

LIFTING UP WESTCHESTER, INC.

Financial Statements
Years Ended
December 31, 2021 and 2020

LIFTING UP WESTCHESTER, INC.

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Years Ended
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lifting Up Westchester, Inc.

Opinion

We have audited the accompanying financial statements of Lifting Up Westchester, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifting Up Westchester, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lifting Up Westchester, Inc. 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 accounting principles generally accepted in the United States of America, 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 Lifting Up Westchester, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Lifting Up Westchester, Inc.'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 Lifting Up Westchester, Inc.'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.

Berard & Associates CPA's P.C.

Berard & Associates, CPA's P.C.
Suffern, New York 10901
April 19, 2022

LIFTING UP WESTCHESTER, INC.

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,302,576	\$ 988,346
Cash Restricted - OA reserves	90,444	75,370
Cash Restricted - Orchard St. reserves	108,003	48,000
Investments -Board Restricted	1,090,414	976,256
Accounts Receivable-net of allowance of \$930,224 and \$830,224 respectively	1,949,963	2,437,311
Promises to Give	47,477	59,322
Prepaid Expenses	6,588	5,047
Total Current Assets	4,595,465	4,589,652
Property and Equipment, Net	6,688,044	6,843,714
Other Assets		
Security Deposits	94,555	89,706
Total Assets	<u>\$ 11,378,064</u>	<u>\$ 11,523,072</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 90,393	\$ 60,969
Accrued Expenses	665,421	808,963
Deferred Revenue	14,557	22,108
Current Portion of Mortgage Payable	-	52,022
Total Current Liabilities	770,371	944,062
Long-term Liabilities		
Mortgage Payable	-	1,107,520
Total Long-term Liabilities	-	1,107,520
Total Liabilities	<u>770,371</u>	<u>2,051,582</u>
Net Assets		
Without Donor Restriction		
Undesignated	2,344,398	2,396,244
Board Designated- Operating Reserve	844,988	753,822
Board Designated-Open Arms Building Reserve	90,444	75,370
Board Designated-Orchard Street Building Reserve	108,003	48,000
Board Designated-Special Reserve	245,426	222,434
Board Designated-Investment in Property & Equipment	6,688,044	5,684,172
Total Without Donor restriction	10,321,303	9,180,042
With Donor Restrictions	286,390	291,448
Total Net Assets	<u>10,607,693</u>	<u>9,471,490</u>
Total Liabilities and Net Assets	<u>\$ 11,378,064</u>	<u>\$ 11,523,072</u>

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
 Statements of Activities
 Years Ended December 31, 2021 and 2020

	2021			2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Support:						
Government Grants	\$ 5,826,079	\$ 20,000	\$ 5,846,079	\$ 5,254,415	\$ 399,307	\$ 5,653,722
Contributions and Grants	714,876	580,549	1,295,425	1,295,228	265,636	1,560,864
Paycheck Protection Program	-	-	-	1,471,643	-	1,471,643
Fund Raising Events Revenue	409,466	-	409,466	208,600	61,421	270,021
Fund Raising Events Expense	(82,040)	-	(82,040)	(14,211)	-	(14,211)
Inkind Contributions	139,969	-	139,969	135,348	-	135,348
Total Support	7,008,350	600,549	7,608,899	8,351,023	726,364	9,077,387
Revenue:						
Program Service Fees	2,964,757	-	2,964,757	5,976,680	-	5,976,680
Other	40,901	-	40,901	82,967	-	82,967
Total Revenue	3,005,658	-	3,005,658	6,059,647	-	6,059,647
Revenue released from restrictions	605,607	(605,607)	-	824,246	(824,246)	-
Total Support & Revenue	10,619,615	(5,058)	10,614,557	15,234,916	(97,882)	15,137,034
EXPENSES						
Program Services	9,428,940	-	9,428,940	12,405,829	-	12,405,829
Management and General	987,826	-	987,826	804,926	-	804,926
Fund Raising	312,188	-	312,188	265,288	-	265,288
Total expenses	10,728,954	-	10,728,954	13,476,043	-	13,476,043
Change in operating activities	(109,339)	(5,058)	(114,397)	1,758,873	(97,882)	1,660,991
Nonoperating activity						
Net Investment Income	100,600	-	100,600	43,984	-	43,984
Sale of Neighbors Program	1,150,000	-	1,150,000	-	-	-
Total Nonoperating activity	1,250,600	-	1,250,600	43,984	-	43,984
CHANGE IN NET ASSETS	1,141,261	(5,058)	1,136,203	1,802,857	(97,882)	1,704,975
Net Assets - Beginning of Year	9,180,042	291,448	9,471,490	7,377,185	389,330	7,766,515
Net Assets - End of Year	<u>\$ 10,321,303</u>	<u>\$ 286,390</u>	<u>\$ 10,607,693</u>	<u>\$ 9,180,042</u>	<u>\$ 291,448</u>	<u>\$ 9,471,490</u>

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
 Statements of Functional Expenses
 Years Ended December 31, 2021 and 2020

	2021					2020				
	Program Services	Management General	Fund Raising	Direct cost of Donor Benefits	Total Expenses	Program Services	Management General	Fund Raising	Direct cost of Donor Benefits	Total Expenses
Salaries	\$ 4,592,661	\$ 496,302	\$ 168,932	\$ -	\$ 5,257,895	\$ 6,916,214	\$ 394,474	\$ 147,632	\$ -	\$ 7,458,320
Payroll taxes	335,691	36,017	12,206	-	383,914	488,302	25,967	10,974	-	525,243
Employee benefits	602,075	66,378	20,801	-	689,254	649,552	80,281	36,994	-	766,827
	-	-	-	-	-	-	-	-	-	-
Total Salaries and Related Expenses	5,530,427	598,697	201,939	-	6,331,063	8,054,068	500,722	195,600	-	8,750,390
Food and Consumable Supplies	97,540	-	-	-	97,540	145,915	-	-	-	145,915
Client Assistance Payments - Net of check repayments	2,340,989	-	-	-	2,340,989	2,268,757	-	-	-	2,268,757
In kind Program Supplies & Assistance	139,923	46	-	-	139,969	135,348	-	-	-	135,348
Program Activities	124,012	-	3,169	-	127,181	215,156	-	-	-	215,156
Transportation	70,402	-	-	-	70,402	61,385	-	-	-	61,385
Repairs and Maintenance	100,269	16,587	1,964	-	118,820	57,736	30,616	25	-	88,377
Occupancy	45,468	71,301	32	-	116,801	58,539	82,077	-	-	140,616
Utilities	84,092	11,286	-	-	95,378	75,357	8,089	-	-	83,446
Telephone	53,703	6,577	-	-	60,280	42,274	9,275	-	-	51,549
Meals and Entertainment	-	-	-	82,040	82,040	-	-	-	14,211	14,211
Professional Fees & Contract Services	150,762	105,221	46,345	-	302,328	225,742	74,828	37,233	-	337,803
Staff Recruitment & Training	84,658	31,654	1,476	-	117,788	21,365	23,041	1,440	-	45,846
Office Expenses	125,975	44,720	45,265	-	215,960	141,296	47,464	27,072	-	215,832
Interest Expense	30,251	341	-	-	30,592	62,208	6,331	-	-	68,539
Health Facility Assessment	15,411	-	-	-	15,411	21,305	-	-	-	21,305
Insurance	76,912	28,923	4,661	-	110,496	55,394	10,031	1,448	-	66,873
Postage	6,833	1,424	5,526	-	13,783	7,879	154	582	-	8,615
Community Outreach	-	-	-	-	-	-	593	80	-	673
Bad Debt Expense	-	61,966	-	-	61,966	408,000	-	-	-	408,000
	-	-	-	-	-	-	-	-	-	-
Total Expenses Before Depreciation	9,077,627	978,743	310,377	82,040	10,448,787	12,057,724	793,221	263,480	14,211	13,128,636
Depreciation	351,313	9,083	1,811	-	362,207	348,105	11,705	1,808	-	361,618
Less expenses included with revenues on the statement of activities	-	-	-	(82,040)	(82,040)	-	-	-	(14,211)	(14,211)
Total Expenses	\$ 9,428,940	\$ 987,826	\$ 312,188	\$ -	\$ 10,728,954	\$ 12,405,829	\$ 804,926	\$ 265,288	\$ -	\$ 13,476,043

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
Statements of Cash Flow
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flow from Operating Activities		
Increase (decrease) in net assets	\$ 1,136,203	\$ 1,704,975
Adjustments to reconcile		
Increase in net assets to		
net cash provided by operating activities		
Depreciation	362,207	361,618
Changes in operating assets and liabilities		
Decrease (Increase) in Accounts Receivable	487,348	479,456
Decrease (Increase) in Promises to Give	11,845	(19,880)
Decrease (Increase) in Prepaid Expenses	(1,542)	14,395
Decrease (Increase) in Security Deposits	(4,849)	(54,118)
Increase (Decrease) in Accounts Payable & Accrued Expenses	(114,118)	(628,876)
Increase (Decrease) in Deferred Revenue	(7,551)	(49,303)
	<u>1,869,543</u>	<u>1,808,267</u>
Net Cash Provided by Operating Activities	1,869,543	1,808,267
Cash Flows from Financing Activities:		
Proceeds from Debt	-	885,567
Repayment of Debt	(1,159,542)	(1,499,212)
	<u>(1,159,542)</u>	<u>(613,645)</u>
Net Increase in Cash Financing Activities	(1,159,542)	(613,645)
Cash Flows from Investing Activities		
(Purchase) of property and equipment	(206,537)	(139,599)
(Purchase) of Investments	(114,157)	(990,922)
Sale of Investments	-	14,666
	<u>(320,694)</u>	<u>(1,115,855)</u>
Net cash used in Investing Activities	(320,694)	(1,115,855)
Net Increase in Cash and Cash Equivalents	389,307	78,767
Cash and Cash Equivalents - Beginning of Year	<u>1,111,716</u>	<u>1,032,949</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,501,023</u>	<u>\$ 1,111,716</u>
Noncash Disclosure		
Contributions in kind	\$ 139,969	\$ 135,348
Supplemental Information		
Interest Paid	\$ 30,592	\$ 68,539
Taxes Paid	\$ -	\$ -

See notes to financial statements

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - ORGANIZATION AND PURPOSE

Lifting Up Westchester assists those struggling to overcome the challenges of poverty, homelessness, and hunger. The agency works with men, women, and children as they create their own unique path to a more fulfilling, healthy, and independent life. Striving to never turn anyone away, they enlist the generosity of a caring community through donations and volunteerism.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a special reserve and an operating reserve. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

It is the policy of The Organization to account for donor restricted funds, which are received and expended in the same year as unrestricted.

Cash Equivalents

For purposes of the Statement of Cash Flows, The Agency considers all cash and other highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promise to Give

Unconditional promises to give are recognized as contribution revenue in the period received as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All current promises to give are short term and undiscounted.

Allowance Method for Accounts Receivable

The Agency uses the allowance method for recording bad debt expense relating to their accounts receivable. The expense is computed based on a historical percentage of uncollected receivables. Actual write-offs are then applied to the allowance account. During 2021 and 2020, bad debt expense was \$61,966 and \$408,000 respectively, related to discontinued operations.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Investments

Investments are recorded at fair value. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statement of activities. Realized gains and losses on the sale of investments are generally determined on the specific identification method on the trade date.

The fair value of debt and equity securities with readily determinable fair values are generally based on quoted market prices obtained from active markets.

Fair Value Measurements

The fair value of the Agency's financial instruments approximate the carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, short term investments and accounts payable and accrued expenses.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer a liability in an orderly transaction between market participants as of the measurement date. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs - Quoted prices (unadjusted) in active markets of identical assets or liabilities that the organization has the ability to access at the measurement date. Quoted market prices in an active market provide the most reliable evidence of fair value and should be used to measure fair value whenever available.
- Level II inputs - Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities in active markets).
- Level III inputs - Are unobservable inputs when observable inputs are not available. Unobservable inputs should be developed based on the best information available.

Support and Revenue

The Agency received 49% of its total support and revenue from federal, state, and local government agencies including but not limited to the federal Department of Housing and Urban Development, New York State Departments of Community Mental Health and Office for People with Developmental Disabilities, and the Westchester County Departments of Social Services and Community Mental Health. Support received from those grants and contracts is recognized when the services are provided and are subject to audit by the providing agency.

The Agency received 35% of its total support and revenue primarily from program service fees related to the Neighbors Program. Exchange revenue is recognized when earned.

The Agency received 16% of its total support and revenue primarily from fund raising and other revenue.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Deferred Revenue

Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Total deferred revenue as of December 31, 2021 and 2020 was \$14,557 and \$22,108, respectively.

Estimates

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses also presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, operations and maintenance of buildings are allocated based on square footage, costs of all other categories were allocated on estimates of time and effort.

Income Taxes

The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose maybe subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Agency recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. The Agency does not believe they have taken any material uncertain tax positions and, accordingly they have not recorded any liability for unrecognized tax benefits.

NOTE 3 – PROGRAMS

Emergency Services

Grace's Kitchen: On weekdays, LUW's community kitchen serves mid-day meals on weekdays and Holidays to 50-60 individuals, as well as their families. In 2021, we served over 25,643 meals including hot meals, Grab & Go meals and grocery bags.

Outreach: The Charlie Bevier Outreach Program provides case management services, referrals to LUW and community services, meals and other support to guests at the community kitchen and those living on the streets so these individuals can be food and housing secure.

Open Arms: In 2021, the Open Arms 38-bed shelter for single men experiencing homelessness provided 479 men with 13,169 nights of shelter. Open Arms provided approximately 46,291 meals. All the individuals served by the shelters also receive clothing, case management support, employment services and assistance finding housing.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 3 – PROGRAMS - Continued

Samaritan House: In 2021, the 17-bed women's shelter provided 8,484 nights of shelter while maintaining social distancing and COVID 19 protocols to 161 single women. Samaritan House served 6,419 meals. All the individuals served by the shelters also receive clothing, case management support, employment and housing support.

Housing Stabilization

Housing Services: LUW provides long term housing assistance for individuals who have been chronically homeless, have a mental health or substance abuse diagnosis, HIV/AIDS or other disability. The Housing Program also supports clients exiting shelter in their apartment search, with lease negotiations and with moving into their new homes. All clients receive ongoing case management and support following their placement to ensure a more successful transition. In 2021 the program helped 220 individuals secure and maintain housing.

Restoring Independence

Pathways: The program is geared toward partnering with clients experiencing homelessness or about to become homeless to better prepare them for the jobs of today and the careers of tomorrow. Services offered include classes in budgeting, financial literacy, nutrition and housekeeping, as well as assistance with job search, resume writing, mock interviews and post-employment support. In 2021, the program helped 66 individuals secure employment with an average pay rate of \$15.54 per hour.

Rainbow Outreach: Provides social and educational programs, case management and respite support to developmentally disabled individuals and their families from traditionally underserved communities and minority groups. In 2021, the program served 32 developmentally disabled individuals and their families.

Next Generation Educational Opportunities

After-School Mentoring and College Success: The program provides a variety of educational enrichment programs for homeless and at-risk youth to ensure that they are the first in their families to go to college and the last to live in poverty. Our Next Gen programs work with children of all ages on a continuum of academic and social support programs from age 5 through young adulthood. In 2021, the program was able to serve 354 youth both in person and through a variety of virtual tools. We also provided grocery store gift cards and grocery bags of food to students where they were staying.

Summer Camp: Provides a stimulating, fun recreational program for homeless and disadvantaged children for four weeks each summer. Activities include swimming, arts and crafts, sports, dance, music, journal writing, field trips and reading instruction. The camp also provides skill building and job opportunities through the counselor-in-training and counselor program. Due to social distancing and COVID 19 protocols the camp served 55 youth ages 5 – 13, and 20 counselors. In addition, food insecurity was a major issue for these children, counselors and their families and we provided approximately 2,166 meals during summer camp.

NOTE 4- IN-KIND CONTRIBUTIONS

The Organization received donated goods for consumers of \$139,969 and \$135,348 during 2021 and 2020.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 5– EMPLOYEE BENEFIT PLANS

The Agency has a tax deferred annuity retirement plan available for all employees. All full-time employees are eligible to enter the plan upon hire. All full-time employees are eligible for employer contributions upon completion of one year of service in which they have worked a minimum of 1,000 hours per year. The Agency matches up to \$1,500 of employee voluntary salary reduction contributions. Employer retirement plan contributions for the years ended December 31, 2021 and 2020 were \$43,326 and \$42,792, respectively.

On January 1, 2018, the Agency established a special retirement plan for its Home Health Aides to which the Agency makes employer contributions as part of its compliance with NYS wage parity requirements. Home Health Aides are eligible for this benefit immediately upon hire and receive an employer contribution to the plan per wage parity qualifying hour worked. Employer contributions for the year ended December 31, 2021 and 2020 were \$116,000 and \$456,872, respectively.

NOTE 6 – CONCENTRATION OF RISK

The Agency maintains bank accounts at four banks which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were in excess of the insured amounts at year end at two of the four banks by a total of \$932,023. Management believes these are reputable banks and does not believe there is any risk of loss.

NOTE 7- RELATED ENTITIES

The Agency has a Limited Liability Corporation, GCCC Orchard Street, LLC. The LLC is one hundred percent owned by Lifting Up Westchester, Inc. As a single-member entity, it is considered a “disregarded entity” by the Internal Revenue Code. GCCC Orchard Street, LLC owns the building purchased in 2007 located at 35 Orchard St. White Plains, NY. Intercompany rent of \$158,580 was eliminated in the consolidation. Additionally, Open Arms Housing Development Fund Company, Inc. was created to own 86 East Post Road. The HDFC is 100% owned by Lifting Up Westchester, Inc. and is consolidated into these financial statements. Intercompany rent of \$145,000 was eliminated in the consolidation.

NOTE 8 – PROPERTY AND EQUIPMENT

The agency follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$3,000. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Furniture and Fixtures	3-10
Office and Program Equipment	3-5
Transportation and Equipment	5-10
Building Improvements	5-19
Building	40

In 2007, the agency purchased the building located at 35 Orchard Street, White Plains, NY which serves as its administrative and housing services headquarters. During 2014, 86 East Post Road was purchased for \$2,004,190, improvements of \$4,248,598 was spent in 2014-2016. The agency also leases property in White Plains which houses Samaritan House, the Soup Kitchen, and Neighbors.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

NOTE 8 – PROPERTY AND EQUIPMENT - Continued

At December 31, 2021, the costs and related accumulated depreciation of buildings, property and equipment consisted of the following:

Account	Cost	Accum Depr	Net
Furniture, Fixtures & Equipment	\$ 250,919	\$ (218,042)	\$ 32,877
Transportation Equipment	144,667	(104,028)	40,639
Land	255,000	-0-	255,000
Building & Improvements	9,100,922	(2,741,393)	6,359,529
	\$ 9,751,507	\$ (3,063,463)	\$ 6,688,044

At December 31, 2020, the costs and related accumulated depreciation of buildings, property and equipment consisted of the following:

Account	Cost	Accum Depr	Net
Furniture, Fixtures & Equipment	\$ 250,919	\$ (163,020)	\$ 87,899
Transportation Equipment	104,087	(97,370)	6,717
Land	255,000	-0-	255,000
Building & Improvements	8,943,753	(2,449,655)	6,494,098
	\$ 9,553,759	\$ (2,710,045)	\$ 6,843,714

Depreciation expense for 2021 and 2020 was \$362,207 and \$361,618, respectively. Additions for the year ended December 31, 2021 and 2020 was \$206,537 and \$139,599, respectively

Due to paying off the mortgage early, client had to write off the net mortgage cost for a loss of disposal of \$3,076.

NOTE 9 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2021 and 2020, the Organization's investments consisted of publicly traded securities totaling \$1,090,414 and \$976,256. Investments are reported at fair value using a Level 1 measure as summarized below:

	2021	2020
Cash	\$ 26,450	\$ 12,776
Mutual Funds	842,645	754,280
Equities	221,319	209,200
Total investments	\$ 1,090,414	\$ 976,256

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were \$286,390 in 2021 and \$291,448 in 2020. The funds are set aside for:

	<u>2021</u>	<u>2020</u>
Scholarship	\$ 71,929	\$ 89,220
College Retention	43,775	-
Employment Retention	14,224	-
Summer Camp	-	18,628
Soup Kitchen	-	27,013
Housing Retention	156,462	156,587
	<u>\$ 286,390</u>	<u>\$ 291,448</u>

NOTE 11- BOARD DESIGNATED NET ASSETS

In August 2018, the Board of Directors authorized the transfer of its Board restricted endowment into a Board designated special reserve fund, the balance at December 31, 2021 and 2020 was \$245,426 and \$222,434, respectively.

The Board has designated a capital reserve fund for the Open Arms Building and the Orchard Street Building, the balance at December 31, 2021 and 2020 was \$198,447 and \$123,270, respectively.

During 2020 the Board has designated an operating reserve fund with a goal of maintaining two months of expenses in a separate investment account, the balance at December 31, 2021 and 2020 was \$844,988 and \$753,822, respectively.

NOTE 12- COMMITMENTS

The organization has rental agreements as follows:

- Three Copier leases –payments total \$3,761/month expiring in 2025
- Computer Network Services – payments total \$2,961 expiring June 1, 2022

<u>Rental Leases</u>	<u>Expires</u>	<u>Monthly amount</u>
Samaritan House	Dec. 2023	\$6,760
148 Hamilton Ave. White Plains	July 2023	\$2,366
Grace's Kitchen	Dec. 2023	\$2,626

Future payments are as follows:

2022	\$ 203,003
2023	175,718
2024	45,136
2025	45,136
Total	<u>\$ 438,172</u>

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 13– LITIGATION- PRIOR PERIOD ADJUSTMENT

In January 2021, a class action suit was filed against Lifting Up Westchester's Neighbors Home Care Services program seeking back pay under various New York wage and hour laws. As the majority of these claims are for back wages prior to 2020, the agency has recorded reserves associated with this lawsuit as a prior period adjustment. At December 31, 2020, a payable in the amount of \$400,000 has been recognized in the statement of financial position, with a corresponding reduction opening fund balance of \$400,000.

NOTE 14 – LINE OF CREDIT

In February 2019, the Agency obtained a secured line of credit from The Westchester Bank maturing on June 30, 2022, for \$1,000,000, with interest payable at a rate of prime plus 0.5%. The balance at December 31, 2021 and 2020 was \$0 and \$0.

NOTE 15- MORTGAGE

In October 2018, the Agency obtained a mortgage with Leviticus 25:23 Alternative Fund Inc. for \$1,260,000. This mortgage term is \$9,309.28 per month with payments to be made over 204 months with interest payable at a rate of 5.25% percent. In August 2021, the loan was paid off in full. At December 31, 2021 and 2020 loan balance was \$0 and \$1,159,542, respectively.

NOTE 16- BUILDING RESERVE

The agreement between New York State Homeless Housing and Assistance Corporation (HHAC), contains an annual replacement and operating reserve requirement of \$15,074 per year for the Open Arms building. The funds deposited in the Operating Reserve Account, along with the interest earned on such funds, shall be withdrawn, and used only to meet costs directly connected with the operation of the Open Arms building, unless another use is approved in writing by HHAC, upon the written application of Lifting Up Westchester, Inc. The Board created a building reserve fund for the Orchard street property \$60,000 was deposited in 2021, in prior years the annual contribution amount was \$6,000. The funds shall be used only to meet costs directly connected to the property.

NOTE 17 - CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT (CARES Act)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The Governor of New York State subsequently closed all non-essential businesses and instituted rules for social distancing. The COVID-19 pandemic had significant impact on all of LUW's operations. As most of LUW programs qualified as essential services, LUW remained fully operational throughout the pandemic, but LUW's residential programs had to be restructured to address social distancing, sanitation and other safety measures, the meal programs had to be reconfigured to allow for take-away or delivery of meals on a much larger scale, and the administrative staff were enabled to work remotely. LUW's home care program was particularly heavily impacted with a significant drop in program revenue as elderly patients were hospitalized with COVID or simply chose not to have personnel in their homes. Lifting Up Westchester was able to offset the financial impact of these challenges through a significant increase in donations to assist with pandemic relief efforts and the receipt of Payroll Protection Program funds to offset payroll costs particularly in the home care program.

On April 17, 2020, the Agency received loan proceeds of \$1,471,643 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The PPP provided loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses and other qualifying business expenses. The Agency applied for and received forgiveness of the full loan amount on November 27, 2020.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 17 - CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT (CARES Act)- Continued

In March 2021, The Agency also received \$142,355, from Medicaid as relief payments to home care providers based on demonstrated loss of revenue due to COVID. This is recorded as accounts receivable and grant revenue as of December 31, 2020.

NOTE 18- LIQUIDITY AND FUNDS AVAILABLE

The following table reflects Lifting Up Westchester Inc.'s financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, perpetual endowments, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. The Board designations could be drawn upon if the Board approves that action.

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,501,023	\$ 1,111,716
Accounts Receivable	1,932,194	2,294,956
Promises to Give	<u>47,477</u>	<u>59,322</u>
Financial assets, at year-end	3,480,694	3,465,994
Less those unavailable for general expenditure within one year:		
Board Designated for:		
Open Arms Building Reserve	66,257	75,370
Orchard Street Building Reserve	108,003	48,000
Special Reserve	<u>245,426</u>	<u>222,434</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,061,008</u>	<u>\$ 3,120,190</u>

Lifting Up Westchester, Inc. regularly monitors its cashflow and liquidity needs as part of its financial reporting and analysis. In the event of unanticipated liquidity need, Lifting Up Westchester Inc. has a Board designated operating reserve of \$844,988 as well as a \$1,000,000 line of credit as described in Note 14.

NOTE 19- NEIGHBORS PROGRAM

Lifting Up Westchester Inc. initiated its home care program over thirty years ago when there were few providers of quality, affordable home care for low-income seniors. There are now a significant number of such providers serving Westchester and as the industry is experiencing significant consolidation due to changes in the reimbursement and regulatory environment, Lifting Up Westchester Inc. no longer believes maintaining its small program is in the best interests of its mission, clients, or employees. As a result, it applied to the NYS Department of Health for approval to transfer its operations to Always Compassionate Home Care, a larger, well-established provider of home care services in the state of NY. In connection with that application, Always Compassionate Home Care assumed operational management of the Company's home care program effective April 12, 2021 and a full legal transfer of the program is expected by the middle of 2022. The 2021 financials show an approximately \$3,000,000 reduction in both revenue and expenses as a result of the transfer of the home care program contracts and patients to Always Compassionate throughout the year.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

NOTE 20- SUBSEQUENT EVENTS

Lifting Up Westchester continues to comply with CDC and state guidelines relating to its operations. The impact of COVID on its 2022 financials is as yet unknown. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The home care program revenue and expenses in 2022 are expected to be de minimis resulting in a revised annual budget of approximately \$8.5 million

The Agency evaluated subsequent events through April 19, 2022, the date the financial statements are available to be issued.