WESTCHESTER JEWISH COMMUNITY SERVICES, INC.
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022 AND 2021

GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATE

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GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Westchester Jewish Community Services, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Westchester Jewish Community Services, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Westchester Jewish Community Services, Inc. and Affiliate as of June 30, 2022 and 2021, and the changes in their net assets and their 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 the Westchester Jewish Community Services, Inc. and Affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 the Westchester Jewish Community Services, Inc. and Affiliate'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Westchester Jewish Community Services, Inc. and Affiliate'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.

Galleros Robinson CPAs, LLP

New York, New York
March 23, 2023

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 518,583	$ 812,982
Accounts receivable, net	3,906,519	3,610,471
Contributions receivable, net	920,185	1,462,975
Investments	29,264,282	35,110,911
Property and equipment, net	2,969,275	2,981,661
Finance lease right-of-use assets	105,157	97,328
Operating lease right-of-use assets	1,398,385	1,635,050
Other assets	237,430	276,428
Total Assets	$ 39,319,816	$ 45,987,806
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses and other payables	$ 2,789,539	$ 3,830,990
Paycheck Protection Program loan payable	4,598,322	4,598,322
Loans payable, net	707,587	841,988
Lease liabilities	1,624,679	1,879,103
Due to related parties	2,424,226	2,297,003
Total Liabilities	12,144,353	13,447,406
Net Assets		
Without donor restrictions	7,972,451	10,060,857
With donor restrictions		
Purpose restricted	14,653,131	17,300,513
Endowments	4,549,881	5,179,030
Total Net Assets	27,175,463	32,540,400
Total Liabilities and Net Assets	$ 39,319,816	$ 45,987,806

See notes to consolidated financial statements.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
		With Donor Restrictions				With Donor Restrictions		
	Without Donor Restrictions	Purpose Restrictions	Endowments	Total	Without Donor Restrictions	Purpose Restrictions	Endowments	Total
SUPPORT AND REVENUE - OPERATING								
Public Support								
UJA/Federation	$ 1,895,065	$ -	$ -	$ 1,895,065	$ 2,115,485	$ -	$ -	$ 2,115,485
Contributions and grants	2,940,227	1,427,165	-	4,367,392	2,985,964	1,641,237	-	4,627,201
Special events, net of related direct expenses of $91,886 in 2022 and $42,599 in 2021	192,409	177,078	-	369,487	191,301	157,341	-	348,642
Net assets released from restrictions	2,915,642	(2,777,889)	(137,753)	-	2,570,927	(2,513,954)	(56,973)	-
Total Public Support	7,943,343	(1,173,646)	(137,753)	6,631,944	7,863,677	(715,376)	(56,973)	7,091,328
Revenue								
Government grants	7,940,798	-	-	7,940,798	5,873,803	-	-	5,873,803
Program service fees	10,712,512	-	-	10,712,512	11,547,251	-	-	11,547,251
Investment income	354,194	565,726	278,069	1,197,989	863,074	994,913	398,060	2,256,047
Interest from related parties	31,437	-	-	31,437	41,744	-	-	41,744
Rental and other income	365,278	-	-	365,278	33,325	-	-	33,325
Total Revenue	19,404,219	565,726	278,069	20,248,014	18,359,197	994,913	398,060	19,752,170
TOTAL SUPPORT AND REVENUE - OPERATING	27,347,562	(607,920)	140,316	26,879,958	26,222,874	279,537	341,087	26,843,498
EXPENSES - OPERATING								
Program services - Clinic	12,397,591	-	-	12,397,591	10,055,212	-	-	10,055,212
Program services - Community-Based	10,067,807	-	-	10,067,807	10,722,090	-	-	10,722,090
Management and general	4,823,516	-	-	4,823,516	4,308,231	-	-	4,308,231
Fundraising and development	380,643	-	-	380,643	332,088	-	-	332,088
TOTAL EXPENSES - OPERATING	27,669,557	-	-	27,669,557	25,417,621	-	-	25,417,621
CHANGE IN NET ASSETS - OPERATING	(321,995)	(607,920)	140,316	(789,599)	805,253	279,537	341,087	1,425,877
Non-operating activities	(1,766,411)	(2,039,462)	(769,465)	(4,575,338)	2,162,466	2,477,028	889,061	5,528,555
CHANGE IN NET ASSETS	(2,088,406)	(2,647,382)	(629,149)	(5,364,937)	2,967,719	2,756,565	1,230,148	6,954,432
NET ASSETS, BEGINNING OF YEAR	10,060,857	17,300,513	5,179,030	32,540,400	7,093,138	14,543,948	3,948,882	25,585,968
NET ASSETS, END OF YEAR	$ 7,972,451	$ 14,653,131	$ 4,549,881	$27,175,463	$ 10,060,857	$ 17,300,513	$ 5,179,030	$ 32,540,400

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022					2021				
	Program Services					Program Services				
	Clinic Services	Community-Based Services	Management and General	Fundraising and Development	Total	Clinic Services	Community-Based Services	Management and General	Fundraising and Development	Total
Salaries	$ 8,017,395	$ 5,500,258	$ 2,337,313	$ 226,233	$16,081,199	$ 6,378,856	$ 5,904,080	$ 2,246,955	$ 223,249	$ 14,753,140
Payroll taxes	637,408	424,771	373,704	17,533	1,453,416	502,311	464,925	176,940	17,580	1,161,756
Employee benefits	1,195,513	777,435	320,524	32,431	2,325,903	981,331	908,292	345,675	34,345	2,269,643
Retirement plan costs	426,867	290,558	129,576	11,927	858,928	530,140	490,682	186,742	18,554	1,226,118
Total salaries and related costs	10,277,183	6,993,022	3,161,117	288,124	20,719,446	8,392,638	7,767,979	2,956,312	293,728	19,410,657
Consultants	193,524	292,952	119,205	-	605,681	112,779	209,107	69,341	-	391,227
Occupancy	736,066	369,895	242,216	3,211	1,351,388	532,600	529,364	153,255	6,571	1,221,790
Program and employee expenses	237,317	2,127,359	143,930	48,153	2,556,759	137,012	1,742,001	157,350	19,761	2,056,124
Information and technology	319,901	64,352	333,370	12,821	730,444	173,639	100,356	414,720	3,927	692,642
Office supplies and expenses	41,886	27,249	36,899	7,930	113,964	25,262	29,069	35,753	4,548	94,632
Interest expense	2,101	952	42,113	34	45,200	5,405	1,471	44,665	49	51,590
Bad debt expense	370,659	90,385	1,155	-	462,199	413,478	93,950	161,000	-	668,428
Professional fees and insurance	133,351	133,760	634,985	18,063	920,159	161,036	158,459	209,062	216	528,773
Total expenses before depreciation and amortization	12,311,988	10,099,926	4,714,990	378,336	27,505,240	9,953,849	10,631,756	4,201,458	328,800	25,115,863
Depreciation and amortization	85,603	55,352	108,526	2,307	251,788	101,363	90,334	106,773	3,288	301,758
Total Expenses	12,397,591	10,155,278	4,823,516	380,643	27,757,028	10,055,212	10,722,090	4,308,231	332,088	25,417,621
Less: Non-operating expenses	-	87,471	-	-	87,471	-	-	-	-	-
Total Operating Expenses	$ 12,397,591	$ 10,067,807	$ 4,823,516	$ 380,643	$27,669,557	$10,055,212	$ 10,722,090	$ 4,308,231	$ 332,088	$ 25,417,621

See notes to consolidated financial statements.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (5,364,937)	$ 6,954,432
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	251,788	301,758
Unrealized losses (gains) on investments	4,487,867	(5,528,555)
Realized gains on investments	(881,528)	(1,975,724)
Noncash lease expenses	(52,536)	(231,955)
Bad debt expense	462,199	668,428
Deferred bond cost amortization included in interest expense	9,599	9,597
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable, net	(670,776)	(578,597)
Contributions receivable, net	542,790	227,856
Other assets	38,998	(1,736)
(Decrease) increase in liabilities:		
Accrued expenses and other payables	(1,041,451)	(904,552)
Due to related parties	39,752	100,861
Net Cash Used in Operating Activities	(2,178,235)	(958,187)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(212,454)	(373,089)
Purchase of investments	(1,138,518)	(7,893,754)
Proceeds from sale of investments	3,378,808	5,121,704
Net Cash Provided by (Used in) Investing Activities	2,027,836	(3,145,139)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of loans payable	(144,000)	(176,783)
Proceeds from Paycheck Protection Program loan payable	-	4,598,322
Net Cash (Used in) Provided by Financing Activities	(144,000)	4,421,539
NET CHANGE IN CASH AND CASH EQUIVALENTS	(294,399)	318,213
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	812,982	494,769
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 518,583	$ 812,982
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 37,706	$ 43,159

1. ORGANIZATION AND NATURE OF ACTIVITIES

The accompanying consolidated financial statements of Westchester Jewish Community Services, Inc. ("WJCS") and Affiliate (collectively the "Agency") have been prepared by consolidating WJCS and Camp Rainbow, Inc. (the "Affiliate").

WJCS is an accredited and New York State Licensed mental health and social service agency providing services throughout Westchester County. The Agency operates various clinics and related programs. The Agency receives its principal revenue from governmental sources and public support.

Camp Rainbow, Inc. was formerly an operating camp for the mentally handicapped, but currently rents the campgrounds to another not-for-profit agency.

WJCS and Affiliate are not-for-profit corporations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the principal be maintained in perpetuity but permit the Agency to expend part or all of the income derived therefrom.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Basis of Consolidation

WJCS consolidates the activities of its Affiliate since it has both control and an economic interest in the Affiliate. All significant intercompany balances and transactions have been eliminated during the consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except for cash maintained in WJCS investment accounts.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Agency's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 6 – Investments and Fair Value Measurements for assets measured at fair value.

Accounts Receivable

Accounts receivable balances at June 30, 2022 and 2021 include an allowance for doubtful accounts. Such estimate is based on management's assessment of the credit worthiness of its clients, current economic conditions and historical information.

Investments and Investment Income

The following is a description of the valuation methodologies used for assets measured at fair value:

Participation in the UJA Federation Pooled Investment Account is stated at fair value as provided by the investment manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments and Investment Income - Continued

Mutual Funds are at fair value published by the registered investment company.

Investments in equities are stated at valued at the closing price reported on the active market on which the individual securities are traded.

Income from investments, including both realized and unrealized gains and losses, are treated as an increase or decrease in net assets without donor restrictions unless otherwise specified by donors.

Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded 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-free interest rates applicable to the years in which the promises are received. Amortization of the discounts has been included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Agency determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information.

Non-operating Activities

The Agency considers unrealized gains and losses on investments to be non-operating revenue. In addition, the Agency considers bad debt expense recorded for related party receivables to be non-operating. The Agency's nonoperating activities consisted of the following for years ended June 30, 2022 and 2021:

	2022	2021
Unrealized gains (losses) on investments	$ (4,487,867)	$ 5,528,555
Bad debt expense - related party	(87,471)	-
	$ (4,575,338)	$ 5,528,555

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Agency capitalizes property and equipment with a useful life of two years or more and a cost of $5,000 or more. Depreciation and amortization are provided using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which are: buildings and improvements, 10 to 40 years, furniture and equipment, 3 to 20 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease on the straight-line method.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Agency. Expenses such as salaries, payroll taxes and employee benefits are allocated on a time and effort basis. Other expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Accounting for Uncertainty in Income Taxes

The Agency applies the provisions pertaining to uncertain tax provisions, Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 and has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. The Agency believes it is no longer subject to income tax examinations for years prior to 2019.

Reclassifications

Certain items in the 2021 consolidated financial statements were reclassified to conform to the 2022 presentation. The reclassifications had no impact on previously reported net assets.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Revenue

The Agency receives funding from various government agencies, including the New York State Office of Mental Health ("OMH"), the New York State Department of Health ("DOH"), and other state, county and local governmental agencies to provide services to individuals. Revenue and receivables are reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the support and services.

Client service revenue and receivables are reported at the estimated net realizable amounts from Medicaid, third-party payors and others for services rendered. Program fee revenue and receivables are recognized when earned. Receivables for client and program fee revenue are recorded at the estimated net realizable amounts as services are rendered.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

Service Revenue - Continued

These amounts are due from third-party payors (including government programs), individuals and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, the Agency bills individuals and third-party payors after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided based on per diem or monthly rates. The Agency believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Agency has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

Disaggregation of Revenue

The composition of revenue by program and primary payor, as well as revenue by reimbursement method, for the years ended June 30, 2022 and 2021 is as follows:

	2022				
	Medicaid	Medicare	Third-Party	Other	Total
Clinic	$ 8,129,351	$ 647,871	$ 1,273,416	$ 105,861	$ 10,156,499
Community-Based	370,170	-	-	185,843	556,013
	$ 8,499,521	$ 647,871	$ 1,273,416	$ 291,704	$ 10,712,512

3. REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

Disaggregation of Revenue - Continued

	2021				
	Medicaid	Medicare	Third-Party	Other	Total
Clinic	$ 8,546,365	$ 639,481	$ 1,497,289	$ 114,690	$ 10,797,825
Community-Based	528,154	-	-	221,272	749,426
	$ 9,074,519	$ 639,481	$ 1,497,289	$ 335,962	$ 11,547,251

4. ACCOUNTS AND CONTRIBUTIONS RECEIVABLE, NET

Accounts receivable, net consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Government agencies	$ 3,039,655	$ 3,016,841
Nongovernment agencies	3,686,627	3,243,134
	6,726,282	6,259,975
Less: Allowance for doubtful accounts	2,819,763	2,649,504
	$ 3,906,519	$ 3,610,471

Contributions receivable consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Less than one year	$ 557,668	$ 821,428
One to five years	371,665	819,997
	929,333	1,641,425
Less discount to present value (ranging from 0.47%-2.92%)	(9,148)	(18,450)
Less allowance for estimated uncollectible amounts	-	(160,000)
	$ 920,185	$ 1,462,975

5. RELATED PARTIES

The Agency is related to two not-for-profit entities through common board members. Certain costs are shared by these related parties. Amounts due from or (to) the related parties as of June 30, 2022 and 2021 are as follows:

	2022	2021
Community Programs of Westchester Jewish Community Services and Affiliates	$ (2,558,110)	$ (2,462,056)
Home Health Services of WJCS, Inc. (a)	133,884	165,053
	$ (2,424,226)	$ (2,297,003)
Net of provision for doubtful accounts	$ (2,560,741)	$ (2,473,270)

a) Net of a provision for doubtful accounts of $2,560,741 and $2,473,270 as of June 30, 2022 and 2021, respectively.

Community Programs of Westchester Jewish Community Services (including affiliates) (“CP”)

For the years ended June 30, 2022 and 2021, the Agency made grants of $84,408 and $218,021, respectively to CP. The Agency received interest income of $31,437 and $41,744 from CP on two loans totaling $365,403 and $518,287 for the years ended June 30, 2022 and 2021, respectively. The Agency received rental income from CP of $54,348 and $66,521 for the years ended June 30, 2022 and 2021, respectively.

Home Health Services of WJCS, Inc. (“HHS”)

For the year ended June 30, 2021, the Agency made grants of $202,973 to HHS. The Agency received rental income from HHS of $3,635 for the year ended June 30, 2021. The Agency advised HHS that it will continue to fund the deficit of HHS. In 2019, HHS began to cease operations and transitioned cases to other agencies. A formal plan of closure was approved by the State of New York in August 2020. The Agency plans to close the HHS legal entity in 2023.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Agency measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the Agency’s own assumptions of market participant valuation (unobservable inputs).

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Hierarchy - Continued

The Agency participates in the United Jewish Appeal - Federation of Jewish Philanthropies of New York, Inc. ("UJA-Federation") Pooled Investment Account (the "Pooled Account") and classifies these as Level 2 investments. Investments held by the Pooled Account primarily consist of equity securities and alternative investments. The alternative investments primarily consist of multi-strategy hedge funds, private equity and long/short equities.

Multi-strategy hedge funds - represent investments in hedge funds that vary exposure to markets and strategies based on opportunities due to temporary dislocations or structural inefficiencies. Strategies include event-driven and long/short equity and credit, distressed securities, merger and other arbitrage.

Private equity - represents investments in buyout and venture capital funds. Private equity buyout funds purchase significant equity stakes in established companies with the goal of increasing value through financial, operational, and strategic changes. Venture capital funds provide capital and professional expertise to early-stage businesses in exchange for equity ownership with the potential for significant growth and value creation.

Long/short equities - primarily represent investments in hedge funds that, in turn, invest long and short in global liquid equities, attempting to realize gains through the identification of mispriced securities.

The Agency's investments in mutual funds consist of short-term bond funds which are stated at fair value published by the registered investment company.

The Agency investments in equities consist principally of stock securities carried at aggregate market value that is determined by quoted market prices.

Fair values of investments measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Assets				
Investments measured at fair value:				
Mutual funds:				
Vanguard Short Term Corporate	$ 1,953,371	$ -	$ -	$ 1,953,371
Vanguard Index Fund	7,202,958	-	-	7,202,958
Fixed income	1,802,139	-	-	1,802,139
Equities	2,719,553	-	-	2,719,553
UJA - Federation Pooled Investment Account	-	15,586,261	-	15,586,261
	$ 13,678,021	$ 15,586,261	$ -	$ 29,264,282

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

	2021			
	Level 1	Level 2	Level 3	Total
Assets				
Investments measured at fair value:				
Mutual funds:				
Vanguard Short-Term Corporate	$ 4,637,601	$ -	$ -	$ 4,637,601
Vanguard Index Fund	8,078,061	-	-	8,078,061
Fixed income	2,014,921	-	-	2,014,921
Equities	3,160,215	-	-	3,160,215
UJA - Federation Pooled Investment Account	-	17,220,113	-	17,220,113
	$ 17,890,798	$ 17,220,113	$ -	$ 35,110,911

Investments in the Pooled Account are subject to market volatility conditions that could substantially change their carrying value in the near term. The UJA-Federation Pooled Investment agreement includes a provision for the withdrawal of funds monthly, with required written notice of 30 days.

Investment income consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	$ 417,430	$ 280,323
Realized gains on investments	881,528	1,975,724
Investment fees	(100,969)	-
	1,197,989	2,256,047
Unrealized gains (losses) on investments	(4,487,867)	5,528,555
	$ (3,289,878)	$ 7,784,602

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of June 30, 2022 and 2021:

	2022	2021
Land	$ 1,044,517	$ 1,044,517
Building and improvements	3,723,525	3,525,082
Furniture and equipment	3,394,318	3,406,839
Leasehold improvements	1,295,866	1,281,866
	9,458,226	9,258,304
Less: Accumulated depreciation and amortization	6,488,951	6,276,643
	$ 2,969,275	$ 2,981,661

8. FINANCE LEASES

The Agency entered into lease agreements for various vehicles. The leases are classified as financing and operating leases depending on the lease terms. At the end of each lease, the Agency has the option to purchase the leased assets at fair market value. For capitalization purposes, the Agency capitalizes leased equipment valued in excess of $5,000.

Vehicle Finance Leases

As of June 30, 2022 and 2021, the net book value of leased vehicles under capital leases was $105,157 and $97,328, respectively. The lease terms are between 36 and 60 months and the weighted average interest rate implicit in the leases range from 1% - 7% per annum. The leased vehicle right-of-use assets, net of the accumulated depreciation are presented as finance lease right-of-use assets and the lease obligation are included with lease liabilities in the consolidated statement of financial position as of June 30, 2022.

Equipment Lease

On April 15, 2020, the Agency entered into a financing lease agreement for the acquisition of telephone equipment amounting to $174,300 payable within 60 months and has an annual interest rate of 3.30%. As of June 30, 2020, the outstanding balance was recorded as a loan. As of June 30, 2022, the net book value of leased phones under finance leases is $98,870. The leased equipment assets are included among the fixed assets account balance and the capital lease obligation is included with lease liabilities on the consolidated statement of financial position as of June 30, 2022.

The following is a schedule of future minimum lease payments:

Year Ending June 30,	Vehicle	Equipment	Total
2023	$ 43,079	$ 37,863	$ 80,942
2024	32,783	37,862	70,645
2025	23,927	30,989	54,916
2026	12,291	-	12,291
Total	112,080	106,714	218,794
Less amount representing interest	(4,786)	(4,946)	(9,732)
Present value of net minimum lease payments	$ 107,294	$ 101,768	$ 209,062

For the year ended June 30, 2022, amortization of right-of-use asset, included in depreciation and amortization, and interest, included in interest expense, are $61,608 and $6,188 respectively.

9. OPERATING LEASES

The Agency has various operating lease agreements through fiscal year 2028 for facilities and vehicles. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangements are changed. As of June 30, 2021, the Agency adopted FASB ASC 842.

As of June 30, 2022, the right-of-use (“ROU”) asset had a balance of $1,398,385, and the lease liability totaled $1,415,617, which is part of the total lease liability since the total balance includes the finance lease liability in the consolidated statements of financial position. The lease liability for the operating lease was calculated utilizing the Agency’s incremental borrowing rate of 4.62% for leases in effect at the initial adoption date of July 1, 2020.

Future minimum payments for the non-cancelable operating lease for the next five years ending after June 30,2022 and thereafter are as follows:

Year Ending June 30,	Amount
2023	$ 505,650
2024	398,303
2025	242,080
2026	176,280
2027	153,812
Thereafter	76,907
Total	1,553,032
Less amount representing interest	(137,415)
Present value of lease liability	$ 1,415,617

10. OTHER ASSETS

Other assets consist of the following as of June 30, 2022 and 2021:

	2022	2021
Prepaid expenses	$ 191,285	$ 223,816
Security deposits	46,145	52,612
	$ 237,430	$ 276,428

11. LOANS PAYABLE

On October 30, 1998, the Agency issued $3,450,000 of tax-exempt bonds through the County of Westchester Industrial Development Agency. These Series 1998 bonds will mature on October 1, 2028, subject to payment of mandatory sinking fund installments. Interest will be on a weekly variable rate payable on the first business day of each month. During the year ended June 30, 2022, interest rates ranged from 0.02% to 1.10%. As of June 30, 2022, the outstanding balances was $605,000.

JP Morgan Chase has issued a letter of credit to support this bond issue. The term of the letter of credit is three years and the expiration is July 14, 2023. The rate charged to the Agency is 2.3% per year. At June 30, 2022, the letter of credit amount was $613,354.

On June 5, 2020, the Agency obtained a loan to finance building improvements amounting to $270,000. The loan matures on July 31, 2025. The principal and annual interest of 4.25% is payable monthly commencing on July 31, 2020. As of June 30, 2022, the outstanding balance of the loan was $162,000.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest.* The guidance changes the presentation of debt issuance costs in financial statements from a deferred asset in the consolidated statements of financial position to a direct deduction from the carrying amount of the related debt liability. Unamortized debt issuance costs of $59,413 is reflected as a direct reduction of long-term debt at June 30, 2022.

The combined maturities for the loans as of June 30, 2022 are as follows:

Years ending June 30:	
2023	$ 144,000
2024	144,000
2025	144,000
2026	90,000
2027	90,000
Thereafter	155,000
	767,000
Less: Debt issuance costs	59,413
	$ 707,587

12. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

12. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE - CONTINUED

During the year ended June 30, 2021, the Agency applied for this loan through a Small Business Administration ("SBA") authorized lender. The loan, amounting to $4,598,322, was approved and received in March 2021. The Agency opted to account for the proceeds as a loan under FASB ASC 470 Debt until the loan is, in part or wholly, forgiven. The loan was forgiven on October 10, 2022.

13. RETIREMENT PLAN COSTS

The Agency participates in a multiemployer defined benefit retirement plan sponsored by the UJA-Federation (the "Plan") covering eligible employees of the Agency as well as eligible employees of UJA-Federation and its participating affiliated agencies. The Plan, *Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions,* is filed under the Employer Identification Number 51-0172429 and the three-digit Pension Plan Number 333. The Agency is not required to file an annual zone certification under the Pension Protection Act of 2006 (PPA) and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is at least 85% funded using the most recent financial information as of October 1, 2021, the beginning of the plan year. The actuarial present value of the benefit obligation relating to the Agency is not readily determinable. Should the Agency withdraw from the Plan, it may be required to pay its portion of the unfunded benefit obligation. At June 30, 2022, the Agency has no intention of withdrawing from the Plan.

Retirement plan contributions amounted to $851,163 and $1,213,149 for the years ended June 30, 2022 and 2021, respectively. These contributions represented less than 5% of the total contributions to the Plan for each of those years, respectively.

The Agency adopted a supplemental executive retirement plan ("SERP") for the purpose of providing deferred compensation for certain employees. The compensation is based on the employee's prior years of service and current compensation. Benefit payments vest beginning on the participant's 66th birthday. This plan is not funded. Annual accruals of the cost of the amounts deferred on behalf of plan participants are made based on present value calculations of the future benefits. For the years ended June 30, 2022 and 2021, the Agency accrued SERP costs totaling $7,765 and $12,969, respectively.

14. CONCENTRATIONS OF CREDIT RISK

The Agency maintains cash balances at several financial institutions, which balances are insured by the Federal Deposit Insurance Corporation for up to $250,000 per institution. From time to time, the Agency's balances may exceed this limit. Management believes that credit risk related to these accounts is minimal.

15. COMMITMENTS AND CONTINGENCIES

A substantial amount of the Agency's revenues are government reimbursements. Revenues and related expenses are subject to audit verification and adjustment by the funding agencies. Provisions for possible adjustments are accrued on an estimated basis when reasonably determinable.

In July 2021, the Agency established a new line of credit of $3,000,000 with JP Morgan Chase. Interest is payable at 1.75% above the bank’s floating base rate. The base rate under the line refers to the Secured Overnight Financing Rate as calculated by the Federal Reserve Bank of New York. The line is collateralized by an equal amount of investments held by the lender. The line was not utilized.

16. NET ASSETS

Net assets consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Net Assets Without Donor Restrictions		
Unrestricted - Undesignated	$ 7,624,598	$ 9,728,882
Board Designated - Board of Directors Fund	347,853	331,975
	7,972,451	10,060,857
Net Assets With Donor Restrictions - Purpose		
Purpose - Clinic programs	255,967	273,068
Purpose - Community-based programs	14,272,040	17,027,445
Purpose - Others	125,124	-
	14,653,131	17,300,513
Net Assets With Donor Restrictions - Endowments		
Endowments	4,549,881	5,179,030
Total Net Assets	$ 27,175,463	$ 32,540,400

17. ENDOWMENT FUNDS

The WJCS endowment consists of two individual restricted funds.

WJCS utilizes a Total Return Spending Rate Policy (the “Spending Rate”) for its endowment funds. The Spending Rate of 5.0%, which includes principal and accumulated earnings, is applied to the previous fiscal year’s endowment net assets. The Spending Rate is reviewed periodically by the Finance and Investment Committees of the Board of Directors.

One of the restricted funds (with a balance of $3,650,154 as of June 30, 2022 and 2021) is subject to a spending rate of 6%. Under the terms of the gift, if the earnings from the endowment are less than 6% for the endowment, the Agency is allowed to invade the principal up to 6% of the net asset balance of the fund. If that were to occur, it is the intention of the Agency to review the accumulated earnings and to replenish the net assets with donor restrictions - endowment up to the initial corpus if earnings in a subsequent period are greater than 6%.

The Agency applies the New York enacted version of the Uniform Prudent Management of Institutional Funds Act, referred to as NYPMIFA, and the Agency has interpreted New York State nonprofit law as requiring the preservation of the historical dollar value of the original donor restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary. In compliance with NYPMIFA, the Agency’s Board of Directors considers the following factors in managing and investing its endowment funds:

1) The duration and preservation of the fund;
2) The purposes of the organization and the donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments;
6) Other resources of the Agency;
7) Alternatives to expenditure of the fund, giving due consideration to the effect such alternatives may have on the Agency; and
8) The investment policy of the Agency.

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor’s original permanently restricted contribution. Under the terms of NYPMIFA, the Agency has no responsibility to restore such decreases in value.

17. ENDOWMENT FUNDS - CONTINUED

Changes in WJCS's endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	2022		
	With Donor Restricions		
	Accumulated Earnings	Original Donor Gift	Total
Endowment net assets - at June 30, 2021	$ 1,378,875	$ 3,800,155	$ 5,179,030
Interest and dividends	15,067	-	15,067
Realized gains on investments	263,002	-	263,002
Unrealized losses on investments	(769,465)	-	(769,465)
Distributions	(137,753)	-	(137,753)
Endowment net assets - at June 30, 2022	$ 749,726	$ 3,800,155	$ 4,549,881

	2021		
	With Donor Restricions		
	Accumulated Earnings	Original Donor Gift	Total
Endowment net assets - July 1, 2020	$ 148,727	$ 3,800,155	$ 3,948,882
Interest and dividends	33,979	-	33,979
Realized gains on investments	364,081	-	364,081
Unrealized gains on investments	889,061	-	889,061
Distributions	(56,973)	-	(56,973)
Endowment net assets - at June 30, 2021	$ 1,378,875	$ 3,800,155	$ 5,179,030

18. AVAILABILITY OF RESOURCES AND LIQUIDITY

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit. See Note 15 for information about the Agency's line of credit.

18. AVAILABILITY OF RESOURCES AND LIQUIDITY - CONTINUED

The following reflects the Agency's financial assets as of June 30, 2022 and 2021 reduced by amounts not available for general use within one year of the consolidated statements of financial position dates because of contractual or donor-imposed restrictions or internal designations.

	2022	2021
Cash and cash equivalents	$ 518,583	$ 812,982
Accounts receivable, net	3,906,519	3,610,471
Contributions receivable, net	920,185	1,462,975
Investments	29,264,282	35,110,911
Total financial assets	34,609,569	40,997,339
Less amounts not available to be used within one year:		
Investments pledged as collateral for line of credit	3,000,000	-
Net assets with donor-imposed restrictions	19,203,012	22,479,543
Board designated net assets	347,853	331,975
Financial assets available to meet cash needs for general expenditures within one year	$ 12,058,704	$ 18,185,821

19. SUBSEQUENT EVENTS

On July 1, 2022, UJA-Federation transferred the balance of the Agency's Pooled Investment Account to the New York Jewish Institutions Investment Fund, LLC ("JIIF"). JIIF is a charitable pooled investment fund sponsored and managed by UJA-Federation. JIIF is a limited liability company that is exempt from registration under the Investment Company Act by virtue of being a charitable pooled investment vehicle.

Management has evaluated all events or transactions that occurred after June 30, 2022 through March 23, 2023, the date that the consolidated financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure except as disclosed above.

20. RISKS AND UNCERTAINTIES

The ongoing coronavirus "COVID-19" pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of the Agency's operations. The extent to which the Agency's results are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the coronavirus pandemic to the Agency's future results of operations, cash flows, or financial condition.