

DOROT, Inc.

Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DOROT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DOROT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DOROT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DOROT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Uniondale, New York
November 19, 2024

DOROT, Inc.Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,371,071	\$ 626,456
Investments	17,865,753	17,126,844
Pledges and grants receivable	2,635,630	2,902,012
Accounts receivable	8,622	14,708
Prepaid expenses and other assets	202,607	229,738
Total current assets	22,083,683	20,899,758
Security Deposits	28,000	28,000
Pledges and Grants Receivable, Long-Term, Net	262,577	503,276
Investments, Perpetual Endowment	7,303,943	5,965,372
Right-of-Use Assets, Operating Leases	176,642	1,325,475
Property and Equipment, Net	1,633,741	1,581,608
Total assets	<u>\$ 31,488,586</u>	<u>\$ 30,303,489</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 297,973	\$ 387,644
Accrued vacation pay	332,628	309,891
Deferred revenue	20,000	-
Current portion of charitable gift annuities and trusts	14,259	22,569
Current portion of operating lease liabilities	30,458	193,417
Total current liabilities	695,318	913,521
Charitable Gift Annuities and Trusts, Long-Term	48,386	62,545
Operating Lease Liabilities	154,505	1,198,700
Total liabilities	<u>898,209</u>	<u>2,174,766</u>
Net Assets		
Net assets without donor restrictions	18,913,977	17,653,885
Net assets with donor restrictions	11,676,400	10,474,838
Total net assets	<u>30,590,377</u>	<u>28,128,723</u>
Total liabilities and net assets	<u>\$ 31,488,586</u>	<u>\$ 30,303,489</u>

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2024 (With Comparative Totals for 2023)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024	2023
Public Support and Revenue				
Private gifts and grants	\$ 7,492,709	\$ 1,330,027	\$ 8,822,736	\$ 5,407,698
Bequests and legacies	1,470,943	-	1,470,943	2,673,712
Government grants	-	727,970	727,970	276,828
UJA/Federation of Jewish Philanthropies of New York, Inc.	120,072	253,480	373,552	398,596
Special event revenue, net of direct expenses of \$86,319 in 2024	914,522	-	914,522	596,951
Contributed nonfinancial assets	186,100	-	186,100	164,719
Other income	79,160	-	79,160	63,694
Investment revenue, net	1,264,017	1,339,553	2,603,570	2,189,520
Gain from change of lease assumption	59,059	-	59,059	-
Net assets released from donor restrictions	2,449,468	(2,449,468)	-	-
Total public support and revenue	14,036,050	1,201,562	15,237,612	11,771,718
Expenses				
Program services:				
Socialization services	3,412,633	-	3,412,633	3,430,056
Concrete services	1,128,084	-	1,128,084	1,346,434
Education services	1,722,437	-	1,722,437	1,643,544
Community services	3,409,004	-	3,409,004	2,822,998
Total program services	9,672,158	-	9,672,158	9,243,032
Supporting services:				
Management and general	1,778,755	-	1,778,755	1,481,698
Fundraising	1,325,045	-	1,325,045	1,173,430
Total supporting services	3,103,800	-	3,103,800	2,655,128
Total expenses	12,775,958	-	12,775,958	11,898,160
Change in net assets	1,260,092	1,201,562	2,461,654	(126,442)
Net Assets, Beginning	17,653,885	10,474,838	28,128,723	28,255,165
Net Assets, Ending	\$ 18,913,977	\$ 11,676,400	\$ 30,590,377	\$ 28,128,723

See notes to financial statements

DOROT, Inc.Statement of Activities and Change in Net Assets
Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public Support and Revenue			
Private gifts and grants	\$ 4,692,298	\$ 715,400	\$ 5,407,698
Bequests and legacies	1,328,001	1,345,711	2,673,712
Government grants	176,828	100,000	276,828
UJA/Federation of Jewish Philanthropies of New York, Inc.	166,853	231,743	398,596
Special event revenue, net of direct expenses of \$63,730 in 2023	596,951	-	596,951
Contributed nonfinancial assets	164,719	-	164,719
Other income	63,694	-	63,694
Investment revenue, net	1,894,212	295,308	2,189,520
Net assets released from donor restrictions	2,161,316	(2,161,316)	-
	<u>11,244,872</u>	<u>526,846</u>	<u>11,771,718</u>
Total public support and revenue			
Expenses			
Program services:			
Socialization services	3,430,056	-	3,430,056
Concrete services	1,346,434	-	1,346,434
Education services	1,643,544	-	1,643,544
Community services	2,822,998	-	2,822,998
	<u>9,243,032</u>	<u>-</u>	<u>9,243,032</u>
Total program services			
Supporting services:			
Management and general	1,481,698	-	1,481,698
Fundraising	1,173,430	-	1,173,430
	<u>2,655,128</u>	<u>-</u>	<u>2,655,128</u>
Total supporting services			
Total expenses	<u>11,898,160</u>	<u>-</u>	<u>11,898,160</u>
Change in net assets	(653,288)	526,846	(126,442)
Net Assets, Beginning	<u>18,307,173</u>	<u>9,947,992</u>	<u>28,255,165</u>
Net Assets, Ending	<u>\$ 17,653,885</u>	<u>\$ 10,474,838</u>	<u>\$ 28,128,723</u>

See notes to financial statements

DOROT, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024 (With Comparative Totals for 2023)

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries and payroll taxes	\$ 2,157,987	\$ 588,177	\$ 1,082,726	\$ 1,934,907	\$ 5,763,797	\$ 1,214,341	\$ 630,572	\$ 7,608,710	\$ 6,589,107
Employee benefits	263,365	71,782	132,138	236,140	703,425	148,201	76,956	928,582	769,767
Telephone	26,276	5,716	10,523	18,955	61,470	11,802	6,128	79,400	40,699
Postage and printing	60,010	19,589	41,962	92,588	214,149	39,858	145,013	399,020	347,736
Transportation	23,113	983	1,079	4,906	30,081	824	1,369	32,274	45,764
Client food and delivery	9,118	266,025	7	34,823	309,973	-	-	309,973	342,881
Supplies and equipment	85,576	22,205	54,021	72,218	234,020	43,044	38,117	315,181	169,207
Repairs and maintenance	20,970	5,478	10,085	18,473	55,006	11,310	5,873	72,189	184,621
Site rental	84,850	13,139	25,610	48,670	172,269	29,068	54,671	256,008	236,135
Outside services	348,017	58,099	218,301	596,568	1,220,985	136,785	220,354	1,578,124	1,528,902
Community outreach	23,774	-	3,325	95,233	122,332	5,092	48,907	176,331	117,934
Staff development and training	47,482	5,468	11,158	20,518	84,626	11,290	9,311	105,227	444,413
Utilities	24,265	6,614	12,174	21,756	64,809	13,654	7,090	85,553	68,290
Insurance	71,037	19,362	35,642	63,694	189,735	39,974	20,757	250,466	236,960
Service fees and other	35,932	9,780	18,029	32,221	95,962	20,996	567	117,525	127,898
Contributed nonfinancial assets	52,782	14,386	26,482	47,326	140,976	29,701	15,423	186,100	164,719
Subtotal before depreciation	3,334,554	1,106,803	1,683,262	3,338,996	9,463,615	1,755,940	1,281,108	12,500,663	11,415,033
Depreciation	78,079	21,281	39,175	70,008	208,543	22,815	43,937	275,295	483,127
Total expenses	\$ 3,412,633	\$ 1,128,084	\$ 1,722,437	\$ 3,409,004	\$ 9,672,158	\$ 1,778,755	\$ 1,325,045	\$ 12,775,958	\$ 11,898,160

See notes to financial statements

DOROT, Inc.Statement of Functional Expenses
Year Ended June 30, 2023

	Socialization Services	Concrete Services	Education Services	Community Services	Total Program Services	Management and General	Fundraising	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
Employee benefits	228,159	68,586	111,154	190,748	598,647	106,998	64,122	769,767
Telephone	12,477	2,302	14,590	5,972	35,341	2,008	3,350	40,699
Postage and printing	62,749	18,863	30,570	52,460	164,642	53,563	129,531	347,736
Transportation	33,487	1,858	2,426	5,274	43,045	1,019	1,700	45,764
Client food and delivery	5,898	335,253	-	1,730	342,881	-	-	342,881
Supplies and equipment	50,181	16,862	24,736	42,998	134,777	12,902	21,528	169,207
Repairs and maintenance	55,154	16,339	26,920	45,442	143,855	15,276	25,490	184,621
Site rental	87,612	20,205	26,673	45,769	180,259	29,826	26,050	236,135
Outside services	453,167	136,225	220,773	378,862	1,189,027	212,517	127,358	1,528,902
Community outreach	33,806	7,356	13,371	44,326	98,859	5,028	14,047	117,934
Staff development and training	132,788	38,947	64,390	111,119	347,244	36,411	60,758	444,413
Utilities	20,513	6,050	9,806	16,826	53,195	5,656	9,439	68,290
Insurance	71,124	21,380	34,650	56,462	183,616	19,989	33,355	236,960
Service fees and other	37,908	11,396	18,469	31,693	99,466	10,654	17,778	127,898
Contributed nonfinancial assets	48,823	14,676	23,785	40,817	128,101	13,721	22,897	164,719
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
Depreciation	143,199	43,047	69,764	119,719	375,729	40,244	67,154	483,127
Total expenses	\$ 3,430,056	\$ 1,346,434	\$ 1,643,544	\$ 2,822,998	\$ 9,243,032	\$ 1,481,698	\$ 1,173,430	\$ 11,898,160

See notes to financial statements

DOROT, Inc.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,461,654	\$ (126,442)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	275,295	483,127
Realized and unrealized gain on investments, net	(1,975,290)	(1,843,252)
Change in charitable gift annuities and trusts liability	(8,210)	17,487
Change in discount on pledges and grants receivable	(34,301)	(38,811)
Contributions restricted in perpetuity	(141,197)	-
Net accretion of operating leases	738	12,522
Gain from change of lease assumption	(59,059)	-
(Increase) decrease in current assets:		
Pledges and grants receivable	(422,570)	(745,191)
Accounts receivable	6,086	20,112
Prepaid expenses and other assets	27,131	(82,527)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(89,671)	131,406
Deferred revenue	20,000	-
Accrued vacation pay	22,737	26,767
	<u>83,343</u>	<u>(2,144,802)</u>
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Additions to property and equipment	(327,428)	(97,658)
Purchase of investments	(12,800,597)	(28,633,373)
Proceeds from the sale and maturity of investments	12,698,407	30,341,992
	<u>(429,618)</u>	<u>1,610,961</u>
Net cash flows from investing activities		
Cash Flows From Financing Activities		
Proceeds from contributions restricted in perpetuity	1,105,149	-
Payments to annuitants	(14,259)	(22,501)
	<u>1,090,890</u>	<u>(22,501)</u>
Net cash flows from financing activities		
Net change in cash and cash equivalents	744,615	(556,342)
Cash and Cash Equivalents, Beginning	<u>626,456</u>	<u>1,182,798</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,371,071</u>	<u>\$ 626,456</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's Holocaust initiative provides programming and services to Holocaust Survivors and Children of Holocaust Survivors (2Gs). DOROT staff is trained in the fundamentals of a person-centered trauma-informed (PCTI) care approach in developing programs for and assisting older adults who have experienced trauma. DOROT Westchester offers volunteer visiting, onsite educational and cultural programming to older adult Westchester residents. DOROT staff attend conferences to share best practices and DOROT's model and learnings around creating meaningful intergenerational programming that alleviates social isolation among older adults.

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. Festive holiday meals are also provided. Volunteers of all ages create handmade cards to send to older adults to celebrate their birthdays and holidays.

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. DOROT Connections in Queens offered virtual and in-person intergenerational and social engagement programs for older adults and volunteers living in New York Congressional District 06 to create community using an intensive outreach recruitment and community partnership strategy. 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 AloneTogether™ 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 2024, over 6,400 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 on 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, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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

Contributed Nonfinancial Assets

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

DOROT relies extensively upon the utilization of volunteers to carry out its program and supporting services. Management estimates that volunteers contributed approximately 49,000 hours during the 2024 fiscal year and 47,000 hours during the 2023 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 years ended June 30, 2024 and 2023, there were a direct benefit to donors of \$86,319 and \$63,730, respectively.

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, 2024 and 2023.

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.

DOROT, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

Subsequent Events

Management has evaluated subsequent events through November 19, 2024, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

2. Liquidity and Availability of Resources

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,371,071	\$ 626,456
Investments, current portion	17,865,753	17,126,844
Accounts receivable	8,622	14,708
Pledges and grants receivable, current portion	<u>2,635,630</u>	<u>2,902,012</u>
Total financial assets	21,881,076	20,670,020
Less Board-designated	1,594,463	1,594,463
Less donor restricted amounts	4,372,457	4,509,466
Less annuity obligations	<u>62,645</u>	<u>85,114</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,851,511</u>	<u>\$ 14,480,977</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>2024</u>	<u>2023</u>
Amounts due in:		
One year	\$ 2,635,630	\$ 2,902,012
Two to five years	300,000	575,000
Less discount to net present value	<u>37,423</u>	<u>71,724</u>
Total pledges and grants receivable	<u>\$ 2,898,207</u>	<u>\$ 3,405,288</u>

Amounts that are expected to be collected after one year have been discounted at rates ranging from 4.33% to 4.71% and 4.13% to 4.87% as of June 30, 2024 and 2023, respectively.

DOROT, Inc.

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4. Investments and Fair Value

Investments consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 65,011	\$ 112,881
U.S. government obligations	1,276,904	158,800
Municipal obligations	-	69,282
Common stocks	3,539,042	4,538,015
Mutual funds	3,974,677	5,178,343
Corporate bonds	-	1,181,548
Exchange traded funds	16,314,062	11,853,347
Total	<u>\$ 25,169,696</u>	<u>\$ 23,092,216</u>
Consisting of:		
Operations and Board-designation	\$ 17,362,688	\$ 17,126,844
Restricted for perpetual endowment	<u>7,807,008</u>	<u>5,965,372</u>
Total	<u>\$ 25,169,696</u>	<u>\$ 23,092,216</u>

Cash and cash equivalents 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.

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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, 2024 and 2023.

U.S. government obligations, common stocks, corporate 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, 2024 and 2023:

	Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 1,276,904	\$ -	\$ -	\$ 1,276,904
Common stocks	3,539,042	-	-	3,539,042
Mutual funds	3,974,677	-	-	3,974,677
Exchange traded funds	16,314,062	-	-	16,314,062
Total	<u>\$ 25,104,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,104,685</u>

	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>

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Investment revenue consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 628,280	\$ 346,268
Investment gain (net of fees of \$92,687 and \$57,107, respectively)	<u>1,975,290</u>	<u>1,843,252</u>
Investment revenue, net	<u>\$ 2,603,570</u>	<u>\$ 2,189,520</u>

5. Property and Equipment, Net

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

	<u>2024</u>	<u>2023</u>
Land	\$ 315,000	\$ 315,000
Building and building improvements	7,869,596	7,793,856
Furniture, fixtures and equipment	<u>1,234,032</u>	<u>1,241,100</u>
Total property and equipment	9,418,628	9,349,956
Less accumulated depreciation	<u>7,784,887</u>	<u>7,768,348</u>
Property and equipment, net	<u>\$ 1,633,741</u>	<u>\$ 1,581,608</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.

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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, 2024, there were no underwater restricted endowments.

The following represents the composition of endowment net assets by fund type as of June 30, 2024:

	<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	\$ (56,608)	\$ -	\$ (56,608)
Donor restricted endowment funds	\$ 7,303,943	\$ 503,065	\$ 7,807,008

The changes in endowment net assets were as follows for the year ended June 30, 2024:

	<u>Board-Designated</u>	<u>Net Assets With Donor Restrictions</u>
Endowment net assets, beginning	\$ 1,378,697	\$ 5,965,372
Investment income	159,158	1,339,553
Contributions	-	141,197
Transfer from time restricted	-	963,952
Transfer to net assets without donor restrictions	-	-
Appropriations	-	(603,066)
Endowment net assets, ending	<u>\$ 1,537,885</u>	<u>\$ 7,807,008</u>

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)

DOROT, Inc.Notes to Financial Statements
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The changes in endowment net assets were as follows for the year ended June 30, 2023:

	Board- Designated	Net Assets With Donor Restrictions	Net Assets With Donor Restrictions (Underwater)
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	<u>\$ 1,378,697</u>	<u>\$ 1,115,665</u>	<u>\$ 4,849,707</u>

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

	2024	2023
The Jack and Selma Bernstein Endowment Fund	\$ 6,005,149	\$ 5,000,000
Ullendorf Memorial Foundation Afternoon Concerts with Friends	400,000	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>\$ 7,303,943</u>	<u>\$ 6,198,794</u>

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

	2024	2023
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
June 30, 2024 and 2023**7. Net Assets With Donor Restrictions**

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

	<u>2024</u>	<u>2023</u>
Purpose restricted:		
Homelessness Prevention Program Reserve	\$ 725,637	\$ 1,112,396
Kosher Meals for the Homebound	285,000	299,500
Aging Alone, Together	280,000	300,000
Caring Calls	28,363	-
Friendly Visiting Program	201,417	126,208
Holocaust	-	100,000
University Without Walls	25,000	62,500
Reserve for Building Maintenance	108,590	108,590
Volunteer and Youth Services	8,467	13,935
Volunteer and Service Enterprise	16,250	26,000
Volunteer Services	139,000	-
Wellness/On-site Program	35,508	27,500
Lasting Impressions	501,800	601,800
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	183,685	283,685
Community Partnership Program	-	50,000
LGBT, Social Connection	22,975	13,600
Cemetery Visits	-	3,600
GENuine Connections	175,000	125,000
Program Impact and Evaluation	15,000	-
Marketing	226,500	-
Rosh Hashanah Package Delivery	5,000	-
PCTI	-	45,000
Other	3,200	3,200
	<u>2,986,392</u>	<u>3,302,514</u>
Total purpose restricted	2,986,392	3,302,514
Time restricted, general support	883,000	1,206,952
Unappropriated endowment earnings	503,065	96,871
Underwater endowments	-	(330,293)
Endowment held in perpetuity	7,303,943	6,198,794
	<u>\$ 11,676,400</u>	<u>\$ 10,474,838</u>

DOROT, Inc.

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For the years ended June 30, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows:

	<u>2024</u>	<u>2023</u>
Purpose restricted:		
Homelessness Prevention Program Reserve	\$ 386,759	\$ -
Low Income Initiative	50,000	-
Kosher Meals for the Homebound	299,500	287,500
Wellness/On-site Program	27,500	-
Volunteer and Youth Services	10,935	12,150
Volunteer and Service Enterprise	26,000	19,500
Lasting Impressions	101,800	10,000
Kol DOROT, a DOROT Program Funded in Memory of Miriam Katzin	-	105,000
Miriam and Jerome Katzin Memorial Fund for Innovation at DOROT	100,000	100,000
Aging Alone, Together	150,000	-
Friendly Visiting Program	126,208	115,238
GENuine Connections	125,000	125,000
Cemetery Visits	3,600	3,600
LGBT, Social Connection	13,600	23,750
Volunteer Services	-	10,500
Door to Door	-	32,848
Internships	-	50,000
PCTI	45,000	45,000
Community Partnership Program	-	50,000
University Without Walls	62,500	62,500
	<u>1,528,402</u>	<u>1,052,586</u>
Total purpose restricted	1,528,402	1,052,586
Time restricted, general support	318,000	580,000
Appropriations	603,066	528,730
	<u>603,066</u>	<u>528,730</u>
Total net assets released from donor restrictions	<u>\$ 2,449,468</u>	<u>\$ 2,161,316</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, 2024 and 2023, the gift annuity liability amounted to \$62,645 and \$85,114, 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, 2024 and 2023, the expense associated with the Plan totaled \$207,548 and \$187,158, respectively.

DOROT, Inc.

Notes to Financial Statements
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10. Allocation of Joint Costs

For the years ended June 30, 2024 and 2023, DOROT incurred joint costs for informational materials and activities that included fundraising appeals. Such costs were allocated as follows:

	<u>2024</u>	<u>2023</u>
Programs	\$ 306,468	\$ 253,266
Management and general	52,441	35,229
Fundraising	<u>254,026</u>	<u>218,035</u>
Total	<u>\$ 612,935</u>	<u>\$ 506,530</u>

11. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities and change in net assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 120,000	\$ 120,000
Food	2,233	27,187
Supplies	27,450	8,047
Professional services	36,417	1,375
Licenses and web support	<u>-</u>	<u>8,110</u>
Total	<u>\$ 186,100</u>	<u>\$ 164,719</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 184 and 14 hours in 2024 and 2023, respectively. 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, 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. During the year ended June 30, 2024, DOROT opted not to extend its lease at 169 W85th Street.

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.

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Below is a summary of expenses incurred pertaining to leases for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease expense:	\$ 221,585	\$ 221,565
Short term lease expense:	<u>12,913</u>	<u>12,854</u>
Total lease expense	<u>\$ 234,498</u>	<u>\$ 234,419</u>

The right-of-use asset and operating lease liability were calculated using a weighted average discount rate of 1.51% and 1.54%, respectively, for the years ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, the weighted average remaining lease term was 5.51 and 6.23 years, respectively.

The table below summarizes DOROT's scheduled future minimum lease payments for years ending after June 30, 2024:

Years ending June 30:	
2025	\$ 33,001
2026	33,682
2027	34,364
2028	35,045
2029	35,727
Thereafter	<u>21,072</u>
Total lease payments	192,891
Less present value discount	<u>7,928</u>
Total lease liabilities	184,963
Less current portion	<u>30,458</u>
Long-term lease liabilities	<u>\$ 154,505</u>

The following table includes supplemental cash flow and noncash information related to the leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 213,276	\$ 209,048

14. Related-Party Transactions

For the years ended June 30, 2024 and 2023, DOROT received contributions in the amount of \$786,342 and \$533,783, respectively, from its board of directors.