

LIFTING UP WESTCHESTER, INC.

Financial Statements
Years Ended
December 31, 2020 and 2019

LIFTING UP WESTCHESTER, INC.

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Years Ended
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Lifting Up Westchester, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

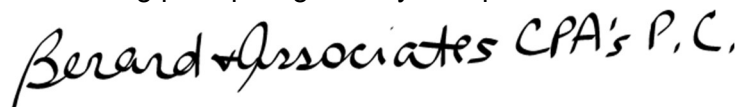
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifting Up Westchester, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Berard & Associates, CPA's P.C.
Suffern, New York 10901
April 23, 2021

LIFTING UP WESTCHESTER, INC.

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 988,346	\$ 756,307
Cash Restricted - OA reserves	75,370	60,296
Cash Restricted - Orchard St. reserves	48,000	42,000
Cash Board Restricted	-	174,346
Investments -Board Restricted	976,256	-
Accounts Receivable-net of allowance of \$830,224 and \$477,729 respectively	2,437,311	2,916,767
Promises to Give	59,322	39,442
Prepaid Expenses	5,047	19,443
Total Current Assets	4,589,652	4,008,601
Property and Equipment, Net	6,843,714	7,065,732
Other Assets		
Security Deposits	89,706	35,588
Total Assets	<u>\$ 11,523,072</u>	<u>\$ 11,109,921</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 60,969	\$ 76,809
Accrued Expenses	408,963	1,021,999
Deferred Revenue	22,108	71,411
Current Portion of Line of Credit	-	564,032
Current Portion of Mortgage Payable	52,022	49,358
Total Current Liabilities	544,062	1,783,609
Long-term Liabilities		
Mortgage Payable	1,107,520	1,159,797
Total Long-term Liabilities	1,107,520	1,159,797
Total Liabilities	1,651,582	2,943,406
Net Assets		
Without Donor Restriction		
Undesignated	\$ 2,796,244	\$ 1,643,966
Board Designated- Operating Reserve	753,822	-
Board Designated-Open Arms Building Reserve	75,370	60,296
Board Designated-Orchard Street Building Reserve	48,000	42,000
Board Designated-Special Reserve	222,434	174,346
Board Designated-Investment in Property & Equipment	5,684,172	5,856,577
Total Unrestricted	9,580,042	7,777,185
With Donor Restrictions	291,448	389,330
Total Net Assets	9,871,490	8,166,515
Total Liabilities and Net Assets	<u>\$ 11,523,072</u>	<u>\$ 11,109,921</u>

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Support:						
Government Grants	\$ 5,254,415	\$ 399,307	\$ 5,653,722	\$ 4,972,183	\$ 451,508	\$ 5,423,691
Contributions and Grants	1,295,228	265,636	1,560,864	721,755	173,680	895,435
Paycheck Protection Program	1,471,643	-	1,471,643	-	-	-
Fund Raising Events Revenue	208,600	61,421	270,021	237,610	168,603	406,213
Fund Raising Events Expense	(14,211)	-	(14,211)	(44,217)	-	(44,217)
Inkind Contributions	135,348	-	135,348	122,514	-	122,514
Total Support	8,351,023	726,364	9,077,387	6,009,845	793,791	6,803,636
Revenue:						
Program Service Fees	5,976,680	-	5,976,680	7,069,004	-	7,069,004
Investment Income	43,984	-	43,984	4,556	-	4,556
Other	82,967	-	82,967	79,222	-	79,222
Total Revenue	6,103,631	-	6,103,631	7,152,782	-	7,152,782
Revenue released from restrictions	824,246	(824,246)	-	511,202	(511,202)	-
Total Support & Revenue	15,278,900	(97,882)	15,181,018	13,673,829	282,589	13,956,418
EXPENSES						
Program Services	12,405,829	-	12,405,829	12,550,001	-	12,550,001
Management and General	804,926	-	804,926	931,438	-	931,438
Fund Raising	265,288	-	265,288	277,010	-	277,010
Total expenses	13,476,043	-	13,476,043	13,758,449	-	13,758,449
CHANGE IN OPERATING NET ASSETS	1,802,857	(97,882)	1,704,975	(84,620)	282,589	197,969
Net Assets - Beginning of Year	7,777,185	389,330	8,166,515	7,861,805	106,741	7,968,546
Net Assets - End of Year	<u>\$ 9,580,042</u>	<u>\$ 291,448</u>	<u>\$ 9,871,490</u>	<u>\$ 7,777,185</u>	<u>\$ 389,330</u>	<u>\$ 8,166,515</u>

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
 Statements of Functional Expenses
 Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	Management General	Fund Raising	Total Expenses	Program Services	Management General	Fund Raising	Total Expenses
Salaries	\$ 6,916,214	\$ 394,474	\$ 147,632	\$ 7,458,320	\$ 7,035,346	\$ 436,628	\$ 151,137	\$ 7,623,111
Payroll taxes	488,302	25,967	10,974	525,243	440,775	74,369	20,310	535,454
Employee benefits	649,552	80,281	36,994	766,827	804,169	53,039	29,867	887,075
	-							
Total Salaries and Related Expenses	8,054,068	500,722	195,600	8,750,390	8,280,290	564,036	201,314	9,045,640
Food and Consumable Supplies	145,915	-	-	145,915	89,522	-	-	89,522
Client Assistance Payments - Net of check repayments	2,268,757	-	-	2,268,757	2,161,272	-	-	2,161,272
In kind Program Supplies & Assistance	135,348	-	-	135,348	122,514	-	-	122,514
Program Activities	215,156	-	-	215,156	162,860	-	-	162,860
Transportation	61,385	-	-	61,385	74,274	28	-	74,302
Repairs and Maintenance	57,736	30,616	25	88,377	162,362	26,843	110	189,315
Occupancy	58,539	82,077	-	140,616	105,757	9,641	-	115,398
Utilities	75,357	8,089	-	83,446	16,462	79,500	-	95,962
Telephone	42,274	9,275	-	51,549	47,684	12,939	51	60,674
Professional Fees & Contract Services	225,742	74,828	37,233	337,803	335,263	98,117	41,197	474,577
Staff Recruitment & Training	21,365	23,041	1,440	45,846	3,453	5,353	727	9,533
Office Expenses	141,296	47,464	27,072	215,832	114,090	77,871	28,558	220,519
Interest Expense	62,208	6,331	-	68,539	65,240	33,280	-	98,520
Health Facility Assessment	21,305	-	-	21,305	23,591	-	-	23,591
Insurance	55,394	10,031	1,448	66,873	55,219	9,997	1,430	66,646
Postage	7,879	154	582	8,615	4,382	8,072	1,644	14,098
Community Outreach	-	593	80	673	1,395	-	235	1,630
Bad Debt Expense	408,000	-	-	408,000	383,000	-	-	383,000
Total Expenses Before Depreciation	12,057,724	793,221	263,480	13,114,425	12,208,630	925,677	275,266	13,409,573
Depreciation	348,105	11,705	1,808	361,618	341,371	5,761	1,744	348,876
Total Expenses	<u>\$ 12,405,829</u>	<u>\$ 804,926</u>	<u>\$ 265,288</u>	<u>\$ 13,476,043</u>	<u>\$ 12,550,001</u>	<u>\$ 931,438</u>	<u>\$ 277,010</u>	<u>\$ 13,758,449</u>

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
Statements of Cash Flow
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flow from Operating Activities		
Increase (decrease) in net assets	\$ 1,704,975	\$ 197,969
Adjustments to reconcile		
Increase in net assets to		
net cash provided by operating activities		
Depreciation	361,618	348,876
Changes in operating assets and liabilities		
Decrease (Increase) in Accounts Receivable	479,456	(521,069)
Decrease (Increase) in Promises to Give	(19,880)	3,855
Decrease (Increase) in Prepaid Expenses	14,395	(2,581)
Decrease (Increase) in Security Deposits	(54,118)	-
Increase (Decrease) in Accounts Payable & Accrued Expenses	(628,876)	346,907
Increase (Decrease) in Accrued Payroll	-	(25,478)
Increase (Decrease) in Deferred Revenue	(49,303)	(98,005)
Net Cash Provided by Operating Activities	<u>1,808,267</u>	<u>250,474</u>
Cash Flows from Financing Activities:		
Proceeds from Debt	885,567	2,008,427
Repayment of Debt	(1,499,212)	(1,668,186)
Net Increase in Cash Financing Activities	<u>(613,645)</u>	<u>340,241</u>
Cash Flows from Investing Activities		
(Purchase) of property and equipment	(139,599)	(136,087)
(Purchase) of Investments	(990,922)	24,791
Sale of Investments	14,666	(24,791)
Net cash used in Investing Activities	<u>(1,115,855)</u>	<u>(136,087)</u>
Net Increase in Cash and Cash Equivalents	78,767	454,628
Cash and Cash Equivalents - Beginning of Year	<u>1,032,949</u>	<u>578,321</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,111,716</u>	<u>\$ 1,032,949</u>
Noncash Disclosure		
Contributions in kind	\$ 135,348	\$ 122,514
Supplemental Information		
Interest Paid	\$ 68,539	\$ 98,520
Taxes Paid	\$ 222,434	\$ -

See notes to financial statements

LIFTING UP WESTCHESTER, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 - ORGANIZATION AND PURPOSE

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

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

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

Cash Equivalents

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

Promise to Give

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

Allowance Method for Accounts Receivable

The Agency uses the allowance method for recording bad debt expense relating to their accounts receivable. The expense is computed based on a historical percentage of uncollected receivables. Actual write-offs are then applied to the allowance account. During 2020 and 2019, bad debt expense was \$408,000 and \$383,000 respectively.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Investments

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

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

Fair Value Measurements

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

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

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

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

Support and Revenue

The Agency received 38% of its total support and revenue from federal, state, and local government agencies including but not limited to the federal Department of Housing and Urban Development, New York State Departments of Community Mental Health and Office for People with Developmental Disabilities, and the Westchester County Departments of Social Services and Community Mental Health. Support received from those grants and contracts is recognized when the services are provided and are subject to audit by the providing agency.

The Agency received 40% of its total support and revenue primarily from program service fees related to the Neighbors Program. Exchange revenue is recognized when earned.

Deferred Revenue

Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Total deferred revenue as of December 31, 2020 and 2019 was \$22,108 and \$71,411, respectively.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Estimates

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

Functional Allocation of Expenses

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

Income Taxes

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

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

NOTE 3 – PROGRAMS

Emergency Services

Grace's Kitchen: On weekdays, LUW's soup kitchen located in Grace Church serves mid-day meals and on all Holidays to 60-80 individuals, as well as their families. Despite the challenges posed by the pandemic and the fear people had in coming to congregate settings, over 13,000 meals continued to be served including Grab & Go meals and supermarket gift cards. In addition, the Charlie Bevier Outreach Program continued to operate out of the soup kitchen to provide additional support and resources to clients.

Open Arms: In 2020, the Open Arms 38-bed shelter for single men experiencing homelessness adjusted the program to enable the appropriate social distancing and COVID 19 protocols and provided 161 men with 11,987 nights of shelter and approximately 22,000 meals. Through its Drop-In Emergency Center, it assisted 412 individuals providing approximately 4,872 nights of shelter and approximately 9,672 meals.

Samaritan House: In 2020, the 17-bed women's shelter provided 4,450 overnight stays while maintaining social distancing and COVID 19 protocols to 87 single women and served 10,912 meals. Through its Drop-In Emergency Center, Samaritan House assisted 113 women with 497 nights of shelter and served 363 meals.

LIFTING UP WESTCHESTER, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 3 – PROGRAMS – Continued

Housing Stabilization

Housing Services: Provides housing assistance for individuals living with issues of homelessness, substance addiction, mental illness, and HIV/AIDS. The Housing Programs support clients in their apartment search and provides them with full or partial rent subsidies. All clients receive ongoing case management and support following their placement to ensure a more successful transition. Those eligible for the subsidy include the mentally ill, particularly those who are resistant to treatment, individuals in recovery from substance and alcohol abuse, individuals whose length of stay in a shelter has exceeded 120 days and those who have had multiple shelter stays in a single year. In 2020 the program helped 252 individuals secure and maintain housing.

Vocational and Employment Services

Neighbors Home Care Services: This program provides uniquely compassionate and individualized home care to the elderly and disabled. Services are provided on both an hourly and live-in basis. In 2020, Neighbors proved 277,353 hours of service to 131 elderly and disabled residents in Westchester County. The program also offers free home health aide training and guaranteed employment to primarily low-income minority women.

Pathways: The program is an all-encompassing employment service geared toward partnering with clients experiencing homelessness or about to become homeless to better prepare them for the jobs of today and the careers of tomorrow. In 2020, the program helped 65 individuals secure employment with an average pay rate of \$17 per hour.

Rainbow Outreach: Provides social and educational programs, case management and respite support to developmentally disabled individuals and their families from traditionally underserved communities and minority groups. During the pandemic in 2020, the program served 32 developmentally disabled individuals and their families.

Next Generation Educational Opportunities

After-School Mentoring: The program provides a variety of educational enrichment programs for homeless and at-risk youth to ensure that they are the first in their families to go to college and the last to live in poverty. Our Next Gen programs work with children of all ages on a continuum of academic and social support programs from age 5 through young adulthood. In 2020, the program was able to serve 355 youth through a variety of virtual tools. We also provided grocery store gift cards and grocery bags of food to students where they were staying.

Summer Camp: Provides a stimulating, fun recreational program for homeless and disadvantaged children for four weeks each summer. Activities include swimming, arts and crafts, sports, dance, music, journal writing, field trips and reading instruction. The camp also provides skill building and job opportunities through the counselor-in-training and counselor program. Due to social distancing and COVID 19 protocols the camp served 40 youth ages 5 – 13, and 20 counselors. In addition, food insecurity was a major issue for these children, counselors and their families and we provided approximately 3,600 meals during summer camp.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 4– EMPLOYEE BENEFIT PLANS

The Agency has a tax deferred annuity retirement plan available for all employees. All full-time employees are eligible to enter the plan upon hire. All full-time employees are eligible for employer contributions upon completion of one year of service in which they have worked a minimum of 1,000 hours per year. The Agency matches up to \$1,500 of employee voluntary salary reduction contributions. Employer retirement plan contributions for the years ended December 31, 2020 and 2019 were \$42,792 and \$35,121, respectively.

On January 1, 2018, the Agency established a special retirement plan for its Home Health Aides to which the Agency makes employer contributions as part of its compliance with NYS wage parity requirements. Home Health Aides are eligible for this benefit immediately upon hire and receive an employer contribution to the plan per wage parity qualifying hour worked. Employer contributions for the year ended December 31, 2020 and 2019 were \$456,872 and \$636,654, respectively.

NOTE 5- IN-KIND CONTRIBUTIONS

The Organization received donated goods for consumers of \$135,348 and \$122,514 during 2020 and 2019.

NOTE 6 – CONCENTRATION OF RISK

The Agency maintains bank accounts at two banks which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were in excess of the insured amounts at year end at both banks by a total of \$675,903. Management believes these are reputable banks and does not believe there is any risk of loss.

NOTE 7- RELATED ENTITIES

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

NOTE 8 – PROPERTY AND EQUIPMENT

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

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

LIFTING UP WESTCHESTER, INC.Notes to the Financial Statements
December 31, 2020 and 2019**NOTE 8 – PROPERTY AND EQUIPMENT– Continued**

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

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

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

At December 31, 2019, the costs and related accumulated depreciation of buildings, property and equipment consisted of the following:

Account	Cost	Accum Depr	Net
Furniture, Fixtures & Equipment	\$ 196,490	\$ (99,101)	\$ 97,389
Transportation Equipment	104,087	(89,459)	14,628
Land	255,000	-0-	255,000
Building & Improvements	8,858,583	(2,159,868)	6,698,715
	\$ 9,414,160	\$ (2,348,428)	\$ 7,065,732

Depreciation expense for 2020 and 2019 was \$361,618 and \$348,876, respectively. Additions for the year ended December 31, 2020 and 2019 was \$139,599 and \$136,087, respectively

NOTE 9 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2020 and 2019, the Organization's investments consisted of publicly traded securities totaling \$976,256 and \$0. Investments are reported at fair value using a Level 1 measure as summarized below:

	<u>2020</u>	<u>2019</u>
Cash	\$ 12,776	\$ -
Mutual Funds	754,280	-
Equities	209,200	-
Total investments	\$ 976,256	\$ -

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were \$343,006 in 2020 and \$389,330 in 2019. The funds are set aside for:

	<u>2020</u>	<u>2019</u>
Scholarship	\$ 89,220	\$ 106,845
Mentoring	-	23,973
Samaritan House	-	14,801
Summer Camp	18,628	38,076
Soup Kitchen	27,013	18,043
Housing Retention	156,587	187,592
	<u>\$ 291,448</u>	<u>\$ 389,330</u>

NOTE 11- BOARD DESIGNATED NET ASSETS

In August 2018, the Board of Directors authorized the transfer of its Board restricted endowment into a Board designated special reserve fund, the balance at December 31, 2020 and 2019 was \$222,434 and \$174,346, respectively.

The Board has designated a capital reserve fund for the Open Arms Building and the Orchard Street Building, the balance at December 31, 2020 and 2019 was \$123,370 and \$102,296, respectively.

During 2020 the Board has designated an operating reserve fund with a goal of maintaining two months of expenses in a separate investment account, the balance at December 31, 2020 and 2019 was \$753,822 and \$0, respectively.

NOTE 12- COMMITMENTS

The organization has rental agreements as follows:

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

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

Future payments are as follows:

2021	\$ 223,130
2022	172,180
2023	175,718
2024	45,136
2025	45,136
Total	<u>\$ 661,300</u>

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 13– NOTES PAYABLE AND LINE OF CREDIT

In February 2019, the Agency obtained a line of credit from The Westchester Bank for \$1,000,000, with interest payable at a rate of prime plus 0.5%. The balance at December 31, 2020 and 2019 was \$0 and \$564,032.

February 2019, the Agency obtained a term loan with The Westchester Bank for \$60,000, with interest payable at a rate of 4.49%. This loan was paid off in July 2019.

In September 2018, the Agency obtained a six-month term loan with the Contact Fund for \$325,000, with interest payable at the rate of 6%. This loan was paid off in February 2019.

NOTE 14- MORTGAGE

In October 2018, the Agency obtained a mortgage with Leviticus 25:23 Alternative Fund Inc. for \$1,260,000. This mortgage term is \$9,309.28 per month with payments to be made over 204 months with interest payable at a rate of 5.25% percent. At December 31, 2020 and 2019 loan balance was \$1,159,542 and \$1,209,155, respectively.

Maturities of this mortgage, in each of the next five years and thereafter are as follows:

2021	\$	52,022
2022		54,819
2023		57,767
2024		60,875
2025		64,149
Thereafter		<u>869,910</u>
Total	\$	<u>1,159,542</u>

NOTE 15- BUILDING RESERVE

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

NOTE 16 - CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT (CARES Act)

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

LIFTING UP WESTCHESTER, INC.Notes to the Financial Statements
December 31, 2020 and 2019**NOTE 16 - CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT (CARES Act)-Continued**

Lifting Up Westchester continues to comply with CDC and state guidelines relating to its operations. The impact of COVID on its 2021 financials is as yet unknown. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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

NOTE 17- LIQUIDITY AND FUNDS AVAILABLE

The following table reflects Lifting Up Westchester Inc.'s financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, perpetual endowments, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. The Board designations could be drawn upon if the Board approves that action.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,111,716	\$ 1,032,949
Accounts Receivable	2,294,956	3,175,813
Promises to Give	<u>59,322</u>	<u>39,442</u>
Financial assets, at year-end	3,465,994	4,248,204
Less those unavailable for general expenditure within one year due to:		
Board Designated for:		
Open Arms Operating Reserve	753,822	-
Open Arms Building Reserve	75,370	60,296
Orchard Street Building Reserve	48,000	42,000
Special Reserve	<u>222,434</u>	<u>174,346</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,366,368</u>	<u>\$ 3,971,562</u>

Lifting Up Westchester, Inc. regularly monitors its cashflow and liquidity needs as part of its financial reporting and analysis. In the event of unanticipated liquidity need, Lifting Up Westchester Inc. has a Board designated operating reserve of \$753,822 as well as a \$1,000,000 line of credit as described in Note 12.

LIFTING UP WESTCHESTER, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 18- SUBSEQUENT EVENTS

In January 2021, a former health care aide for Lifting Up Westchester's Neighbors Home Care Services program filed a complaint against LUW based on New York Labor Law. LUW has hired an attorney and intends to continue a vigorous defense. As of the date of these financial statements the outcome of this matter or the range of liability cannot be reasonably predicted. No adjustments have been made to these financial statements as a result of this matter.

Neighbors Program

The Company initiated its home care program over thirty years ago when there were few providers of quality, affordable home care for low-income seniors. There are now a significant number of such providers serving Westchester and as the industry is experiencing significant consolidation due to changes in the reimbursement and regulatory environment, the Company no longer believes maintaining its small program is in the best interests of its mission, clients, or employees. As a result, it has applied to the NYS Department of Health for approval to transfer its operations to Always Compassionate Home Care, a larger, well-established provider of home care services in the state of NY. In connection with that application, Always Compassionate assumed operational management of the Company's home care program effective April 12, 2021 and a full legal transfer of the program is expected by the middle of 2022. No adjustments have been made to these financial statements as a result of the elimination of this program.

The Agency evaluated subsequent events through April 23, 2021, the date the financial statements are available to be issued.