044
UJA/Federation of Jewish Philanthropies of New York, Inc.	166,853	231,743	398,596	460,070
Special event revenue, net of direct expenses of \$63,730 in 2023	596,951	-	596,951	520,032
Contributed nonfinancial assets	164,719	-	164,719	141,640
Other income	63,694	-	63,694	24,507
Investment revenue, net	1,894,212	295,308	2,189,520	(4,080,418)
Net assets released from donor restrictions	2,161,316	(2,161,316)	-	-
Total public support and revenue	<u>11,244,872</u>	<u>526,846</u>	<u>11,771,718</u>	<u>5,998,543</u>
Expenses				
Program services:				
Socialization services	3,430,056	-	3,430,056	3,381,305
Concrete services	1,346,434	-	1,346,434	2,140,675
Education services	1,643,544	-	1,643,544	1,667,001
Community services	2,822,998	-	2,822,998	2,260,516
Total program services	<u>9,243,032</u>	<u>-</u>	<u>9,243,032</u>	<u>9,449,497</u>
Supporting services:				
Management and general	1,481,698	-	1,481,698	1,192,763
Fundraising	1,173,430	-	1,173,430	1,252,414
Total supporting services	<u>2,655,128</u>	<u>-</u>	<u>2,655,128</u>	<u>2,445,177</u>
Total expenses	<u>11,898,160</u>	<u>-</u>	<u>11,898,160</u>	<u>11,894,674</u>
Change in net assets	(653,288)	526,846	(126,442)	(5,896,131)
Net Assets, Beginning	<u>18,307,173</u>	<u>9,947,992</u>	<u>28,255,165</u>	<u>34,205,416</u>
Net Assets, Ending	<u>\$ 17,653,885</u>	<u>\$ 10,474,838</u>	<u>\$ 28,128,723</u>	<u>\$ 28,309,285</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public Support and Revenue			
Private gifts and grants	\$ 5,234,023	\$ 1,691,448	\$ 6,925,471
Bequests and legacies	1,748,197	-	1,748,197
Government grants	259,044	-	259,044
UJA/Federation of Jewish Philanthropies of New York, Inc.	216,432	243,638	460,070
Special event revenue, net of direct expenses of \$56,279 in 2022	520,032	-	520,032
Contributed nonfinancial assets	141,640	-	141,640
Other income	24,507	-	24,507
Investment revenue, net	(4,345,778)	265,360	(4,080,418)
Net assets released from donor restrictions	1,262,049	(1,262,049)	-
	<u>5,060,146</u>	<u>938,397</u>	<u>5,998,543</u>
Expenses			
Program services:			
Socialization services	3,381,305	-	3,381,305
Concrete services	2,140,675	-	2,140,675
Education services	1,667,001	-	1,667,001
Community services	2,260,516	-	2,260,516
	<u>9,449,497</u>	<u>-</u>	<u>9,449,497</u>
Supporting services:			
Management and general	1,192,763	-	1,192,763
Fundraising	1,252,414	-	1,252,414
	<u>2,445,177</u>	<u>-</u>	<u>2,445,177</u>
Total supporting services	<u>2,445,177</u>	<u>-</u>	<u>2,445,177</u>
Total expenses	<u>11,894,674</u>	<u>-</u>	<u>11,894,674</u>
Change in net assets	(6,834,528)	938,397	(5,896,131)
Net Assets, Beginning	<u>25,195,821</u>	<u>9,009,595</u>	<u>34,205,416</u>
Net Assets, Ending	<u>\$ 18,361,293</u>	<u>\$ 9,947,992</u>	<u>\$ 28,309,285</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries and payroll taxes	\$ 1,953,011	\$ 587,089	\$ 951,467	\$ 1,632,781	\$ 5,124,348	\$ 915,886	\$ 548,873	\$ 6,589,107	\$ 6,727,575
Employee benefits	228,159	68,586	111,154	190,748	598,647	106,998	64,122	769,767	695,672
Telephone	12,477	2,302	14,590	5,972	35,341	2,008	3,350	40,699	58,624
Postage and printing	62,749	18,863	30,570	52,460	164,642	53,563	129,531	347,736	334,364
Transportation	33,487	1,858	2,426	5,274	43,045	1,019	1,700	45,764	20,553
Client food and delivery	5,898	335,253	-	1,730	342,881	-	-	342,881	353,954
Supplies and equipment	50,181	16,862	24,736	42,998	134,777	12,902	21,528	169,207	107,561
Repairs and maintenance	55,154	16,339	26,920	45,442	143,855	15,276	25,490	184,621	221,609
Site rental	87,612	20,205	26,673	45,769	180,259	29,826	26,050	236,135	298,442
Outside services	453,167	136,225	220,773	378,862	1,189,027	212,517	127,358	1,528,902	1,642,560
Community outreach	33,806	7,356	13,371	44,326	98,859	5,028	14,047	117,934	63,341
Staff development and training	132,788	38,947	64,390	111,119	347,244	36,411	60,758	444,413	154,299
Utilities	20,513	6,050	9,806	16,826	53,195	5,656	9,439	68,290	72,691
Insurance	71,124	21,380	34,650	56,462	183,616	19,989	33,355	236,960	240,136
Service fees and other	37,908	11,396	18,469	31,693	99,466	10,654	17,778	127,898	175,071
Contributed nonfinancial assets	48,823	14,676	23,785	40,817	128,101	13,721	22,897	164,719	141,640
Subtotal before depreciation	3,286,857	1,303,387	1,573,780	2,703,279	8,867,303	1,441,454	1,106,276	11,415,033	11,308,092
Depreciation	143,199	43,047	69,764	119,719	375,729	40,244	67,154	483,127	586,582
Total expenses	<u>\$ 3,430,056</u>	<u>\$ 1,346,434</u>	<u>\$ 1,643,544</u>	<u>\$ 2,822,998</u>	<u>\$ 9,243,032</u>	<u>\$ 1,481,698</u>	<u>\$ 1,173,430</u>	<u>\$ 11,898,160</u>	<u>\$ 11,894,674</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	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
Employee benefits	208,006	104,907	103,029	142,265	558,207	73,254	64,211	695,672
Telephone	10,897	7,459	31,658	4,282	54,296	2,202	2,126	58,624
Postage and printing	66,851	33,716	33,113	45,723	179,403	23,543	131,418	334,364
Transportation	11,438	4,023	1,198	3,234	19,893	339	321	20,553
Client food and delivery	5,326	347,434	-	1,194	353,954	-	-	353,954
Supplies and equipment	29,999	28,116	15,911	19,373	93,399	7,791	6,371	107,561
Repairs and maintenance	67,528	41,135	32,368	39,427	180,458	20,905	20,246	221,609
Site rental	87,585	122,439	25,673	32,594	268,291	18,586	11,565	298,442
Outside services	455,135	229,546	225,436	311,288	1,221,405	172,913	248,242	1,642,560
Community outreach	11,384	1,230	82	11,524	24,220	14,663	24,458	63,341
Staff development and training	48,084	26,000	22,553	29,020	125,657	16,248	12,394	154,299
Utilities	21,734	10,961	10,766	14,865	58,326	7,654	6,711	72,691
Insurance	71,801	36,213	35,564	49,108	192,686	25,286	22,164	240,136
Service fees and other	52,394	26,425	25,951	35,834	140,604	18,452	16,015	175,071
Contributed nonfinancial assets	46,210	18,096	20,472	25,040	109,818	20,746	11,076	141,640
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
Depreciation	175,388	88,457	86,873	119,956	470,674	61,767	54,141	586,582
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>

See notes to financial statements

DOROT, Inc.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (126,442)	\$ (5,896,131)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	483,127	586,582
Realized and unrealized (gain) loss on investments, net	(1,843,252)	4,383,912
Change in charitable gift annuities and trusts liability	17,487	18,233
Change in discount on pledges and grants receivable	(38,811)	94,115
Net accretion of operating leases	12,522	-
(Increase) decrease in current assets:		
Pledges and grants receivable	(745,191)	(1,433,701)
Accounts receivable	20,112	(19,518)
Prepaid expenses and other assets	(82,527)	47,154
Security deposits	-	8,266
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	131,406	(209,917)
Accrued vacation pay	26,767	(9,953)
Net cash flows from operating activities	<u>(2,144,802)</u>	<u>(2,430,958)</u>
Cash Flows From Investing Activities		
Additions to property and equipment	(97,658)	(299,655)
Purchase of investments	(28,633,373)	(5,153,381)
Proceeds from the sale and maturity of investments	30,341,992	7,110,229
Net cash flows from investing activities	<u>1,610,961</u>	<u>1,657,193</u>
Cash Flows From Financing Activities		
Payments to annuitants	(22,501)	(23,448)
Net cash flows from financing activities	<u>(22,501)</u>	<u>(23,448)</u>
Net change in cash and cash equivalents	(556,342)	(797,213)
Cash and Cash Equivalents, Beginning	<u>1,182,798</u>	<u>1,980,011</u>
Cash and Cash Equivalents, Ending	<u>\$ 626,456</u>	<u>\$ 1,182,798</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 program 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 program matches compassionate volunteers with older adults for weekly/monthly meetings and conversations at home or virtually. 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; 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, onsite educational and cultural programming 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. The Community Partnership Program (CPP) is being developed to bring DOROT's most impactful program models to a broader group of older adults through collaborative partnerships with community organizations within DOROT's current catchment area and beyond.

Education Services alleviate isolation by enabling older adults and caregivers to participate in classes and support groups. University Without Walls offers educational and cultural courses, support groups, and holiday celebrations via teleconference 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. Trained volunteers offer one-on-one assistance to late technology adopters to help them master computer skills through Tech Coaching. 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. Through information and referral, DOROT staff provide guidance to seniors, caregivers, and professionals about available services at DOROT, and in New York City and beyond.

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 needed 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. 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. Aging Alone, Together™ is a six-session workshop series that provides tools, strategies, and support for adults who identify as solo agers: individuals who, by choice or circumstance, function without the support system traditionally provided by family. 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 chess and current events workshops. GENUine Connections™ is an exclusively online space for seniors and teens to build intergenerational community through worthwhile conversation and fun activities within small and consistent groups. The combination of supportive community, personal storytelling, and reflection creates an atmosphere in which meaningful intergenerational relationships form and grow. During 2023, over 6,900 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 47,000 hours during the 2023 fiscal year and 49,000 hours during the 2022 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, 2023, there was a direct benefit to donors in the amount of \$63,730. For the year ended June 30, 2022, there was a direct benefit to donors in the amount of \$56,279.

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.

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, 2023 and 2022.

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 December 13, 2023, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Recent Accounting Pronouncements

Effective July 1, 2022, DOROT adopted FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. DOROT's 2022 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. At the date of adoption, DOROT recorded operating lease right-of-use assets and lease liabilities of \$1,524,255 and \$1,578,375, respectively. DOROT had a cumulative adjustment of \$54,120 to net assets upon the adoption of Topic 842 related to its leases that existed at the date of adoption.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, DOROT elected:

- The package of practical expedients permitted under the transition guidance which does not require DOROT to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of DOROT's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- When the rate implicit in the lease is not determinable, rather than using DOROT's incremental borrowing rate, DOROT elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes;
- DOROT elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which DOROT is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 13.

DOROT, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 626,456	\$ 1,182,798
Investments, current portion	17,126,844	16,758,789
Accounts receivable	14,708	34,820
Pledges and grants receivable, current portion	<u>2,902,012</u>	<u>1,719,322</u>
Total financial assets	20,670,020	19,695,729
Less Board-designated	1,594,463	1,594,463
Less donor restricted amounts	4,509,466	3,749,198
Less annuity obligations	<u>85,114</u>	<u>90,128</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,480,977</u>	<u>\$ 14,261,940</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>2023</u>	<u>2022</u>
Amounts due in:		
One year	\$ 2,902,012	\$ 1,719,322
Two to five years	575,000	1,012,499
Less discount to net present value	<u>71,724</u>	<u>110,535</u>
Total pledges and grants receivable	<u>\$ 3,405,288</u>	<u>\$ 2,621,286</u>

Amounts that are expected to be collected after one year have been discounted at rates ranging from 4.13% to 4.87% and 2.92% to 3.04% as of June 30, 2023 and 2022, respectively.

DOROT, Inc.

Notes to Financial Statements
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4. Investments and Fair Value

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 112,881	\$ 156,181
U.S. government obligations	158,800	2,819,251
Certificates of deposit	-	25,005
Municipal obligations	69,282	68,132
Common stocks	4,538,015	4,370,869
Mutual funds	5,178,343	14,201,805
Corporate bonds	1,181,548	1,207,707
International bonds	-	108,633
Exchange traded funds	11,853,347	-
	<u>\$ 23,092,216</u>	<u>\$ 22,957,583</u>
Consisting of:		
Operations and Board-designation	\$ 17,126,844	\$ 16,758,789
Restricted for perpetual endowment	5,965,372	6,198,794
	<u>\$ 23,092,216</u>	<u>\$ 22,957,583</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.

Notes to Financial Statements
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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, 2023 and 2022.

U.S. government obligations, common stocks, corporate and international bonds and 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, 2023 and 2022:

	Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 158,800	\$ -	\$ -	\$ 158,800
Municipal obligations	-	69,282	-	69,282
Common stocks	4,538,015	-	-	4,538,015
Mutual funds	5,178,343	-	-	5,178,343
Corporate bonds	1,181,548	-	-	1,181,548
Exchange traded funds	11,853,347	-	-	11,853,347
Total	<u>\$ 22,910,053</u>	<u>\$ 69,282</u>	<u>\$ -</u>	<u>\$ 22,979,335</u>

	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	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>

DOROT, Inc.

Notes to Financial Statements
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Investment revenue consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 346,268	\$ 303,494
Investment gain (loss) (net of fees of \$57,107 and \$82,227, respectively)	<u>1,843,252</u>	<u>(4,383,912)</u>
Investment revenue, net	<u>\$ 2,189,520</u>	<u>\$ (4,080,418)</u>

5. Property and Equipment, Net

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

	<u>2023</u>	<u>2022</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,793,856	7,783,356
Furniture, fixtures and equipment	<u>1,241,100</u>	<u>1,153,942</u>
Total property and equipment	9,349,956	9,252,298
Less accumulated depreciation	<u>7,768,348</u>	<u>7,285,221</u>
Property and equipment, net	<u>\$ 1,581,608</u>	<u>\$ 1,967,077</u>

6. 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.

DOROT, Inc.

Notes to Financial Statements
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From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). DOROT has interpreted state law to permit prudent spending from underwater endowments. As of June 30, 2023, two funds with original gift values of \$5,180,000, fair values of \$4,849,707 and deficiencies of \$330,293 were reported in net assets with donor restrictions.

The following represents the composition of endowment net assets by fund type as of June 30, 2023:

	<u>Original Gift</u>	<u>Accumulated Gains</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,594,463	\$ -	\$ 1,594,463
Underwater board-designated endowments	\$ (215,766)	\$ -	\$ (215,766)
Donor restricted endowment funds	\$ 6,198,794	\$ -	\$ 6,198,794
Underwater donor restricted endowments	\$ (330,293)	\$ -	\$ (330,293)

The changes in endowment net assets were as follows for the year ended June 30, 2023:

	<u>Board-Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Net Assets With Donor Restrictions (Underwater)</u>
Endowment net assets, beginning	\$ 1,594,463	\$ 1,018,794	\$ 5,180,000
Investment (loss) income	(95,503)	189,144	106,164
Transfer to net assets without donor restrictions	(120,263)	-	-
Appropriations	-	(92,273)	(436,457)
Endowment net assets, ending	\$ 1,378,697	\$ 1,115,665	\$ 4,849,707

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	\$ 1,594,463	\$ 6,198,794

DOROT, Inc.Notes to Financial Statements
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The composition of original gifts within net assets restricted in perpetuity was as follows as of June 30:

	<u>2023</u>	<u>2022</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>

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

	<u>2023</u>	<u>2022</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>

DOROT, Inc.

Notes to Financial Statements
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7. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Homelessness Prevention Program Reserve	\$ 1,112,396	\$ 725,637
Kosher Meals for the Homebound	299,500	575,000
Aging Alone, Together	300,000	-
Friendly Visiting Program	126,208	227,738
Holocaust	100,000	-
University Without Walls	62,500	125,000
Reserve for Building Maintenance	108,590	108,590
Volunteer and Youth Services	13,935	15,150
Volunteer and Service Enterprise	26,000	19,500
Wellness/On-site Program	27,500	-
Lasting Impressions	601,800	610,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	283,685	278,685
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	-	105,000
Community Partnership Program	50,000	100,000
LGBT - Social Connection	13,600	23,750
Cemetery Visits	3,600	3,600
Volunteer Services	-	10,500
Door to Door	-	32,848
GENuine Connections	125,000	125,000
Internships	-	50,000
PCTI	45,000	30,000
Other	3,200	3,200
Total purpose restricted	3,302,514	3,169,198
Time restricted, general support	1,206,952	580,000
Unappropriated endowment earnings	96,871	-
Underwater endowments	(330,293)	-
Endowment held in perpetuity	6,198,794	6,198,794
Total net assets with donor restrictions	<u>\$ 10,474,838</u>	<u>\$ 9,947,992</u>

DOROT, Inc.

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For the years ended June 30, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Homelessness Prevention Program	\$ -	\$ 54,000
Homelessness Prevention Program Reserve	-	500,070
Kosher Meals for the Homebound	287,500	10,000
DOROT, Westchester Program	-	600
Health and Wellness	-	500
Volunteer and Youth Services	12,150	-
Volunteer and Service Enterprise	19,500	39,500
Volunteer and Jewish Learning	-	5,000
Lasting Impressions	10,000	100,000
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	105,000	35,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	100,000	65,000
Partners in Caring	-	1,769
Friendly Visiting Program	115,238	-
Holocaust	-	5,250
GENuine Connections	125,000	-
Cemetery Visits	3,600	-
LGBT - Social Connection	23,750	-
Volunteer Services	10,500	-
Door to Door	32,848	-
Internships	50,000	-
PCTI	45,000	-
Community Partnership Program	50,000	-
University Without Walls	62,500	-
	<u>1,052,586</u>	<u>816,689</u>
Total purpose restricted		
	1,052,586	816,689
Time restricted, general support	580,000	180,000
Appropriations	528,730	265,360
	<u>528,730</u>	<u>265,360</u>
Total net assets released from donor restrictions	<u>\$ 2,161,316</u>	<u>\$ 1,262,049</u>

8. 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, 2023 and 2022, the gift annuity liability amounted to \$85,114 and \$90,128, respectively.

9. 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, 2023 and 2022, the expense associated with the Plan totaled \$187,158 and \$187,798, respectively.

DOROT, Inc.

Notes to Financial Statements
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10. Allocation of Joint Costs

For the years ended June 30, 2023 and 2022, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Programs	\$ 253,266	\$ 238,652
Management and general	35,229	25,130
Fundraising	<u>218,035</u>	<u>213,521</u>
Total	<u>\$ 506,530</u>	<u>\$ 477,303</u>

11. Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities and change in net assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Advertising	\$ 120,000	\$ 120,000
Food	27,187	9,580
Supplies	8,047	1,250
Professional services	1,375	2,700
Licenses and web support	<u>8,110</u>	<u>8,110</u>
Total	<u>\$ 164,719</u>	<u>\$ 141,640</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 hours in 2023 and 2022, each year. The professional services recognized comprise professional services from various professionals who provide educational courses for the University Without Walls program. Contributed services are valued based on current rates for similar services.

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

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 Federal Deposit Insurance Corporation (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. DOROT is also obligated to pay for maintenance and real estate taxes on the leased properties.

Right-of-use assets represent DOROT's right to use an underlying asset for the lease term, while lease liabilities represent DOROT's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of DOROT's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at DOROT's sole discretion. DOROT regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, DOROT includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, DOROT uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term as there are no rates implicit in their leases.

Right-of-use assets are assessed for impairment in accordance with DOROT's long-lived asset policy. DOROT reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

DOROT made significant assumptions and judgments in applying the requirements of Topic 842. In particular, DOROT:

- Evaluated whether a contract contains a lease, by considering factors such as whether DOROT obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Allocated consideration in the contract between lease and nonlease components

DOROT does not have any material leasing transactions with related parties.

DOROT, Inc.

Notes to Financial Statements
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Below is a summary of expenses incurred pertaining to leases for the year ended June 30, 2023:

Operating lease expense	\$ 221,565
Short-term lease expense	<u>12,854</u>
Total lease expense	<u>\$ 234,419</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.54%. As of June 30, 2023, the weighted average remaining lease term was 6.23 years.

The table below summarizes DOROT's scheduled future minimum lease payments for years ending after June 30, 2023:

Years ending June 30:	
2024	\$ 213,276
2025	221,662
2026	227,476
2027	232,037
2028	236,672
Thereafter	<u>331,356</u>
Total lease payments	1,462,479
Less present value discount	<u>70,362</u>
Total lease liabilities	1,392,117
Less current portion	<u>193,417</u>
Long-term lease liabilities	<u>\$ 1,198,700</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 209,048
Operating lease right-of-use assets obtained in exchange for lease liabilities	-

14. Related-Party Transactions

For the years ended June 30, 2023 and 2022, DOROT received contributions in the amount of \$533,783 and \$549,198, respectively, from its board of directors.