

LIFTING UP WESTCHESTER 403(B) PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

LIFTING UP WESTCHESTER 403(B) PLAN
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of the
Lifting Up Westchester 403(B) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Lifting Up Westchester 403(B) Plan, which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statements of changes in net assets available for plan benefits 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Massachusetts Mutual Insurance Company (MassMutual), the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2019 and 2018, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules of Assets Held for Investment, Reportable Transactions, and Notes Receivable from Participants as of or for the year ended December 31, 2019, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Berard & Associates CPA's P.C.

Berard & Associates CPA's P.C.

Suffern, New York

October 14, 2020

LIFTING UP WESTCHESTER 403(B) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Deposits with investment fund companies (at fair value)	\$ 1,149,184	\$ 1,383,342
Contributions receivable from employer	2,614	
Contributions receivable from employees	11,081	
Notes Receivable from Participants	33,575	37,896
TOTAL ASSETS	\$ 1,196,454	\$ 1,421,238
LIABILITIES - None	-	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$ 1,196,454	\$ 1,421,238

See accompanying notes and independent auditor's report.

LIFTING UP WESTCHESTER 403(B) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS:		
Investment activity:		
Net appreciation(depreciation) in fair value of investments	\$ 189,573	\$ (70,816)
Interest income	-	11,014
Interest on participant loans	307	2,263
	<u>189,880</u>	<u>(57,539)</u>
Total investment activity		
Contributions:		
Employer	33,571	27,487
Employee	137,714	98,330
	<u>171,285</u>	<u>125,817</u>
Total contributions		
	<u>361,165</u>	<u>68,278</u>
TOTAL ADDITIONS (DEDUCTIONS)		
DEDUCTIONS:		
Administrative fees and miscellaneous	729	895
Distributions to participants	585,220	59,076
	<u>585,949</u>	<u>59,971</u>
Total Deductions		
NET INCREASE (DECREASE)	(224,784)	8,307
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	<u>\$ 1,421,238</u>	<u>\$ 1,412,931</u>
END OF YEAR	<u>\$ 1,196,454</u>	<u>\$ 1,421,238</u>

See accompanying notes and independent auditor's report.

LIFTING UP WESTCHESTER 403(B) PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

1. GENERAL INFORMATION

Effective April 2015, the Grace Church Community Center 403(B) Plan amended the Plan and changed its name to the Lifting Up Westchester, Inc., 403(b) Plan. As of January 1, 2019, the Plan is with Nationwide Life Insurance Company. For the 2018 year the Plan was with Massachusetts Mutual Life Insurance Company (MassMutual).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plan are prepared on the modified cash basis of accounting, which is a basis of accounting that is other than generally accepted accounting principles in the United States of America. Under modified cash basis of accounting, salary deferrals are recorded when withheld from participants' payroll and employer contributions are recorded when declared by the Plan Sponsor's Board. Payments toward participant loan principal and interest are recorded when received. Benefit payments are recorded when paid.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. The investment income, capital gains and losses (realized and unrealized), and any expenses incurred in conjunction with the investments are reflected in the statement of changes in net assets available for Plan benefits as net appreciation (depreciation) in the fair value of investments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. DESCRIPTION OF THE PLAN

The following description of the Plan has been extracted from the Plan document and provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The plan, as offered by Lifting Up Westchester, Inc., is a 403(b) Retirement program funded by a group of variable annuities issued by Nationwide Life Insurance Company. The plan is a defined contribution plan.

LIFTING UP WESTCHESTER 403(B) PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

3. DESCRIPTION OF THE PLAN (con't)

Contributions

All contributions made to the plan are held in individual participant accounts. Employee elective contributions can be made up to the IRS limitations. All employees are eligible for elective contributions after 90 days of employment; there is no age or service requirement. The plan provides for employer non-elective matching contributions which are approved annually by the Plan Administrator. To be eligible for employer contributions, an employee must first complete one (1) year of service with at least 1,000 hours.

Vesting

A participant has a vested, non-forfeitable right to the entire balance in his/her election account and will have a 100% vested interest in the employer's matching non-elective contributions following one year of service or upon death or permanent disability.

Investment Options

Upon enrollment in the Plan, participants may direct the Custodian to invest contributions in various investment options managed by the Custodian, its affiliates, and other large investment management companies. Participants may change their contribution investment options, transfer part or all part of past investments to other funds and change their deferral percentage at any time by giving the Plan Administrator an advance notice.

Notes Receivable from Participants

Participants may borrow from their vested fund balance up to the IRS limitations. For 2019 and 2018 loans are limited to the lesser of 50% of the participants vested account balance at the time of the loan, or \$50,000 with a few exceptions. Loans must be repaid within 5 years and loans require level payments over the life of the loan. The Plan trustee receives payment from participants for the outstanding balance on the loan through an automatic payroll deduction each pay period.

Deemed Distributions

When a participant fails to make loan repayments under the terms of the loan agreement, the loan is considered to be in default. A loan in default is considered a distribution from the plan (deemed distribution) that will result in taxable income to the participant equal to the remaining loan balance and may include additional early withdrawal penalties.

Rollovers

An employee enrolled in another existing retirement account with a prior employer or a traditional IRA, may be able to transfer (rollover) that account into the plan at any time.

Payment of Benefits

Retirement date is the later of age 65 or third anniversary of employment. Upon retirement, benefits from the plan will be based on the value of the individual accounts (including investment earnings and losses) at the time of distribution. Participants receive the full amount in their account when their employment terminates due to death, disability, or normal retirement. Terminations due to any other reason only entitle the participant to receive the vested percentage of their account balance.

Administrative Expenses

Investment related Plan administrative expenses are paid for by the Plan Trust from the assets of the funds, and therefore reduce the overall return offered by the funds.

LIFTING UP WESTCHESTER 403(B) PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

4. TRANSACTIONS WITH RELATED PARTIES

None

5. DEPOSITS WITH INVESTMENT COMPANIES AND CUSTODIAN

As of December 31, 2019, the plan's deposits represent investments in various cash, money market funds, mutual funds, stocks and bonds held in an account with Massachusetts Mutual Life Insurance Company (MassMutual). MassMutual is the Directed Trustee, the Plan's Recordkeepers, and the Plan's third-party administrators. The information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the Trustee. An internal Lifting Up Westchester, Inc. 403(B) Committee comprised of Lifting Up Westchester, Inc.'s Fiscal Committee of the Board of Directors, the agency's Controller and Executive Director, assumes the Agency's fiduciary responsibilities.

As of December 31, 2019, investments representing 5% or more of net assets available for benefits were:

TIAACREF LfCyclInd 2020 Inst	\$ 570,223
TIAACREF LfCyclInd 2025 Inst	172,878
TIAACREF LfCyclInd 2030 Inst	214,117
TIAACREF LfCyclInd 2035 Inst	102,815
TIAACREF LfCyclInd 2040 Inst	52,468

Contributions for participants are maintained in individual accounts. The accounts are credited for actual earnings on investments and charged for Plan withdrawals. The accounts are also adjusted for any change in fair value in the investments. All investments are participant-directed except for Participant Loan Receivables.

6. INCOME TAX STATUS

The Plan Sponsor, Lifting Up Westchester, Inc., elected to adopt the Plan Trustee's prototype plan. The Plan Administrator and Trustee believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. The Nationwide Life Insurance Company Plan documents are compliant with current regulations and will be updated as the regulations change.

7. TERMINATION

The Employer has the right to terminate the Plan at any time. Upon termination, all amounts credited to the participants' accounts become 100% vested. A complete discontinuance of contributions by the Employer will constitute a termination

8. INVESTMENT INCOME

Investment Income (loss) At December 31, 2019 consists of realized gains/(losses) of \$189,573. During 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by \$189,573 as follows:

Mutual funds	\$189,573
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LIFTING UP WESTCHESTER 403(B) PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

9. FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at December 31, 2019, are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Retirement Funds	\$ 1,152,674	\$ 1,152,674	\$ -	\$ -

Fair values of assets measured on a recurring basis at December 31, 2018, are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Growth Funds	\$ 311,170	\$ 311,170	\$ -	\$ -
Social Funds	39,743	39,743	-	-
Stock Funds	199,602	199,602	-	-
MassMutual General Account	366,173	-	366,173	-
International Funds	46,475	46,475	-	-
Retirement Funds	<u>420,179</u>	<u>420,179</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,383,342</u>	<u>\$1,017,169</u>	<u>\$ 366,173</u>	<u>\$ -</u>

ASC 820, *Fair Value, Fair Value Measurements*, establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. This hierarchy consists of three broad levels with Level 1 being the highest. The financial instruments reported in the financial statements at fair value have been categorized into a three-level hierarchy using the following valuation techniques:

Level 1 input are instruments whose fair value is based on quoted prices in active markets for identical assets where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 provides the most reliable evidence of fair value.

Level 2 inputs are instruments whose fair value is based on factors other than quoted prices that are either directly or indirectly observable. Factors include but are either directly or indirectly observable. Factors include, but are not limited to, the following: quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable.

Level 3 inputs are investments whose fair value is based on factors that are unobservable with little, if any, market activity. Level 3 inputs are generally based on the best information available which may include the reporting entity's own assumptions and data.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events after the balance sheet date through October 14, 2020, the date of issuance of our financial statements.

LIFTING UP WESTCHESTER 403(B) PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND 2018

11. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

12. RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The net assets available for benefits per the financial statements of \$1,196,454 reconciles to the same amount on Schedule H of the 5500.

LIFTING UP WESTCHESTER 403(B) PLAN
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2019 AND 2018

**LIFTING UP WESTCHESTER 403(B) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2019**

Attachment To Shedule H, Part IV, I

(a)	(b)	(d)	(e)
<u>Identity of Issue, Borrower, Lessor or Similar Party</u>		<u>Cost</u>	<u>Current Value</u>
TIAACREF LfCyclnd 2015 Inst		\$ -	\$ 5,861
TIAACREF LfCyclnd 2020 Inst		-	570,223
TIAACREF LfCyclnd 2025 Inst		-	172,878
TIAACREF LfCyclnd 2030 Inst		-	214,117
TIAACREF LfCyclnd 2035 Inst		-	102,815
TIAACREF LfCyclnd 2040 Inst		-	52,468
TIAACREF LfCyclnd 2045 Inst		-	17,284
TIAACREF LfCyclnd 2055 Inst		-	10,042
TIAACREF LfCyclnd 2060 Inst		-	6,986
		<hr/>	<hr/>
TOTAL INVESTMENTS		<u>\$ -</u>	<u>\$ 1,152,674</u>

LIFTING UP WESTCHESTER 403(B) PLAN
SCHEDULE OF REPORTABLE TRANSACTIONS
DECEMBER 31, 2019 AND 2018

PLAN TRANSACTIONS IN EXCESS OF 5%

	<u>Beg. of Year Current</u>	<u>End of Year Current</u>
No reportable transactions.	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

LIFTING UP WESTCHESTER 403(B) PLAN
NOTES RECEIVABLE FROM PARTICIPANTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Notes Receivable From Participants as of December 31, 2019 was:

	Interest Rate	Principal Balance <u>12/31/2019</u>
Participant Loans	5 - 7 %	<u>\$ 33,575</u>

See accompanying notes and independent auditor's report.