

**WESTCHESTER JEWISH COMMUNITY SERVICES, INC.
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying combined financial statements of Westchester Jewish Community Services, Inc. and Affiliates, which comprise the combined statements of financial position as of June 30, 2024 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Westchester Jewish Community Services, Inc. and Affiliates as of June 30, 2024, and the changes in their net assets and their cash flows for the year 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 Combined Financial Statements section of our report. We are required to be independent of the Westchester Jewish Community Services, Inc. and Affiliates 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 Combined Financial Statements

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

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

**To the Board of Directors of
Westchester Jewish Community Services, Inc. and Affiliates
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Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 the combined 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 combined 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 combined 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 Westchester Jewish Community Services, Inc. and Affiliates' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Jewish Community Services, Inc. and Affiliates' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining statements of financial position, activities and cash flows are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements.

**To the Board of Directors of
Westchester Jewish Community Services, Inc. and Affiliates
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The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Westchester Jewish Community Services, Inc. and Affiliates' 2023 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2024. In our opinion, the summarized comparative information presented herein as of the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Galleros Robinson CPAs, LLP

New York, New York
January 27, 2025

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,984,519	\$ 1,737,823
Accounts receivable, net	8,946,188	6,657,748
Contributions receivable, net	342,581	509,766
Investments	27,595,152	31,537,187
Finance lease right-of-use assets	136,803	284,643
Operating lease right-of-use assets	2,046,359	1,454,618
Property and equipment, net	6,934,300	7,107,263
Other assets	<u>573,454</u>	<u>395,427</u>
 Total Assets	 <u>\$ 48,559,356</u>	 <u>\$ 49,684,475</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses and other payables	\$ 5,765,010	\$ 4,264,893
Deferred income	1,421,930	1,998,023
Capital advances	3,519,000	1,419,000
Lease liabilities	2,196,786	1,751,344
Loans payable, net	<u>511,847</u>	<u>755,868</u>
 Total liabilities	 <u>13,414,573</u>	 <u>10,189,128</u>
 COMMITMENTS AND CONTINGENCIES		
Net Assets		
Without donor restrictions	15,632,736	19,699,033
With donor restrictions		
Purpose-restricted	14,466,150	15,034,281
Endowments	<u>5,045,897</u>	<u>4,762,033</u>
 Total net assets	 <u>35,144,783</u>	 <u>39,495,347</u>
 Total Liabilities and Net Assets	 <u>\$ 48,559,356</u>	 <u>\$ 49,684,475</u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	2024				2023	
	With Donor Restrictions					
	Without Donor Restrictions	Purpose Restrictions	Endowments	Total	Totals	
SUPPORT AND REVENUE - OPERATING						
Public Support						
UJA-Federation	\$ 1,894,119	\$ -	\$ -	\$ 1,894,119	\$ 1,897,366	
Contributions and grants	5,170,720	935,697	-	6,106,417	5,527,610	
Special events, net of related direct expenses of \$104,373 in 2024 and \$91,065 in 2023	398,019	13,458	-	411,477	315,620	
Net assets released from restrictions	2,825,195	(2,708,957)	(116,238)	-	-	
Total public support	10,288,053	(1,759,802)	(116,238)	8,412,013	7,740,596	
Revenue						
Government grants	12,103,417	-	-	12,103,417	11,666,664	
Program service fees	26,593,537	-	-	26,593,537	26,601,764	
Investment income	992,644	720,000	116,238	1,828,882	1,622,933	
Rental and other income	183,851	-	-	183,851	199,021	
Total revenue	39,873,449	720,000	116,238	40,709,687	40,090,382	
Total Support and Revenue - Operating	50,161,502	(1,039,802)	-	49,121,700	47,830,978	
EXPENSES - OPERATING						
Program services - Clinic	15,088,967	-	-	15,088,967	13,577,987	
Program services - Community-based	13,678,622	-	-	13,678,622	12,128,359	
Program services - Services for developmentally disabled	16,465,045	-	-	16,465,045	17,186,833	
Program services - Home care	-	-	-	-	-	
Management and general	9,200,370	-	-	9,200,370	6,543,463	
Fundraising and development	470,921	-	-	470,921	472,463	
Total Expenses - Operating	54,903,925	-	-	54,903,925	49,909,105	
CHANGE IN NET ASSETS - OPERATING	(4,742,423)	(1,039,802)	-	(5,782,225)	(2,078,127)	
Non-operating activities	676,128	471,670	283,864	1,431,662	7,666,879	
CHANGE IN NET ASSETS	(4,066,295)	(568,132)	283,864	(4,350,563)	5,588,752	
NET ASSETS, BEGINNING OF YEAR	19,699,032	15,034,281	4,762,033	39,495,346	33,906,595	
NET ASSETS, END OF YEAR	\$ 15,632,737	\$ 14,466,149	\$ 5,045,897	\$ 35,144,783	\$ 39,495,347	

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 26,019,341	\$ 3,515,431	\$ 245,292	\$ 29,780,064	\$ 25,324,915	\$ 3,689,698	\$ 289,962	\$ 29,304,575
Payroll taxes	2,510,141	419,571	22,651	2,952,363	2,350,466	346,654	25,148	2,722,268
Employee benefits	3,859,175	359,347	34,083	4,252,605	3,517,252	356,589	41,039	3,914,880
Retirement plan costs	<u>1,487,858</u>	<u>317,037</u>	<u>16,940</u>	<u>1,821,835</u>	<u>1,261,979</u>	<u>184,282</u>	<u>14,907</u>	<u>1,461,168</u>
Total salaries and related costs	33,876,515	4,611,386	318,966	38,806,867	32,454,612	4,577,223	371,056	37,402,891
Consultants and temporary help	1,734,180	28,469	-	1,762,649	1,738,889	36,666	385	1,775,940
Occupancy	2,466,925	247,853	7,959	2,722,737	2,435,717	184,747	4,175	2,624,639
Program and employee expenses	4,443,798	222,114	25,125	4,691,037	3,560,910	69,462	28,368	3,658,740
Facility tax assessment	272,020	-	-	272,020	242,686	-	-	242,686
Information and technology	626,800	407,642	41,239	1,075,681	640,668	405,826	9,747	1,056,241
Office supplies and expenses	142,513	52,890	36,715	232,118	191,122	83,909	11,643	286,674
Interest expense	11,660	77,421	6	89,087	27,205	64,379	22	91,606
Bad debt expense	635,742	171,093	-	806,835	355,373	-	-	355,373
Professional fees and insurance	<u>555,408</u>	<u>3,197,157</u>	<u>38,029</u>	<u>3,790,594</u>	<u>621,276</u>	<u>928,369</u>	<u>44,680</u>	<u>1,594,325</u>
Total expenses before depreciation and amortization	44,765,561	9,016,025	468,039	54,249,625	42,268,458	6,350,581	470,076	49,089,115
Depreciation and amortization	<u>467,073</u>	<u>184,345</u>	<u>2,882</u>	<u>654,300</u>	<u>624,721</u>	<u>192,882</u>	<u>2,387</u>	<u>819,990</u>
Total Expenses - Operating	<u>\$ 45,232,634</u>	<u>\$ 9,200,370</u>	<u>\$ 470,921</u>	<u>\$ 54,903,925</u>	<u>\$ 42,893,179</u>	<u>\$ 6,543,463</u>	<u>\$ 472,463</u>	<u>\$ 49,909,105</u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,350,563)	\$ 5,588,752
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	652,781	819,990
Net realized and unrealized gains on investments	(3,052,979)	(2,931,059)
Noncash lease expenses	(14,828)	(223,958)
Bad debt expense	629,963	355,373
Deferred bond cost amortization included in interest expense	9,598	9,599
Loss on disposition of property and equipment	-	36,236
Forgiveness of paycheck protection program loan payable	-	(6,142,767)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	(2,918,403)	(1,538,903)
Contributions receivable, net	167,185	410,419
Other assets	(178,027)	109,188
Increase (decrease) in liabilities:		
Accrued expenses and other payables	1,500,116	(307,755)
Deferred income	(576,093)	549,532
Net Cash Used in Operating Activities	<u>(8,131,250)</u>	<u>(3,265,353)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisitions	(315,289)	(199,984)
Purchase of investments	(2,288,381)	(3,544,924)
Proceeds from sale of investments	<u>9,283,395</u>	<u>7,185,042</u>
Net Cash Provided by Investing Activities	<u>6,679,725</u>	<u>3,440,134</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments of loans payable	(253,619)	(266,697)
Proceeds from line of credit	11,325,000	2,300,000
Principal repayments of line of credit	(9,225,000)	(2,300,000)
Principal payments of finance leases	<u>(148,160)</u>	<u>(130,617)</u>
Net Cash Provided by (Used in) Financing Activities	<u>1,698,221</u>	<u>(397,314)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>246,696</u>	<u>(91,916)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,737,823</u>	<u>1,829,739</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,984,519</u>	<u>\$ 1,737,823</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows from finance leases (interest)	\$ 2,094	\$ 5,711
Operating cash flows from operating leases (interest)	\$ 631,876	\$ 637,668
Lease assets obtained in exchange for lease liabilities		
Operating leases	\$ 1,188,963	\$ 329,971
Finance leases	\$ -	\$ 31,783
Cash paid during the year for interest	\$ 105,466	\$ 80,399

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

1. ORGANIZATION AND NATURE OF ACTIVITIES

The accompanying combined financial statements include: Westchester Jewish Community Services, Inc. and affiliate, Camp Rainbow, Inc. ("WJCS"); Community Programs of Westchester Jewish Community Services and affiliates, Maple-Claremont, Inc. and 244 Claremont Corporation ("CP"); and Home Health Services of WJCS, Inc. ("HHS"), (collectively, the "Agency"). The corporations are organized under the Not-for-Profit Corporation Law of the State of New York. The Agency provides mental health, developmental disability, health care and social services to individuals throughout Westchester County. The Agency receives its principal revenue from government sources and public support.

WJCS and its affiliates 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

New Accounting Pronouncement

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13 — Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued guidance (FASB Accounting Standards Codification (ASC) Topic 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Agency that are subject to the guidance in FASC ASC Topic 326 were accounts receivable.

The Agency adopted the standard effective July 1, 2023, using the modified retrospective method. The adoption of the standard did not have a material impact on the financial statements.

Basis of Accounting

The combined 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.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting - Continued

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors and grantors. 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 combined statements of activities.

Basis of Consolidation

WJCS consolidates the activities of Camp Rainbow, Inc. since it has both control and an economic interest in the affiliate. CP consolidates the activities of its affiliates (Maple-Claremont, Inc. and 244 Claremont Corporation) since it has both control and an economic interest in the affiliates. All significant intercompany balances and transactions have been eliminated during the consolidation.

Use of Estimates

The preparation of the combined 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 combined 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 investment accounts.

Fair Value of Financial Instruments

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.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value of Financial Instruments - Continued

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, 2024 and 2023 include an allowance for credit losses. 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 New York Jewish Institutions Investment Funds, LLP ("JIIF") is stated at fair value as provided by the investment manager.

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

Investments in equities are 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 restricted net assets depending on the nature of the restrictions. When a restriction expires, restricted net assets 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.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Contributions Receivable - Continued

The Agency determines whether an allowance for credit losses 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.

Summarized Comparative Totals for Prior Year

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Non-operating Activities

Investment returns used in operations include the amounts released and utilized from the Agency's investment in JIIF during the current year. The balance of its investment returns from its investment in JIIF is included in non-operating, along with unrealized gains and losses on investments. In addition, the Agency considers bad debt expense recorded for related party receivables to be non-operating. The Agency also considers the forgiveness of its Payroll Paycheck Protection Program ("PPP") loan to be non-operating. The Agency's non-operating activities consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Unrealized gains on investments	\$ 1,431,662	\$ 1,524,112
PPP loan forgiveness	- <hr/>	6,142,767 <hr/>
	<hr/> <u>\$ 1,431,662</u>	<hr/> <u>\$ 7,666,879</u>

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 and capitalized closing costs, 25 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. The Agency periodically writes off fully depreciated property and equipment.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

The Organization follows the provisions of ASU No. 2016-02, *Leases* (Topic 842). This guidance requires a lessee to recognize a right-of-use asset (“ROU”) and a lease liability, initially measured at the present value of the lease payments on the combined balance sheet and disclosing key information about leasing arrangements. The Organization elected the short-term lease exemption for leases with a term of twelve months or less. The Organization recognized ROU assets and lease liabilities based on the present value of lease payments over the lease terms at commencement date.

Functional Allocation of Expenses

The combined 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, FASB ASC Topic 740 and has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements. The Agency believes it is no longer subject to income tax examinations for years prior to 2021. Currently, there are no audits in progress.

Reclassifications

Certain items in the 2023 combined financial statements were reclassified to conform to the 2024 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 Office for People with Developmental Disabilities (“OPWDD”), the New York State Department of Health (“DOH”), the New York State Office of Addiction Services and Supports (“OASAS”), other state, county and local governmental agencies, and other third-party payors 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.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

3. REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

Service Revenue - Continued

The Agency records an allowance credit losses based upon a periodic review of the accounts by management. The allowance estimate is derived from a review of the Agency's historical losses based on the aging of receivables. Factors used to determine whether an allowance should be recorded include management's assessment of the creditworthiness of its debtors, the age of the receivable, a review of payments subsequent to year-end as well as current economic conditions and historical information. The allowance for credit losses for program service fees as of June 30, 2024 and 2023 amounted to \$3,584,309 and \$3,150,604, respectively.

The Agency writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. During the year ended June 30, 2024, the bad debt written off/bad debt recoveries on program service fees are as follows:

	2024
Recoveries	\$ (40,381)
Write-offs	<u>159,909</u>
	<u><u>\$ 119,528</u></u>

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.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

3. REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

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, 2024 and 2023 is as follows:

	2024				
	Medicaid	Medicare	Third-Party	Others	Total
Clinic	\$ 7,932,104	\$ 296,996	\$ 1,042,610	\$ 133,945	\$ 9,405,655
Community-Based	411,784	-	-	301,999	713,783
Services for developmentally disabled	<u>15,024,516</u>	<u>-</u>	<u>-</u>	<u>1,449,583</u>	<u>16,474,099</u>
	<u><u>\$ 23,368,404</u></u>	<u><u>\$ 296,996</u></u>	<u><u>\$ 1,042,610</u></u>	<u><u>\$ 1,885,527</u></u>	<u><u>\$ 26,593,537</u></u>
	2023				
	Medicaid	Medicare	Third-Party	Others	Total
Clinic	\$ 7,868,139	\$ 450,524	\$ 1,165,519	\$ 112,537	\$ 9,596,719
Community-Based	423,224	-	-	320,695	743,919
Services for developmentally disabled	<u>14,522,650</u>	<u>-</u>	<u>-</u>	<u>1,738,476</u>	<u>16,261,126</u>
	<u><u>\$ 22,814,013</u></u>	<u><u>\$ 450,524</u></u>	<u><u>\$ 1,165,519</u></u>	<u><u>\$ 2,171,708</u></u>	<u><u>\$ 26,601,764</u></u>

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following as of June 30:

	2024	2023
Government agencies	\$ 8,411,106	\$ 6,660,738
Non-government agencies	<u>4,119,391</u>	<u>3,147,614</u>
	<u><u>12,530,497</u></u>	<u><u>9,808,352</u></u>
Less: Allowance for doubtful accounts	<u>3,584,309</u>	<u>3,150,604</u>
	<u><u>\$ 8,946,188</u></u>	<u><u>\$ 6,657,748</u></u>

Changes in the allowance for credit losses for the year ended June 30, 2024 are as follows:

	2024
Balance, beginning of year	\$ 3,150,604
Provision for bad debts	514,616
Write-offs	(40,530)
Recoveries	<u>(40,381)</u>
Balance, end of year	<u><u>\$ 3,584,309</u></u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

5. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consists of the following as of June 30:

	2024	2023
Less than one year	\$ 156,100	\$ 321,000
One to five years	<u>195,000</u>	<u>215,000</u>
	351,100	536,000
Less: discount to present value (ranging from 0.43-0.51%)	<u>(8,519)</u>	<u>(26,234)</u>
	\$ 342,581	\$ 509,766

Management believes that all outstanding contributions receivable are collectible in full, therefore, no allowance for doubtful accounts has been provided.

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).

The Agency participates in the JIIF, (the "JIIF-Pooled Account"). JIIF is a charitable pooled investment fund sponsored and managed by UJA-Federation. Investments in the JIIF-Pooled Account consist of private investment companies, private equity and debt securities, and publicly traded equity and debt securities.

Full or partial withdrawals from the JIIF-Pooled Account require 70 days advance written notice prior to the relevant deadline date and are subject to quarterly limit restrictions. Quarterly withdrawals are limited to the greater of \$250,000 or 1/6 of the NAV at the beginning of the quarter.

Investments that do not have readily determinable fair values, which includes the Agency's investment in pooled accounts with New York Jewish Institutions Investment Funds, LLP ("JIIF") are measured using the net asset values ("NAV") per share or its equivalent practical expedient, as reported by the investment managers and reviewed by management for reasonableness.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Hierarchy - Continued

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, 2024 and 2023 are as follows:

	2024		
	Level 1	Level 2	Total
Assets			
Investments measured at fair value:			
Mutual funds:			
Money Markets	\$ 222,508	\$ -	\$ 222,508
Vanguard Index Fund	4,976,122	-	4,976,122
Fixed income	1,832,548	-	1,832,548
Equities	3,625,431	-	3,625,431
	<u>\$ 10,656,609</u>	<u>\$ -</u>	<u>10,656,609</u>
Investments measured at NAV:			
JIIF - Pooled Account			16,778,655
Private Equity Fund			159,888
			<u>\$ 27,595,152</u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Hierarchy – Continued

	Level 1	Level 2	Total
Assets			
Investments measured at fair value:			
Mutual funds:			
Vanguard Short Term Corporate	\$ 1,204,175	\$ -	\$ 1,204,175
Vanguard Index Fund	7,443,911	-	7,443,911
Fixed income	1,789,634	-	1,789,634
Equities	3,172,697	-	3,172,697
	<u>\$ 13,610,417</u>	<u>\$ -</u>	<u>13,610,417</u>
Investment measured at NAV:			
JIIF - Pooled Account			<u>17,926,770</u>
			<u>\$ 31,537,187</u>

In accordance with FASB ASC 820, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes investments measured at fair value based on NAVs per share as of June 30 2024 and 2023, respectively:

	Fair Value as of June 30, 2024	Fair Value as of June 30, 2023	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
JIIF Pooled Accounts	\$ 16,778,655	\$ 17,926,770	N/A	Quarterly	70 business days
Private equity fund	\$ 159,888	\$ -	\$ 850,000		

Investments in the JIIF 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.

The Agency's private equity limited partnership company interest has a fifteen-year term. This investment also contains a minimum subscription or capital commitment. The Agency's unfunded capital commitment is \$850,000 at June 30, 2024. The Agency maintains sufficient liquidity in its investment portfolio to cover this capital commitment.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

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

	2024	2023
Investment income (net)	\$ 3,260,545	\$ 3,147,045
Less: Non-operating investment income	<u>(1,431,663)</u>	<u>(1,524,112)</u>
Operating investment income	<u><u>\$ 1,828,882</u></u>	<u><u>\$ 1,622,933</u></u>

7. PROPERTY AND EQUIPMENT, NET

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

	2024	2023
Land	\$ 2,571,117	\$ 2,571,117
Building and improvements	11,697,893	11,480,847
Furniture and equipment	1,462,177	1,525,377
Leasehold improvements	800,165	780,180
Capitalized closing costs	<u>758,323</u>	<u>758,198</u>
	17,289,675	17,115,719
Less: Accumulated depreciation and amortization	<u>10,355,375</u>	<u>10,008,456</u>
	<u><u>\$ 6,934,300</u></u>	<u><u>\$ 7,107,263</u></u>

For the years ended June 30, 2024, and 2023 depreciation and amortization of property and equipment amounted to \$471,126 and \$676,469, respectively. For the period ended June 30, 2023, the Agency wrote-off disposals in the amount of \$3,964,936 of which fully depreciated disposals amounted to \$3,891,178.

8. OTHER ASSETS

Other assets consist of the following as of June 30:

	2024	2023
Prepaid expenses	\$ 424,220	\$ 237,093
Security deposits	39,822	56,056
Restricted reserves	<u>109,412</u>	<u>102,278</u>
	<u><u>\$ 573,454</u></u>	<u><u>\$ 395,427</u></u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

9. 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, 2024, interest rates ranged from 2.20% to 4.70%. As of June 30, 2024 and 2023, the outstanding balance was \$425,000 and \$515,000, respectively.

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 June 30, 2026. As of June 30, 2024, the Agency was not in compliance with certain financial covenants pertaining to the letter of credit, however the bank approved a waiver for those covenants. The rate charged to the Agency is 2.3% per year. At June 30, 2024 and 2023, the letter of credit amount was \$430,868 and \$522,111, respectively.

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, 2024 and 2023, the outstanding balance of the loan was \$54,000 and \$108,000, respectively.

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 combined statements of financial position to a direct deduction from the carrying amount of the related debt liability. Unamortized debt issuance costs of \$40,216 is reflected as a direct reduction of long-term debt at June 30, 2024.

During the fiscal year ended June 30, 2024, the Agency repaid one of its outstanding loans in full. The loan, which had a principal balance of \$50,568, carried an interest rate of 7.05% per annum and had a maturity date of April 18, 2024.

The Agency has one loan outstanding from a bank as of June 30, 2024, for the purchase and improvement of various residences. The interest rate is 6.4% per annum. The loan is collateralized by the related land and buildings. The total outstanding balance on this loan at June 30, 2024 and 2023 is \$73,063 and \$182,682, respectively.

The combined maturities for the loans as of June 30, 2024 are as follows:

Year Ending June 30:

2025	\$ 217,063
2026	90,000
2027	90,000
2028	90,000
2029	65,000
	<hr/>
	552,063
Less: Debt issuance costs	40,216
	<hr/>
	\$ 511,847

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

10. PAYCHECK PROTECTION PROGRAM LOANS 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.

During the year ended June 30, 2021, both WJCS and CPs applied for this loan through an SBA authorized lender. The loans, amounting to \$6,142,767, were approved and received in March 2021. The Agency opted to account for the proceeds as a loan under FASB ASC 470 *Debt* until the loans are, in part or wholly, forgiven. The C.P. loan was forgiven on July 1, 2022 and WJCS loan was forgiven on October 10, 2022.

11. FINANCE LEASES

The Agency entered into lease agreements for various vehicles and equipment. 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.

As of June 30, 2024 and 2023, the net book value of leased vehicles and equipment under finance leases were \$136,803 and \$284,643, respectively, and the lease liabilities totaled \$137,130 and \$285,290, respectively, which is part of the total lease liabilities. The leased vehicle ROU assets, net of the accumulated amortization are presented as finance lease ROU assets and the net lease obligations are included with lease liabilities in the combined statements of financial position as of June 30, 2024 and 2023.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2024	2023
Weighted-average remaining lease terms (in years)		
Finance leases - WJCS	1 year	2 years
Finance leases - CP	1 year	2 years
Weighted-average discount rate		
Finance leases - WJCS	2.48%	2.40%
Finance leases - CP	0.41%	0.39%

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

11. FINANCE LEASES - CONTINUED

The following is a schedule of future minimum lease payments:

Year Ending June 30,	Vehicle	Equipment	Total
2025	\$ 73,174	\$ 28,397	\$ 101,571
2026	34,919	-	34,919
2027	2,271	-	2,271
Total	110,364	28,397	138,761
Less amount representing interest	(1,244)	(387)	(1,631)
Present value of net minimum lease payments	<u>\$ 109,120</u>	<u>\$ 28,010</u>	<u>\$ 137,130</u>

For the years ended June 30, 2024 and 2023, amortization of ROU assets, included in depreciation and amortization, and interest, included in interest expense amounted to \$164,530 and \$4,898 in 2024 and \$160,370 and \$12,729 in 2023, respectively.

12. 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, 2024, and 2023, operating ROU assets had a balance of \$2,046,359 and \$1,454,618, respectively, and the operating lease liabilities totaled \$2,059,656 and \$1,466,054, respectively, which is part of the total lease liabilities. The leased facilities and vehicles ROU assets are presented as operating lease ROU assets and the net lease obligations are included with lease liabilities in the combined statements of financial position as of June 30, 2024 and 2023.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2024	2023
Weighted-average remaining lease terms (in years)		
Operating leases - WJCS	3 years	3 years
Operating leases - CP	4 years	5 years
Weighted-average discount rate		
Operating leases - WJCS	3.30%	2.40%
Operating leases - CP	3.50%	3.50%

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

12. OPERATING LEASES - CONTINUED

Future minimum payments for the non-cancelable operating leases for the next five years ending after June 30, 2024 and thereafter are as follows:

Year Ending June 30,	Amount
2025	\$ 635,523
2026	615,845
2027	555,838
2028	312,245
2029	58,538
Thereafter	3,935
Total	2,181,924
Less amount representing interest	(122,268)
Present value of lease liability	\$ 2,059,656

13. 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.

14. 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, 2023, 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, 2024, the Agency has no intention of withdrawing from the Plan.

Retirement plan contributions amounted to \$1,821,835 and \$1,461,168 for the years ended June 30, 2024 and 2023, respectively. These contributions represented less than 5% of the total contributions to the Plan for each of those years, respectively.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

15. DEFERRED INCOME

For the years ended June 30, 2024 and 2023, deferred income includes \$330,688 and \$176,349, respectively for amounts received under the New York State OPWDD Workforce Stabilization Initiatives payable to staff.

16. 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 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. In October 2023, the line was renewed with interest payable of 1.4% above the bank's floating base rate. As of June 30, 2024 and 2023, the outstanding balance of the line amounted to \$2,100,000 and \$0, respectively. In December 2024, the amount available under this line was increased to \$5,500,000.

One of the affiliates (Maple-Claremont, Inc.) received a capital advance from the Department of Housing and Urban Development ("HUD") toward the acquisition and renovation of real property. The total amount available under the advance was \$765,100. As of June 30, 2024, \$765,100 has been drawn down by the affiliate. The advance has an underlying mortgage note secured by the related property. The note bears interest and repayment is not required as long as the project remains available for a period of 40 years (to March 1, 2048) for very low-income persons with disabilities, in accordance with Section 811 of the National Affordable Housing Act of 1990. If the Agency defaults under the terms of this note, at the option of HUD, the entire principal sum (plus accrued interest at the rate of 5.25%) shall become due and payable without notice. In addition, in the event of default of the mortgage, fees of up to 5% may also be assessed. The Agency has no intention of closing the project prior to March 1, 2048.

On September 24, 2009, one of the affiliates (244 Claremont Corporation) received a capital advance from HUD toward the acquisition and renovation of real property. The total amount available under the advance was \$653,900. As of June 30, 2024, \$653,900 has been drawn down by the affiliate. The advance has an underlying mortgage note secured by the related property. The note bears no interest and repayment is not required as long as the project remains available for a period of 40 years (to June 1, 2049) for very low-income persons with disabilities, in accordance with Section 811 of the National Affordable Housing Act of 1990. If the Agency defaults under the terms of this note, at the option of HUD, the entire principal sum (plus accrued interest at the rate of 5.25%) shall become due and payable without notice. In addition, in the event of default of the mortgage, fees of up to 5% may also be assessed. The Agency has no intention of closing the project prior to June 1, 2049.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

17. NET ASSETS

Net assets consisted of the following as of June 30, 2024 and 2023:

	2024	2023
<u>Net Assets Without Donor Restrictions</u>		
W.J.C.S. - Undesignated	\$ 10,647,474	\$ 15,049,136
W.J.C.S. - Board-designated	264,436	371,089
C.P.	4,720,827	6,854,560
H.H.S.	-	<u>(2,575,752)</u>
	<u>15,632,737</u>	<u>19,699,033</u>
<u>Net Assets With Donor Restrictions - Purpose</u>		
Purpose - Clinic programs	168,653	300,530
Purpose - Community-based programs (a)	13,781,486	14,208,293
Purpose - Others	119,408	111,574
Capital additions and program enhancement	86,815	110,969
Point program	274,761	234,567
Other purposes	35,026	<u>68,348</u>
	<u>14,466,149</u>	<u>15,034,281</u>

(a) Includes time restricted of \$342,581 and \$509,776 as of June 30, 2024 and 2023, respectively.

Net Assets With Donor Restrictions - Endowments

Endowments	<u>5,045,897</u>	<u>4,762,033</u>
Total Net Assets	<u>\$ 35,144,783</u>	<u>\$ 39,495,347</u>

18. 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 6.0%, 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, 2024 and 2023) 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%.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

18. ENDOWMENT FUNDS - CONTINUED

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.

Changes in WJCS's endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		
	Accumulated Earnings	Original Donor Gift	Total Endowment
Endowment net assets - June 30, 2023	\$ 961,878	\$ 3,800,155	\$ 4,762,033
Investment return, net	400,102	-	400,102
Distributions	(116,238)	-	(116,238)
Endowment net assets - at June 30, 2024	<u>\$ 1,245,742</u>	<u>\$ 3,800,155</u>	<u>\$ 5,045,897</u>

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

18. ENDOWMENT FUNDS - CONTINUED

	2023		
	Accumulated Earnings	Original Donor Gift	Total Endowment
Endowment net assets - July 1, 2022	\$ 749,726	\$ 3,800,155	\$ 4,549,881
Investment return, net	290,154	-	290,154
Distributions	(78,002)	-	(78,002)
Endowment net assets - at June 30, 2023	<u>\$ 961,878</u>	<u>\$ 3,800,155</u>	<u>\$ 4,762,033</u>

19. 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 following reflects the Agency's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year of the combined statements of financial position dates because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Cash and cash equivalents	\$ 1,984,519	\$ 1,737,823
Accounts receivable, net	8,946,188	6,657,748
Contributions receivable, net	342,581	509,766
Investments	<u>27,595,152</u>	<u>31,537,187</u>
Total financial assets	38,868,440	40,442,524
Less amounts not available to be used within one year:		
Investments pledged as collateral for line of credit	3,000,000	3,000,000
Investments not available for operations within one year (a)	7,862,161	7,853,323
Net assets with donor-imposed restrictions	17,484,831	16,782,514
Board designated net assets	<u>54,436</u>	<u>371,089</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,467,012</u>	<u>\$ 20,288,921</u>

(a) Investments include the JIIF Pooled Account which is subject to withdrawal limits. See (Note 6)

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 16 for information about the Agency's line of credit. The Agency typically receives programs fees and government grant payments monthly, thereby providing steady inflow of funds during the year. The Agency's expenditures are not subject to significant seasonal fluctuations.

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

20. SUBSEQUENT EVENTS

On October 1, 2024, WJCS closed on an Affiliation Agreement (the “Agreement”) with Family Service Society (“FSSY”) and its subsidiary, Yonkers Community Housing Development Organization, Inc. (“YCHD”) (collectively, the “FSSY Entities”). Under the Agreement, WJCS became the sole corporate member of FSSY.

Management has evaluated all events or transactions that occurred after June 30, 2024 through January 27, 2025, the date that the combined financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure except as disclosed above, and in Note 16.

SUPPLEMENTARY INFORMATION

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES
 SCHEDULE OF COMBINING STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2024
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	W.J.C.S.	H.H.S.	C.P.	Eliminations	2024 Totals	2023 Totals
ASSETS						
Cash and cash equivalents	\$ 1,464,487	\$ -	\$ 520,032	\$ -	\$ 1,984,519	\$ 1,737,823
Accounts receivable, net	7,202,295	-	1,743,893	-	8,946,188	6,657,748
Contributions receivable, net	342,581	-	-	-	342,581	509,766
Due from related parties	-	-	1,250,165	(1,250,165)	-	-
Investments	26,787,931	-	807,221	-	27,595,152	31,537,187
Finance lease right-of-use assets	83,474	-	53,329	-	136,803	284,643
Operating lease right-of-use assets	1,879,631	-	166,728	-	2,046,359	1,454,618
Property and equipment, net	2,797,260	-	4,137,040	-	6,934,300	7,107,263
Other assets	361,378	-	212,076	-	573,454	395,427
Total Assets	\$ 40,919,037	\$ -	\$ 8,890,484	\$ (1,250,165)	\$ 48,559,356	\$ 49,684,475
LIABILITIES AND NET ASSETS						
Accrued expenses and other payables	\$ 4,117,094	\$ -	\$ 1,647,916	\$ -	\$ 5,765,010	\$ 4,264,893
Due to related parties	1,250,165	-	-	(1,250,165)	-	-
Deferred income	1,010,839	-	411,091	-	1,421,930	1,998,023
Capital advances	2,100,000	-	1,419,000	-	3,519,000	1,419,000
Lease liabilities	1,974,801	-	221,985	-	2,196,786	1,751,344
Loans payable, net	438,784	-	73,063	-	511,847	755,868
Total liabilities	10,891,683	-	3,773,055	(1,250,165)	13,414,573	10,189,128
NET ASSETS (DEFICIT)						
Without donor restrictions	10,911,909	-	\$ 4,720,827	-	15,632,736	19,699,033
With donor restrictions						
Purpose restricted	14,069,548	-	396,602	-	14,466,150	15,034,281
Endowments	5,045,897	-	-	-	5,045,897	4,762,033
Total net assets (deficit)	30,027,354	-	5,117,429	-	35,144,783	39,495,347
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 40,919,037	\$ -	\$ 8,890,484	\$ (1,250,165)	\$ 48,559,356	\$ 49,684,475

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES
 SCHEDULE OF COMBINING STATEMENTS OF ACTIVITIES
 YEAR ENDED JUNE 30, 2024
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	2024										2023
	W.J.C.S.			H.H.S.		C.P.					
	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total	Totals	Totals
SUPPORT AND REVENUE - OPERATING											
Public Support											
UJA/Federation	\$ 1,894,119	\$ -	\$ -	\$ 1,894,119	\$ -	\$ -	\$ -	\$ -	\$ 1,894,119	\$ 1,897,366	
Contributions and grants	5,087,114	881,115	-	5,968,229	-	83,606	54,582	138,188	-	6,106,417	5,527,610
Special events, net of related direct expenses of \$104,373 in 2024 and \$91,065 in 2023	398,019	13,458	-	411,477	-	-	-	-	-	411,477	315,620
Net assets released from restrictions	2,753,331	(2,637,093)	(116,238)	-	-	71,864	(71,864)	-	-	-	-
Total public support	10,132,583	(1,742,520)	(116,238)	8,273,825	-	155,470	(17,282)	138,188	-	8,412,013	7,740,596
REVENUE											
Government Grants	11,788,025	-	-	11,788,025	-	315,392	-	315,392	-	12,103,417	11,666,664
Program Service Fees	10,119,438	-	-	10,119,438	-	16,474,099	-	16,474,099	-	26,593,537	26,601,764
Investment income	991,253	720,000	116,238	1,827,491	-	1,391	-	1,391	-	1,828,882	1,622,933
Interest from related parties	10,289	-	-	10,289	-	-	-	-	(10,289)	-	-
Rental and other income	219,047	-	-	219,047	10,148	15,285	-	15,285	(60,629)	183,851	199,021
Total revenue	23,128,052	720,000	116,238	23,964,290	10,148	16,806,167	-	16,806,167	(70,918)	40,709,687	40,090,382
Total support and revenue - operating	33,260,635	(1,022,520)	-	32,238,115	10,148	16,961,637	(17,282)	16,944,355	(70,918)	49,121,700	47,830,978
EXPENSES - OPERATING											
Program services - Clinic	15,088,967	-	-	15,088,967	-	-	-	-	-	15,088,967	13,577,987
Program services - Community-based	13,678,622	-	-	13,678,622	-	-	-	-	-	13,678,622	12,128,359
Program services - Services for developmentally disabled	-	-	-	-	-	16,475,334	-	16,475,334	(10,289)	16,465,045	17,186,833
Management and general	6,534,657	-	-	6,534,657	18,327	2,708,015	-	2,708,015	(60,629)	9,200,370	6,543,463
Fundraising and development	469,401	-	-	469,401	-	1,520	-	1,520	-	470,921	472,463
Total expenses - operating	35,771,647	-	-	35,771,647	18,327	19,184,869	-	19,184,869	(70,918)	54,903,925	49,909,105
CHANGE IN NET ASSETS - OPERATING											
Non-operating activities	(2,511,012)	(1,022,520)	-	(3,533,532)	(8,179)	(2,223,232)	(17,282)	(2,240,514)	-	(5,782,225)	(2,078,127)
CHANGE IN NET ASSETS	(1,947,574)	(550,850)	283,864	(2,214,560)	2,575,753	(2,133,733)	(17,282)	(2,151,015)	(2,560,741)	4,350,563	5,588,752
NET ASSETS, BEGINNING OF YEAR	12,859,484	14,620,397	4,762,033	32,241,914	(2,575,753)	6,854,560	413,884	7,268,444	2,560,741	39,495,346	33,906,595
NET ASSETS, END OF YEAR	\$ 10,911,910	\$ 14,069,547	\$ 5,045,897	\$ 30,027,354	\$ -	\$ 4,720,827	\$ 396,602	\$ 5,117,429	\$ -	\$ 35,144,783	\$ 39,495,347

WESTCHESTER JEWISH COMMUNITY SERVICES, INC. AND AFFILIATES
 SCHEDULE OF COMBINING STATEMENTS OF CASH FLOWS
 YEAR ENDED JUNE 30, 2024
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	W.J.C.S.	H.H.S.	2024			2023 Totals
			C.P.	Eliminations	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ (2,214,560)	\$ 2,575,753	\$ (2,151,015)	\$ (2,560,741)	\$ (4,350,563)	\$ 5,588,752
Adjustments to reconcile change in net assets to net cash used in operating activities:						
Depreciation and amortization	226,346	-	426,435	-	652,781	819,990
Net realized and unrealized gains on investments	(2,963,480)	-	(89,499)	-	(3,052,979)	(2,931,059)
Noncash lease expenses	459	-	(15,287)	-	(14,828)	(93,341)
Bad debt expense	531,968	-	97,995	-	629,963	355,373
Deferred bond cost amortization included in interest expense	9,598	-	-	-	9,598	9,599
Loss on disposition of property and equipment	-	-	-	-	-	36,236
Forgiveness of paycheck protection program loan payable	-	-	-	-	-	(6,142,767)
Changes in Operating Assets and Liabilities:						
(Increase) decrease in assets:						
Accounts receivable, net	(2,459,704)	-	(458,699)	-	(2,918,403)	(1,538,903)
Contributions receivable	167,185	-	-	-	167,185	410,419
Due from related parties	-	-	1,555,954	(1,555,954)	-	-
Other assets	(85,574)	1,546	(93,999)	-	(178,027)	109,188
Increase (decrease) in liabilities:						
Accrued expenses and other payables	1,655,958	(15,812)	(140,030)	-	1,500,116	(307,755)
Deferred income	(796,222)	-	220,129	-	(576,093)	549,532
Due to related parties	(1,552,905)	(2,563,790)	-	4,116,695	-	-
Net Cash Used in Operating Activities	(7,480,931)	(2,303)	(648,016)	-	(8,131,250)	(3,134,736)
CASH FLOWS FROM INVESTING ACTIVITIES						
Property and equipment acquisitions	(155,353)	-	(159,936)	-	(315,289)	(199,984)
Purchase of investments	(2,288,381)	-	-	-	(2,288,381)	(3,544,924)
Proceeds from sale of investments	8,358,997	-	924,398	-	9,283,395	7,185,042
Net Cash Provided by Investing Activities	5,915,263	-	764,462	-	6,679,725	3,440,134
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal repayments of loans payable	(144,000)	-	(109,619)	-	(253,619)	(266,697)
Proceeds from line of credit	11,325,000	-	-	-	11,325,000	2,300,000
Principal repayments of line of credit	(9,225,000)	-	-	-	(9,225,000)	(2,300,000)
Principal payments of finance leases	(77,590)	-	(70,570)	-	(148,160)	(130,617)
Net Cash Provided by (Used in) Financing Activities	1,878,410	-	(180,189)	-	1,698,221	(397,314)
NET CHANGE IN CASH AND CASH EQUIVALENTS	312,742	(2,303)	(63,743)	-	246,696	(91,916)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,151,745	2,303	583,775	-	1,737,823	1,829,739
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,464,487	\$ -	\$ 520,032	\$ -	\$ 1,984,519	\$ 1,737,823
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash paid for amounts included in measurement of lease liabilities						
Operating cash flows from finance leases (interest)	\$ 1,759	\$ -	\$ 335	\$ -	\$ 2,094	\$ 5,711
Operating cash flows from operating leases (interest)	\$ 585,374	\$ -	\$ 46,502	\$ -	\$ 631,876	\$ 637,668
Lease assets obtained in exchange for lease liabilities						
Operating leases	\$ 1,188,963	\$ -	\$ -	\$ -	\$ 1,188,963	\$ 329,971
Finance leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,783
Cash paid during the year for interest	\$ 78,325	\$ -	\$ 27,141	\$ -	\$ 105,466	\$ 80,399