

**DOROT, Inc.**

Financial Statements

June 30, 2017 and 2016



**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, 2017 and 2016, 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, 2017 and 2016, 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  
November 29, 2017

**DOROT, Inc.**

## Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,076,628	\$ 1,098,211
Investments	18,818,940	17,006,381
Pledges and grants receivable	1,335,725	2,004,543
Accounts receivable	8,665	3,959
Prepaid expenses and deposits	62,003	66,688
	<hr/>	<hr/>
Total current assets	22,301,961	20,179,782
Pledges and grants receivable, net of current portion	186,490	839,129
Investments restricted for permanent endowment	1,198,794	1,198,794
Property and equipment, net	2,645,559	2,886,253
	<hr/>	<hr/>
Total assets	<u>\$ 26,332,804</u>	<u>\$ 25,103,958</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 224,004	\$ 124,993
Accrued vacation pay	234,863	224,329
Current portion of charitable gift annuities and trusts	28,298	29,565
	<hr/>	<hr/>
Total current liabilities	487,165	378,887
Charitable gift annuities and trusts, long-term	104,911	97,143
	<hr/>	<hr/>
Total liabilities	592,076	476,030
<b>Net Assets</b>		
Unrestricted	18,379,943	16,271,742
Unrestricted, board-designated	1,594,463	1,594,463
	<hr/>	<hr/>
Total unrestricted	19,974,406	17,866,205
Temporarily restricted	4,567,528	5,562,929
Permanently restricted	1,198,794	1,198,794
	<hr/>	<hr/>
Total net assets	25,740,728	24,627,928
Total liabilities and net assets	<u>\$ 26,332,804</u>	<u>\$ 25,103,958</u>

See notes to financial statements

**DOROT, Inc.**

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2017 (With Comparative Totals For 2016)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Years Ended June 30,	
				2017	2016
<b>Public Support and Revenue</b>					
Private gifts and grants	\$ 5,084,103	\$ 1,500	\$ -	\$ 5,085,603	\$ 4,120,207
Bequests and legacies	1,588,195	170,779	-	1,758,974	738,812
Government grants	132,267	-	-	132,267	88,843
UJA/Federation of Jewish Philanthropies of New York, Inc.	48,137	376,116	-	424,253	413,327
Special event revenue, net of direct expenses of \$72,864 and \$139,417, respectively	265,904	-	-	265,904	490,567
Donated goods and services	297,856	-	-	297,856	256,607
Rental and other income	6,260	-	-	6,260	6,260
Investment revenue, net	941,094	-	-	941,094	236,203
Net assets released from restrictions	1,543,796	(1,543,796)	-	-	-
Total public support and revenue	<u>9,907,612</u>	<u>(995,401)</u>	<u>-</u>	<u>8,912,211</u>	<u>6,350,826</u>
<b>Expenses</b>					
Program services:					
Socialization services	1,893,648	-	-	1,893,648	1,673,064
Concrete services	2,223,075	-	-	2,223,075	2,182,563
Education services	896,467	-	-	896,467	838,391
Community services	1,333,305	-	-	1,333,305	1,246,397
Total program services	<u>6,346,495</u>	<u>-</u>	<u>-</u>	<u>6,346,495</u>	<u>5,940,415</u>
Supporting services:					
Management and general	655,868	-	-	655,868	615,116
Fundraising	797,048	-	-	797,048	662,278
Total supporting services	<u>1,452,916</u>	<u>-</u>	<u>-</u>	<u>1,452,916</u>	<u>1,277,394</u>
Total expenses	<u>7,799,411</u>	<u>-</u>	<u>-</u>	<u>7,799,411</u>	<u>7,217,809</u>
Change in net assets	2,108,201	(995,401)	-	1,112,800	(866,983)
<b>Net Assets, Beginning of Year</b>	<u>17,866,205</u>	<u>5,562,929</u>	<u>1,198,794</u>	<u>24,627,928</u>	<u>25,494,911</u>
<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>	<u>\$ 24,627,928</u>

See notes to financial statements

**DOROT, Inc.**

## Statement of Activities and Change in Net Assets

Year Ended June 30, 2016

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>2016</u>
<b>Public Support and Revenue</b>				
Private gifts and grants	\$ 3,409,740	\$ 710,467	\$ -	\$ 4,120,207
Bequests and legacies	738,812	-	-	738,812
Government grants	88,843	-	-	88,843
UJA/Federation of Jewish Philanthropies of New York, Inc.	-	413,327	-	413,327
Special event revenue, net of direct expenses of \$139,417 and \$108,927, respectively	490,567	-	-	490,567
Donated goods and services	256,607	-	-	256,607
Rental and other income	6,260	-	-	6,260
Investment revenue, net	236,203	-	-	236,203
Net assets released from restrictions	1,616,526	(1,616,526)	-	-
	<u>6,843,558</u>	<u>(492,732)</u>	<u>-</u>	<u>6,350,826</u>
Total public support and revenue				
<b>Expenses</b>				
Program services:				
Socialization services	1,673,064	-	-	1,673,064
Concrete services	2,182,563	-	-	2,182,563
Education services	838,391	-	-	838,391
Community services	1,246,397	-	-	1,246,397
	<u>5,940,415</u>	<u>-</u>	<u>-</u>	<u>5,940,415</u>
Total program services				
Supporting services:				
Management and general	615,116	-	-	615,116
Fundraising	662,278	-	-	662,278
	<u>1,277,394</u>	<u>-</u>	<u>-</u>	<u>1,277,394</u>
Total supporting services				
Total expenses	<u>7,217,809</u>	<u>-</u>	<u>-</u>	<u>7,217,809</u>
Change in net assets	(374,251)	(492,732)	-	(866,983)
<b>Net Assets, Beginning of Year</b>	<u>18,240,456</u>	<u>6,055,661</u>	<u>1,198,794</u>	<u>25,494,911</u>
<b>Net Assets, End of Year</b>	<u>\$ 17,866,205</u>	<u>\$ 5,562,929</u>	<u>\$ 1,198,794</u>	<u>\$ 24,627,928</u>

See notes to financial statements

**DOROT, Inc.**

## Statement of Functional Expenses

Year Ended June 30, 2017 (With Comparative Totals for 2016)

	<u>Socialization Services</u>	<u>Concrete Services</u>	<u>Education Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries and payroll taxes	\$ 1,232,398	\$ 1,167,313	\$ 572,185	\$ 866,705	\$ 3,838,601	\$ 420,476	\$ 423,285	\$ 4,682,362	\$ 4,354,698
Employee benefits	96,331	91,243	44,725	67,746	300,045	32,867	33,086	365,998	369,593
Telephone	8,428	10,589	22,318	3,935	45,270	1,887	1,486	48,643	40,229
Postage and printing	49,554	46,937	23,007	34,850	154,348	16,907	87,467	258,722	240,142
Transportation	12,401	11,747	5,758	8,722	38,628	4,231	3,667	46,526	35,921
Client food and delivery	3,553	292,485	-	6,282	302,320	10	-	302,330	312,923
Supplies and equipment	26,338	24,947	12,228	18,523	82,036	8,986	9,046	100,068	124,732
Repairs and maintenance	28,850	27,326	13,395	20,289	89,860	9,843	9,909	109,612	112,555
Site rental	3,598	124,989	1,549	2,233	132,369	1,083	281	133,733	129,347
Outside services	150,114	142,186	69,696	105,570	467,566	51,217	111,946	630,729	378,543
Community outreach	31,517	29,853	14,633	22,165	98,168	10,753	10,825	119,746	147,501
Staff development and training	22,642	21,447	10,512	15,924	70,525	7,726	7,777	86,028	85,768
Utilities	18,457	17,482	8,569	12,979	57,487	6,298	6,339	70,124	71,385
Insurance	27,789	26,321	12,902	19,543	86,555	9,481	9,545	105,581	103,463
Service fees and other	12,484	11,825	5,796	8,780	38,885	15,269	15,289	69,443	86,968
Donated goods and services	71,307	83,668	33,747	50,218	238,940	25,437	33,479	297,856	256,607
Subtotal before depreciation	1,795,761	2,130,358	851,020	1,264,464	6,041,603	622,471	763,427	7,427,501	6,850,375
Depreciation	97,887	92,717	45,447	68,841	304,892	33,397	33,621	371,910	367,434
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>	<u>\$ 7,217,809</u>

See notes to financial statements



**DOROT, Inc.**

## Statement of Functional Expenses

Year Ended June 30, 2016

	<u>Socialization Services</u>	<u>Concrete Services</u>	<u>Education Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total</u>
Salaries and payroll taxes	\$ 1,079,965	\$ 1,143,544	\$ 532,579	\$ 804,313	\$ 3,560,401	\$ 397,584	\$ 396,713	\$ 4,354,698
Employee benefits	91,659	97,055	45,201	68,264	302,179	33,744	33,670	369,593
Telephone	5,788	8,215	19,751	3,581	37,335	1,394	1,500	40,229
Postage and printing	44,044	46,637	21,720	32,802	145,203	16,215	78,724	240,142
Transportation	9,074	9,609	4,475	6,758	29,916	3,341	2,664	35,921
Client food and delivery	2,338	303,817	-	6,768	312,923	-	-	312,923
Supplies and equipment	30,948	32,770	15,263	23,049	102,030	11,393	11,309	124,732
Repairs and maintenance	27,914	29,557	13,765	20,789	92,025	10,276	10,254	112,555
Site rental	6,267	114,212	675	739	121,893	3,090	4,364	129,347
Outside services	97,523	103,265	48,093	72,631	321,512	35,903	21,128	378,543
Community outreach	36,580	38,734	18,040	27,243	120,597	13,467	13,437	147,501
Staff development and training	21,271	22,522	10,489	15,842	70,124	7,831	7,813	85,768
Utilities	17,703	18,746	8,730	13,185	58,364	6,517	6,504	71,385
Insurance	25,659	27,169	12,654	19,110	84,592	9,446	9,425	103,463
Service fees and other	21,568	22,838	10,636	16,063	71,105	7,940	7,923	86,968
Donated goods and services	63,639	67,385	31,383	47,395	209,802	23,428	23,377	256,607
Subtotal before depreciation	1,581,940	2,086,075	793,454	1,178,532	5,640,001	581,569	628,805	6,850,375
Depreciation	91,124	96,488	44,937	67,865	300,414	33,547	33,473	367,434
Total functional expenses	<u>\$ 1,673,064</u>	<u>\$ 2,182,563</u>	<u>\$ 838,391</u>	<u>\$ 1,246,397</u>	<u>\$ 5,940,415</u>	<u>\$ 615,116</u>	<u>\$ 662,278</u>	<u>\$ 7,217,809</u>

See notes to financial statements

**DOROT, Inc.**

## Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,112,800	\$ (866,983)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	371,910	367,434
Realized and unrealized (gain) loss on investments	(682,259)	60,418
Change in charitable gift annuities and trusts liability	6,501	(4,319)
(Increase) decrease in current assets:		
Pledges and grants receivable	1,321,457	103,556
Accounts receivable	(4,706)	17,353
Prepaid expenses and deposits	4,685	(109)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	99,011	(51,456)
Accrued vacation pay	10,534	31,343
	<u>2,239,933</u>	<u>(342,763)</u>
Net cash provided by (used in) operating activities		
<b>Cash Flows from Investing Activities</b>		
Additions to property and equipment	(131,216)	(21,693)
Purchase of investments	(6,750,904)	(7,902,499)
Proceeds from the sale and maturity of investments	<u>5,620,604</u>	<u>4,596,502</u>
Net cash used in investing activities	<u>(1,261,516)</u>	<u>(3,327,690)</u>
Net increase (decrease) in cash and cash equivalents	978,417	(3,670,453)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,098,211</u>	<u>4,768,664</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,076,628</u>	<u>\$ 1,098,211</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, 2017 and 2016

Conditional promises to give are not included as support until the conditions have been substantially met. There were no conditional contributions as of June 30, 2017 and 2016.

### **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, 2017 and 2016.

### **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 329 hours and 290 hours in 2017 and 2016, 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, 2017 and 2016, DOROT recorded donated goods and services in the amount of \$297,856 and \$256,607, respectively.

DOROT relies extensively upon the utilization of volunteers to carry out its program and supporting services. Management estimates that volunteers contributed approximately 49,000 hours during the 2017 fiscal year and 52,000 during the 2016 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 November 29, 2017, 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>2017</u>	<u>2016</u>
Amounts due in:		
One year	\$ 1,335,725	\$ 2,004,543
Two to five years	186,490	839,129
	<u>\$ 1,522,215</u>	<u>\$ 2,843,672</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.

**DOROT, Inc.**

Notes to Financial Statements  
June 30, 2017 and 2016

**3. Investments**

Investments consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 337,206	\$ 180,689
U.S. government and municipal obligations	1,193,060	1,279,586
Certificates of deposit	12,914,763	12,372,437
Equity exchange traded funds	102,232	128,096
Mutual funds:		
Domestic funds	4,760,154	3,655,654
Global funds	673,588	549,865
Other	36,731	38,848
 Total	 <u>\$ 20,017,734</u>	 <u>\$ 18,205,175</u>
 Consisting of:		
Operations	\$ 18,818,940	\$ 17,006,381
Restricted for permanent endowment	1,198,794	1,198,794
 Total	 <u>\$ 20,017,734</u>	 <u>\$ 18,205,175</u>

At June 30, 2017 and 2016, 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, 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>

Investment income consists of the following for the year ended June 30, 2016:

Interest and dividend income	\$ 296,621
Investment loss (net of fees of \$5,889)	(60,418)
 Net return on investments	 <u>\$ 236,203</u>



## DOROT, Inc.

Notes to Financial Statements  
June 30, 2017 and 2016

### 4. Property and Equipment, Net

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

	<u>2017</u>	<u>2016</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,402,092	7,384,092
Furniture, fixtures and equipment	<u>1,276,732</u>	<u>1,163,516</u>
	8,993,824	8,862,608
Less accumulated depreciation	<u>6,348,265</u>	<u>5,976,355</u>
	<u>\$ 2,645,559</u>	<u>\$ 2,886,253</u>

### 5. 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  
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The changes in net assets related to the donor restricted endowment fund were as follows for the year ended June 30:

	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Net assets, beginning of year	\$ (14,086)	\$ -	\$ 1,198,794
Contributions	-	-	-
Investment income	-	15,320	-
Appropriated	15,320	(15,320)	-
Spending	(6,006)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Net assets, end of year	<u>\$ (4,772)</u>	<u>\$ -</u>	<u>\$ 1,198,794</u>
	<b>2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Net assets, beginning of year	\$ (9,170)	\$ -	\$ 1,198,794
Contributions	-	-	-
Investment income	-	15,959	-
Appropriated	15,959	(15,959)	-
Spending	(20,875)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Net assets, end of year	<u>\$ (14,086)</u>	<u>\$ -</u>	<u>\$ 1,198,794</u>

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

	<b>2017</b>	<b>2016</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
	<u>          </u>	<u>          </u>
Total	<u>\$ 1,198,794</u>	<u>\$ 1,198,794</u>

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2017 and 2016

### 6. 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>2017</u>	<u>2016</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>2017</u>	<u>2016</u>
Net assets, beginning of year	\$ 1,594,463	\$ 1,594,463
Investment income	26,787	25,352
Transfer to unrestricted net assets	<u>(26,787)</u>	<u>(25,352)</u>
Net assets, end of year	<u>\$ 1,594,463</u>	<u>\$ 1,594,463</u>

**DOROT, Inc.**

Notes to Financial Statements  
June 30, 2017 and 2016

**7. Temporarily Restricted Net Assets**

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

	<u>2017</u>	<u>2016</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 66,000	\$ 167,000
Homelessness Prevention Program Reserve	2,183,780	2,381,040
Kosher Meals for the Homebound	300,000	592,500
Strategic Services	15,000	-
Partners in Caring	82,500	82,500
DOROT - Westchester Program	18,800	61,300
Friendly Visiting Program	154,000	295,500
Hand in Hand	9,000	9,000
University Without Walls	88,334	161,667
Reserve for Building Maintenance	108,590	108,590
Health and Wellness	-	12,500
Health and Wellness Reserve	150,245	88,946
Volunteer and Youth Services	4,500	5,500
Volunteer and Service Enterprise	128,700	130,000
Volunteer and Jewish Learning	16,560	30,711
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	594,908	629,404
Cemetery Visits	-	15,000
House Calls	220,795	327,955
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	280,000	315,000
	<u>4,421,712</u>	<u>5,414,113</u>
Total purpose restricted		
Time restricted:		
General support	145,816	148,816
	<u>145,816</u>	<u>148,816</u>
Total temporarily restricted net assets	<u>\$ 4,567,528</u>	<u>\$ 5,562,929</u>

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2017 and 2016

During 2017 and 2016, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2017</u>	<u>2016</u>
Purpose restricted:		
Homelessness Prevention Program	\$ 101,000	\$ 91,000
Homelessness Prevention Program Reserve	197,260	363,752
Kosher Meals for the Homebound	292,500	275,000
Health and Wellness	12,500	12,500
Health and Wellness Reserve	109,480	111,054
Volunteer and Service Enterprise	118,300	123,500
Volunteer and Jewish Learning	29,211	16,000
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	34,496	20,596
House Calls	107,160	105,060
Shop and Escort	-	108
Partners in Caring	75,000	75,000
DOROT - Westchester Program	50,740	18,640
Friendly Visiting Program	141,500	141,500
University Without Walls	73,333	55,000
Cemetery Visits	15,000	-
Volunteer and Youth Services	2,500	27,000
	<u>1,394,980</u>	<u>1,470,710</u>
Total purpose restricted		
Time restricted:		
General support	<u>148,816</u>	<u>145,816</u>
Total net assets released from restrictions	<u>\$ 1,543,796</u>	<u>\$ 1,616,526</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, 2017 and 2016, the gift annuity liability amounted to \$133,209 and \$126,708, respectively.

### 9. 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, 2017 and 2016, the expense associated with the Plan totaled \$130,737 and \$136,075, respectively.

## DOROT, Inc.

Notes to Financial Statements  
June 30, 2017 and 2016

### 10. Allocation of Joint Costs

During the years ended June 30, 2017 and 2016, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows for the years ended:

	<u>2017</u>	<u>2016</u>
Programs	\$ 187,472	\$ 183,917
Management and general	16,835	15,375
Fundraising	<u>170,636</u>	<u>168,542</u>
Total	<u>\$ 374,943</u>	<u>\$ 367,834</u>

### 11. 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 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.

### 12. 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 assessing the impact this standard will have on its financial statements.