

**DOROT, Inc.**

Financial Statements

June 30, 2018 and 2017



**BAKER TILLY**

Candor. Insight. Results.

# **DOROT, Inc.**

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## **Independent Auditors' Report**

Board of Directors  
DOROT, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of DOROT, Inc., ("DOROT"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DOROT as of June 30, 2018 and 2017, 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.

*Baker Tilly Virchow Krause, LLP*

Melville, New York  
October 30, 2018

**DOROT, Inc.**

## Statements of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 928,949	\$ 2,076,628
Investments	19,896,762	18,818,940
Pledges and grants receivable	1,443,709	1,335,725
Accounts receivable	34,276	8,665
Prepaid expenses and deposits	49,598	62,003
	<hr/>	<hr/>
Total current assets	22,353,294	22,301,961
Pledges and grants receivable, net of current portion	900,000	186,490
Investments restricted for permanent endowment	1,198,794	1,198,794
Property and equipment, net	2,413,358	2,645,559
	<hr/>	<hr/>
Total assets	<u>\$ 26,865,446</u>	<u>\$ 26,332,804</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 166,923	\$ 224,004
Accrued vacation pay	239,656	234,863
Current portion of charitable gift annuities and trusts	26,971	28,298
	<hr/>	<hr/>
Total current liabilities	433,550	487,165
Charitable gift annuities and trusts, long-term	94,793	104,911
	<hr/>	<hr/>
Total liabilities	528,343	592,076
<b>Net Assets</b>		
Unrestricted	18,169,995	18,379,943
Unrestricted, board-designated	1,594,463	1,594,463
	<hr/>	<hr/>
Total unrestricted	19,764,458	19,974,406
Temporarily restricted	5,373,851	4,567,528
Permanently restricted	1,198,794	1,198,794
	<hr/>	<hr/>
Total net assets	26,337,103	25,740,728
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 26,865,446</u>	<u>\$ 26,332,804</u>

See notes to financial statements

**DOROT, Inc.**

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2018 (With Comparative Totals For 2017)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Years Ended June 30,	
				2018	2017
<b>Public Support and Revenue</b>					
Private gifts and grants	\$ 3,330,242	\$ 2,044,500	\$ -	\$ 5,374,742	\$ 5,085,603
Bequests and legacies	1,638,049	-	-	1,638,049	1,758,974
Government grants	62,433	-	-	62,433	132,267
UJA/Federation of Jewish Philanthropies of New York, Inc.	72,610	365,722	-	438,332	424,253
Special event revenue, net of direct expenses of \$97,334 and \$72,864, respectively	330,636	-	-	330,636	265,904
Donated goods and services	264,521	-	-	264,521	297,856
Rental and other income	6,400	-	-	6,400	6,260
Investment revenue, net	658,593	-	-	658,593	941,094
Net assets released from restrictions	1,603,899	(1,603,899)	-	-	-
<b>Total public support and revenue</b>	<b>7,967,383</b>	<b>806,323</b>	<b>-</b>	<b>8,773,706</b>	<b>8,912,211</b>
<b>Expenses</b>					
Program services:					
Socialization services	2,034,872	-	-	2,034,872	1,893,648
Concrete services	2,277,936	-	-	2,277,936	2,223,075
Education services	992,274	-	-	992,274	896,467
Community services	1,404,146	-	-	1,404,146	1,333,305
<b>Total program services</b>	<b>6,709,228</b>	<b>-</b>	<b>-</b>	<b>6,709,228</b>	<b>6,346,495</b>
Supporting services:					
Management and general	798,892	-	-	798,892	655,868
Fundraising	669,211	-	-	669,211	797,048
<b>Total supporting services</b>	<b>1,468,103</b>	<b>-</b>	<b>-</b>	<b>1,468,103</b>	<b>1,452,916</b>
<b>Total expenses</b>	<b>8,177,331</b>	<b>-</b>	<b>-</b>	<b>8,177,331</b>	<b>7,799,411</b>
Change in net assets	(209,948)	806,323	-	596,375	1,112,800
<b>Net Assets, Beginning of Year</b>	<b>19,974,406</b>	<b>4,567,528</b>	<b>1,198,794</b>	<b>25,740,728</b>	<b>24,627,928</b>
<b>Net Assets, End of Year</b>	<b>\$ 19,764,458</b>	<b>\$ 5,373,851</b>	<b>\$ 1,198,794</b>	<b>\$ 26,337,103</b>	<b>\$ 25,740,728</b>

See notes to financial statements

**DOROT, Inc.**

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2017

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>2017</u>
<b>Public Support and Revenue</b>				
Private gifts and grants	\$ 5,084,103	\$ 1,500	\$ -	\$ 5,085,603
Bequests and legacies	1,588,195	170,779	-	1,758,974
Government grants	132,267	-	-	132,267
UJA/Federation of Jewish Philanthropies of New York, Inc.	48,137	376,116	-	424,253
Special event revenue, net of direct expenses of \$72,864	265,904	-	-	265,904
Donated goods and services	297,856	-	-	297,856
Rental and other income	6,260	-	-	6,260
Investment revenue, net	941,094	-	-	941,094
Net assets released from restrictions	1,543,796	(1,543,796)	-	-
	<u>9,907,612</u>	<u>(995,401)</u>	<u>-</u>	<u>8,912,211</u>
Total public support and revenue				
	<u>9,907,612</u>	<u>(995,401)</u>	<u>-</u>	<u>8,912,211</u>
<b>Expenses</b>				
Program services:				
Socialization services	1,893,648	-	-	1,893,648
Concrete services	2,223,075	-	-	2,223,075
Education services	896,467	-	-	896,467
Community services	1,333,305	-	-	1,333,305
	<u>6,346,495</u>	<u>-</u>	<u>-</u>	<u>6,346,495</u>
Total program services				
	<u>6,346,495</u>	<u>-</u>	<u>-</u>	<u>6,346,495</u>
Supporting services:				
Management and general	655,868	-	-	655,868
Fundraising	797,048	-	-	797,048
	<u>1,452,916</u>	<u>-</u>	<u>-</u>	<u>1,452,916</u>
Total supporting services				
	<u>1,452,916</u>	<u>-</u>	<u>-</u>	<u>1,452,916</u>
Total expenses	<u>7,799,411</u>	<u>-</u>	<u>-</u>	<u>7,799,411</u>
Change in net assets	2,108,201	(995,401)	-	1,112,800
<b>Net Assets, Beginning of Year</b>	17,866,205	5,562,929	1,198,794	24,627,928
<b>Net Assets, End of Year</b>	<u>\$ 19,974,406</u>	<u>\$ 4,567,528</u>	<u>\$ 1,198,794</u>	<u>\$ 25,740,728</u>

See notes to financial statements

**DOROT, Inc.**

## Statement of Functional Expenses

Year Ended June 30, 2018 (With Comparative Totals for 2017)

	<b>Socialization Services</b>	<b>Concrete Services</b>	<b>Education Services</b>	<b>Community Services</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2018 Total</b>	<b>2017 Total</b>
Salaries and payroll taxes	\$ 1,341,468	\$ 1,203,741	\$ 645,376	\$ 944,198	\$ 4,134,783	\$ 451,465	\$ 385,834	\$ 4,972,082	\$ 4,682,362
Employee benefits	113,191	101,569	54,456	79,670	348,886	38,094	32,556	419,536	365,998
Telephone	5,792	9,021	24,077	3,772	42,662	1,963	924	45,549	48,643
Postage and printing	53,062	47,614	25,528	37,348	163,552	17,858	93,903	275,313	258,722
Transportation	15,091	13,542	7,260	10,622	46,515	5,079	3,354	54,948	46,526
Client food and delivery	2,761	292,511	81	6,567	301,920	-	3,569	305,489	302,330
Supplies and equipment	31,749	28,490	15,274	22,347	97,860	10,685	369	108,914	100,068
Repairs and maintenance	45,582	40,902	21,929	32,083	140,496	15,340	13,110	168,946	109,612
Site rental	3,250	126,663	1,401	2,049	133,363	4,055	-	137,418	133,733
Outside services	125,236	112,378	60,251	88,148	386,013	42,148	63,123	491,284	630,729
Community outreach	30,148	27,052	14,504	21,220	92,924	10,146	8,671	111,741	119,746
Staff development and training	50,451	45,271	24,272	35,510	155,504	16,979	14,511	186,994	86,028
Utilities	22,142	19,868	10,652	15,585	68,247	7,452	6,368	82,067	70,124
Insurance	28,130	25,242	13,533	19,799	86,704	9,467	8,091	104,262	105,581
Service fees and other	14,883	13,356	7,160	10,475	45,874	4,468	4,281	54,623	69,443
Donated goods and services	45,731	75,415	15,425	-	136,571	127,950	-	264,521	297,856
Subtotal before depreciation	1,928,667	2,182,635	941,179	1,329,393	6,381,874	763,149	638,664	7,783,687	7,427,501
Depreciation	106,205	95,301	51,095	74,753	327,354	35,743	30,547	393,644	371,910
Total functional expenses	<u>\$ 2,034,872</u>	<u>\$ 2,277,936</u>	<u>\$ 992,274</u>	<u>\$ 1,404,146</u>	<u>\$ 6,709,228</u>	<u>\$ 798,892</u>	<u>\$ 669,211</u>	<u>\$ 8,177,331</u>	<u>\$ 7,799,411</u>

See notes to financial statements



**DOROT, Inc.**

## Statement of Functional Expenses

Year Ended June 30, 2017

	<b>Socialization Services</b>	<b>Concrete Services</b>	<b>Education Services</b>	<b>Community Services</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2017 Total</b>
Salaries and payroll taxes	\$ 1,232,398	\$ 1,167,313	\$ 572,185	\$ 866,705	\$ 3,838,601	\$ 420,476	\$ 423,285	\$ 4,682,362
Employee benefits	96,331	91,243	44,725	67,746	300,045	32,867	33,086	365,998
Telephone	8,428	10,589	22,318	3,935	45,270	1,887	1,486	48,643
Postage and printing	49,554	46,937	23,007	34,850	154,348	16,907	87,467	258,722
Transportation	12,401	11,747	5,758	8,722	38,628	4,231	3,667	46,526
Client food and delivery	3,553	292,485	-	6,282	302,320	10	-	302,330
Supplies and equipment	26,338	24,947	12,228	18,523	82,036	8,986	9,046	100,068
Repairs and maintenance	28,850	27,326	13,395	20,289	89,860	9,843	9,909	109,612
Site rental	3,598	124,989	1,549	2,233	132,369	1,083	281	133,733
Outside services	150,114	142,186	69,696	105,570	467,566	51,217	111,946	630,729
Community outreach	31,517	29,853	14,633	22,165	98,168	10,753	10,825	119,746
Staff development and training	22,642	21,447	10,512	15,924	70,525	7,726	7,777	86,028
Utilities	18,457	17,482	8,569	12,979	57,487	6,298	6,339	70,124
Insurance	27,789	26,321	12,902	19,543	86,555	9,481	9,545	105,581
Service fees and other	12,484	11,825	5,796	8,780	38,885	15,269	15,289	69,443
Donated goods and services	71,307	83,668	33,747	50,218	238,940	25,437	33,479	297,856
Subtotal before depreciation	1,795,761	2,130,358	851,020	1,264,464	6,041,603	622,471	763,427	7,427,501
Depreciation	97,887	92,717	45,447	68,841	304,892	33,397	33,621	371,910
Total functional expenses	<u>\$ 1,893,648</u>	<u>\$ 2,223,075</u>	<u>\$ 896,467</u>	<u>\$ 1,333,305</u>	<u>\$ 6,346,495</u>	<u>\$ 655,868</u>	<u>\$ 797,048</u>	<u>\$ 7,799,411</u>

See notes to financial statements

**DOROT, Inc.**

## Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 596,375	\$ 1,112,800
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	393,644	371,910
Realized and unrealized gain on investments	(261,409)	(682,259)
Change in charitable gift annuities and trusts liability	(11,445)	6,501
(Increase) decrease in current assets:		
Pledges and grants receivable	(821,494)	1,321,457
Accounts receivable	(25,611)	(4,706)
Prepaid expenses and deposits	12,405	4,685
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(57,081)	99,011
Accrued vacation pay	4,793	10,534
Net cash (used in) provided by operating activities	<u>(169,823)</u>	<u>2,239,933</u>
<b>Cash Flows from Investing Activities</b>		
Additions to property and equipment	(161,443)	(131,216)
Purchase of investments	(8,771,135)	(6,750,904)
Proceeds from the sale and maturity of investments	<u>7,954,722</u>	<u>5,620,604</u>
Net cash used in investing activities	<u>(977,856)</u>	<u>(1,261,516)</u>
Net (decrease) increase in cash and cash equivalents	(1,147,679)	978,417
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,076,628</u>	<u>1,098,211</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 928,949</u>	<u>\$ 2,076,628</u>

*See notes to financial statements*

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

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

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

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

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

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

**Basis of Accounting**

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

**Revenue Recognition**

DOROT derives its revenue from, among other sources, contributions and grants from individuals and foundations, general fundraising, special events and governmental agencies. DOROT recognizes revenue from bequests when a legally binding obligation is received and when a fair value can reasonably be determined.

**Donor-Imposed Restrictions**

DOROT reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions. Temporarily 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 unrestricted net assets.

DOROT reports gifts of land, buildings and equipment as unrestricted support 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.

**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.

## **DOROT, Inc.**

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Notes to Financial Statements  
June 30, 2018 and 2017

Conditional promises to give are not included as support until the conditions have been substantially met. As of June 30, 2018, DOROT had a conditional pledge for a matching grant (see Note 3). There were no conditional contributions as of June 30, 2017.

### **Net Assets**

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

Unrestricted - Net assets which are not donor restricted and are available for use for the general operating activities and objectives of DOROT.

Board-designated - Unrestricted net assets that have been designated for specific programs and general reserves by the board of directors.

Temporarily restricted - 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.

Permanently restricted - Net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit DOROT to utilize earnings for unrestricted or temporarily restricted purposes 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 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, 2018 and 2017.

### **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 which are recorded based upon original investment plus accrued interest.

**Fair Value**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. DOROT must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

**Donated Services and Materials**

DOROT receives goods, principally food, office space and promotional materials, and professional services, which consisted of 102 hours and 329 hours in 2018 and 2017, respectively, in support of its activities. Such goods and services are recorded as in-kind contributions and expensed or capitalized at their fair values as determined by donors. For the years ended June 30, 2018 and 2017, DOROT recorded donated goods and services in the amount of \$264,521 and \$297,856, respectively.

DOROT relies extensively upon the utilization of volunteers to carry out its program and supporting services. Management estimates that volunteers contributed approximately 54,000 hours during the 2018 fiscal year and 49,000 during the 2017 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.

**Tax-Exempt Status**

DOROT qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code 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 costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 October 30, 2018, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

**2. Pledges and Grants Receivable**

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

	<u>2018</u>	<u>2017</u>
Amounts due in:		
One year	\$ 1,443,709	\$ 1,335,725
Two to five years	<u>900,000</u>	<u>186,490</u>
Total pledges and grants receivable	<u>\$ 2,343,709</u>	<u>\$ 1,522,215</u>

The present value adjustment which is calculated utilizing the discount rate applicable to each individual unconditional promise to give is insignificant to the financial statements and has not been recorded in the financial statements.

**3. Conditional Grant**

DOROT received a conditional grant on June 20, 2018 with a matching provision to be used for marketing and technology improvements. For every \$2 DOROT raises, the donor will donate \$1, up to a maximum of \$250,000. The grant agreement terminates in September of 2020. No funds were raised for this grant as of June 30, 2018, and therefore, no contribution was recorded during the year ended June 30, 2018.

**DOROT, Inc.**

Notes to Financial Statements  
June 30, 2018 and 2017

**4. Investments**

Investments consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 60,475	\$ 337,206
U.S. government and municipal obligations	545,613	1,193,060
Certificates of deposit	13,326,536	12,914,763
Equity exchange traded funds	114,681	102,232
Mutual funds:		
Domestic funds	4,829,019	4,760,154
Global funds	2,178,580	673,588
Other	40,652	36,731
 Total	 <u>\$ 21,095,556</u>	 <u>\$ 20,017,734</u>
 Consisting of:		
Operations	\$ 19,896,762	\$ 18,818,940
Restricted for permanent endowment	1,198,794	1,198,794
 Total	 <u>\$ 21,095,556</u>	 <u>\$ 20,017,734</u>

At June 30, 2018 and 2017, respectively, all investments measured at fair value were classified as Level 1 within the fair value hierarchy. Certificates of deposit are excluded from the fair value hierarchy.

Investment income consists of the following for the year ended June 30, 2018:

Interest and dividend income	\$ 397,184
Investment gain (net of fees of \$9,510)	261,409
 Net return on investments	 <u>\$ 658,593</u>

Investment income consists of the following for the year ended June 30, 2017:

Interest and dividend income	\$ 258,835
Investment gain (net of fees of \$4,616)	682,259
 Net return on investments	 <u>\$ 941,094</u>



## DOROT, Inc.

Notes to Financial Statements  
June 30, 2018 and 2017

### 5. Property and Equipment, Net

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

	<u>2018</u>	<u>2017</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,425,472	7,402,092
Furniture, fixtures and equipment	<u>1,288,651</u>	<u>1,276,732</u>
	9,029,123	8,993,824
Less accumulated depreciation	<u>6,615,765</u>	<u>6,348,265</u>
	<u>\$ 2,413,358</u>	<u>\$ 2,645,559</u>

### 6. Donor Restricted Endowment and Permanently Restricted Net Assets

DOROT has a donor restricted endowment and related permanently restricted net assets. 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 permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by DOROT.

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  
June 30, 2018 and 2017

The changes in net assets related to the donor restricted endowment fund were as follows for the year ended June 30:

	<b>2018</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Net assets, beginning of year	\$ (4,772)	\$ -	\$ 1,198,794
Investment income	-	13,679	-
Appropriated	13,679	(13,679)	-
Spending	(5,707)	-	-
Net assets, end of year	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 1,198,794</u>
	<b>2017</b>		
Net assets, beginning of year	\$ (14,086)	\$ -	\$ 1,198,794
Investment income	-	15,320	-
Appropriated	15,320	(15,320)	-
Spending	(6,006)	-	-
Net assets, end of year	<u>\$ (4,772)</u>	<u>\$ -</u>	<u>\$ 1,198,794</u>

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

	<b>2018</b>	<b>2017</b>
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>\$ 1,198,794</u>	<u>\$ 1,198,794</u>

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2018 and 2017

### 7. Board-Designated Net Assets

DOROT has a board-designated endowment fund and related board-designated net assets. Earnings on the board-designated endowment may be used to fund operations. The investment policy is the same as that for donor restricted endowment funds.

The following presents the composition of board-designated net assets as of June 30:

	<u>2018</u>	<u>2017</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>

The changes in board-designated endowment net assets were as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Net assets, beginning of year	\$ 1,594,463	\$ 1,594,463
Investment income	1,252	26,787
Transfer to unrestricted net assets	(1,252)	(26,787)
	<u>\$ 1,594,463</u>	<u>\$ 1,594,463</u>

**DOROT, Inc.**Notes to Financial Statements  
June 30, 2018 and 2017**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of amounts restricted for the following as of June 30:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 250,000	\$ 66,000
Homelessness Prevention Program Reserve	2,328,007	2,183,780
Kosher Meals for the Homebound	782,500	300,000
Strategic Services	-	15,000
Partners in Caring	82,500	82,500
DOROT - Westchester Program	6,600	18,800
Friendly Visiting Program	349,500	154,000
Hand in Hand	-	9,000
University Without Walls	115,000	88,334
Reserve for Building Maintenance	108,590	108,590
Health and Wellness	12,500	-
Health and Wellness Reserve	42,557	150,245
Volunteer and Youth Services	58,000	4,500
Volunteer and Service Enterprise	128,700	128,700
Volunteer and Jewish Learning	18,406	16,560
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	538,685	594,908
House Calls	111,490	220,795
Sunday and Evening Programs	50,000	-
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	245,000	280,000
	<u>5,228,035</u>	<u>4,421,712</u>
Total purpose restricted		
Time restricted:		
General support	145,816	145,816
	<u>145,816</u>	<u>145,816</u>
Total temporarily restricted net assets	<u>\$ 5,373,851</u>	<u>\$ 4,567,528</u>

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2018 and 2017

During 2018 and 2017, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 66,000	\$ 101,000
Homelessness Prevention Program Reserve	355,773	197,260
Kosher Meals for the Homebound	285,000	292,500
Health and Wellness	-	12,500
Health and Wellness Reserve	107,688	109,480
Volunteer and Service Enterprise	117,000	118,300
Volunteer and Jewish Learning	17,300	29,211
Strategic Services	15,000	-
Hand and Hand	9,000	-
Kol DOROT, a DOROT program funded in memory of Miriam Katzin	35,000	35,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	56,223	34,496
House Calls	109,305	107,160
Shop and Escort	-	-
Partners in Caring	75,000	75,000
DOROT - Westchester Program	15,960	50,740
Friendly Visiting Program	129,000	141,500
University Without Walls	63,334	73,333
Cemetery Visits	-	15,000
Volunteer and Youth Services	1,500	2,500
	<u>1,458,083</u>	<u>1,377,480</u>
Total purpose restricted		
Time restricted:		
General support	145,816	148,816
	<u>145,816</u>	<u>148,816</u>
Total net assets released from restrictions	<u>\$ 1,603,899</u>	<u>\$ 1,379,980</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, 2018 and 2017, the gift annuity liability amounted to \$121,764 and \$133,209, respectively.

### 10. Pension

A defined contribution plan, as defined by Internal Revenue Code Section 403(b), is offered to all full-time employees of DOROT. DOROT's contributions to the Plan are discretionary. For the years ended June 30, 2018 and 2017, the expense associated with the Plan totaled \$140,377 and \$130,737, respectively.

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2018 and 2017

### 11. Allocation of Joint Costs

During the years ended June 30, 2018 and 2017, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows for the years ended:

	<u>2018</u>	<u>2017</u>
Programs	\$ 184,902	\$ 187,472
Management and general	16,789	16,835
Fundraising	<u>168,111</u>	<u>170,636</u>
Total	<u>\$ 369,803</u>	<u>\$ 374,943</u>

### 12. Concentrations of Credit Risk

DOROT's financial instruments that are potentially exposed to concentrations of credit risk consist principally of cash, cash equivalents, pledges and grants receivable, 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 United States 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, pledges and grants receivable and investments is limited.

### 13. Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. DOROT is currently assessing the impact this standard will have on its financial statements.

During June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for DOROT for periods beginning after December 15, 2018. DOROT is currently assessing the impact that this statement will have on its financial statements.