LIFTING UP WESTCHESTER, INC.

Financial Statements
Years Ended
December 31, 2022 and 2021
# LIFTING UP WESTCHESTER, INC.

Table of Contents

Years Ended
December 31, 2022 and 2021

<table>
<thead>
<tr>
<th>Financial Statements:</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor's Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Statements of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Activities</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Functional Expenses</td>
<td>5</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7-19</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

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

Opinion
We have audited the accompanying financial statements of Lifting Up Westchester, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifting Up Westchester, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lifting Up Westchester, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
We draw attention to Note 2 “Adoption of ASC 842” in the notes to the financial statements which disclose the effects of the Lifting Up Westchester, Inc.’s Adoption of ASC (Topic 842) “Leases”. Our opinion is not modified with respect to this matter.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifting Up Westchester, Inc.’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.
Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lifting Up Westchester, Inc.’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifting Up Westchester, Inc.’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Berard & Associates CPA’s P.C.

Berard & Associates, CPA’s P.C.
Suffern, New York 10901
April 18, 2023
### LIFTING UP WESTCHESTER, INC.
#### Statements of Financial Position
December 31, 2022 and 2021

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$898,402</td>
<td>$1,302,576</td>
</tr>
<tr>
<td>Cash restricted - Open Arms reserves</td>
<td>105,518</td>
<td>90,444</td>
</tr>
<tr>
<td>Cash restricted - Orchard St. and litigation reserves</td>
<td>568,147</td>
<td>108,003</td>
</tr>
<tr>
<td>Investments - board restricted</td>
<td>1,034,844</td>
<td>1,090,414</td>
</tr>
<tr>
<td>Grant and accounts receivable-net</td>
<td>1,926,278</td>
<td>1,949,963</td>
</tr>
<tr>
<td>Promises to give</td>
<td>32,756</td>
<td>47,477</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>30,120</td>
<td>6,588</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>4,596,065</td>
<td>4,595,465</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>6,700,721</td>
<td>6,688,044</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>775,832</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease right-of-use assets</td>
<td>72,297</td>
<td>-</td>
</tr>
<tr>
<td>Security deposits</td>
<td>97,596</td>
<td>94,555</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>945,725</td>
<td>94,555</td>
</tr>
<tr>
<td>Total assets</td>
<td><strong>$12,242,511</strong></td>
<td><strong>$11,378,064</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$96,012</td>
<td>$90,393</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>311,176</td>
<td>265,421</td>
</tr>
<tr>
<td>Litigation Reserve</td>
<td>450,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Current portion of operating lease liability</td>
<td>652,524</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of finance lease liability</td>
<td>34,947</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>19,003</td>
<td>14,557</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,563,662</td>
<td>770,371</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease liability</td>
<td>123,308</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>40,772</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total long term liabilities</strong></td>
<td>164,080</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,727,742</td>
<td>770,371</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restriction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>2,266,928</td>
<td>2,344,398</td>
</tr>
<tr>
<td>Board designated- operating reserve</td>
<td>718,230</td>
<td>844,988</td>
</tr>
<tr>
<td>Board designated- Open Arms building reserve</td>
<td>105,518</td>
<td>90,444</td>
</tr>
<tr>
<td>Board designated- Orchard Street building reserve</td>
<td>118,112</td>
<td>108,003</td>
</tr>
<tr>
<td>Board designated- special reserve</td>
<td>210,871</td>
<td>245,426</td>
</tr>
<tr>
<td>Board designated- investment in property and equipment</td>
<td>6,700,721</td>
<td>6,688,044</td>
</tr>
<tr>
<td><strong>Total without donor restriction</strong></td>
<td>10,120,380</td>
<td>10,321,303</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>394,389</td>
<td>286,390</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>10,514,769</td>
<td>10,607,693</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$12,242,511</strong></td>
<td><strong>$11,378,064</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements
LIFTING UP WESTCHESTER, INC.
Statements of Activities
Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>2022 Without Donor Restrictions</th>
<th>2022 With Donor Restrictions</th>
<th>2022 Total</th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2021 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$6,242,718</td>
<td>$74,108</td>
<td>$6,316,826</td>
<td>$5,826,079</td>
<td>$20,000</td>
<td>$5,846,097</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>517,889</td>
<td>949,606</td>
<td>1,467,495</td>
<td>714,876</td>
<td>580,549</td>
<td>1,295,425</td>
</tr>
<tr>
<td>Fund raising events revenue</td>
<td>529,802</td>
<td>-</td>
<td>529,802</td>
<td>409,466</td>
<td>-</td>
<td>409,466</td>
</tr>
<tr>
<td>Fund raising events expense</td>
<td>(123,343)</td>
<td>-</td>
<td>(123,343)</td>
<td>(82,040)</td>
<td>-</td>
<td>(82,040)</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>236,336</td>
<td>-</td>
<td>236,336</td>
<td>139,969</td>
<td>-</td>
<td>139,969</td>
</tr>
<tr>
<td><strong>Total support</strong></td>
<td>7,403,402</td>
<td>1,023,714</td>
<td>8,427,116</td>
<td>7,008,350</td>
<td>600,549</td>
<td>7,608,899</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program service fees</td>
<td>167,710</td>
<td>-</td>
<td>167,710</td>
<td>3,001,715</td>
<td>-</td>
<td>3,001,715</td>
</tr>
<tr>
<td>Other</td>
<td>872</td>
<td>-</td>
<td>872</td>
<td>3,943</td>
<td>-</td>
<td>3,943</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>168,582</td>
<td>-</td>
<td>168,582</td>
<td>3,005,658</td>
<td>-</td>
<td>3,005,658</td>
</tr>
<tr>
<td>Revenue released from restrictions</td>
<td>915,715</td>
<td>(915,715)</td>
<td>-</td>
<td>605,607</td>
<td>(605,607)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>8,487,699</td>
<td>107,999</td>
<td>8,595,698</td>
<td>10,619,615</td>
<td>(5,058)</td>
<td>10,614,557</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>7,319,150</td>
<td>-</td>
<td>7,319,150</td>
<td>9,428,940</td>
<td>-</td>
<td>9,428,940</td>
</tr>
<tr>
<td>Management and general</td>
<td>855,144</td>
<td>-</td>
<td>855,144</td>
<td>987,826</td>
<td>-</td>
<td>987,826</td>
</tr>
<tr>
<td>Fund raising</td>
<td>414,774</td>
<td>-</td>
<td>414,774</td>
<td>312,188</td>
<td>-</td>
<td>312,188</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>8,589,068</td>
<td>-</td>
<td>8,589,068</td>
<td>10,728,954</td>
<td>-</td>
<td>10,728,954</td>
</tr>
<tr>
<td>Change in operating activities</td>
<td>(101,369)</td>
<td>107,999</td>
<td>6,630</td>
<td>(109,339)</td>
<td>(5,058)</td>
<td>(114,397)</td>
</tr>
<tr>
<td><strong>Nonoperating activity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>(199,554)</td>
<td>-</td>
<td>(199,554)</td>
<td>100,600</td>
<td>-</td>
<td>100,600</td>
</tr>
<tr>
<td>Sale of neighbors program</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td>1,150,000</td>
<td>-</td>
<td>1,150,000</td>
</tr>
<tr>
<td><strong>Total Nonoperating activity</strong></td>
<td>(99,554)</td>
<td>-</td>
<td>(99,554)</td>
<td>1,250,600</td>
<td>-</td>
<td>1,250,600</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(200,923)</td>
<td>107,999</td>
<td>(92,924)</td>
<td>1,141,261</td>
<td>(5,058)</td>
<td>1,136,203</td>
</tr>
<tr>
<td><strong>Net assets - beginning of year</strong></td>
<td>10,321,303</td>
<td>286,390</td>
<td>10,607,693</td>
<td>9,180,042</td>
<td>291,448</td>
<td>9,471,490</td>
</tr>
<tr>
<td><strong>Net assets - end of year</strong></td>
<td>$10,120,380</td>
<td>$394,389</td>
<td>$10,514,769</td>
<td>$10,321,303</td>
<td>$286,390</td>
<td>$10,607,693</td>
</tr>
</tbody>
</table>

See notes to financial statements
## LIFTING UP WESTCHESTER, INC.

### Statements of Functional Expenses

**Years Ended December 31, 2022 and 2021**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Management General</td>
</tr>
<tr>
<td></td>
<td>$2,634,913</td>
<td>$428,106</td>
</tr>
<tr>
<td>Salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>237,619</td>
<td>31,068</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>388,314</td>
<td>81,502</td>
</tr>
<tr>
<td>Total salaries and related expenses</td>
<td>3,269,846</td>
<td>540,674</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$855,144</td>
<td>$414,774</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes to Financial Statements

- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.
- Include statement of activities.
- Include recruitment assistance expenses and program revenues.

**See notes to financial statements**
## LIFTING UP WESTCHESTER, INC.
### Statements of Cash Flow
#### Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$ (92,924)</td>
<td>$ 1,136,203</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>322,612</td>
<td>362,207</td>
</tr>
<tr>
<td>Amortization of right-of-use assets</td>
<td>36,756</td>
<td>-</td>
</tr>
<tr>
<td>Realized and unrealized loss on investments</td>
<td>212,165</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable</td>
<td>23,685</td>
<td>487,348</td>
</tr>
<tr>
<td>Decrease in promises to give</td>
<td>14,721</td>
<td>11,845</td>
</tr>
<tr>
<td>(Increase) in prepaid expenses</td>
<td>(23,532)</td>
<td>(1,542)</td>
</tr>
<tr>
<td>(Increase) in security deposits</td>
<td>(3,041)</td>
<td>(4,849)</td>
</tr>
<tr>
<td>Increase (Decrease) in accounts payable &amp; accrued expenses</td>
<td>51,374</td>
<td>(114,118)</td>
</tr>
<tr>
<td>Increase in litigation reserve</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Increase (Decrease) in deferred revenue</td>
<td>4,446</td>
<td>(7,551)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>596,262</td>
<td>1,869,543</td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM FINANCING ACTIVITIES                                       |          |          |
| Payment of principle portion of lease liability                             | (33,334) | -        |
| Repayment of debt                                                          | -        | (1,159,542) |
| Net cash (used in) financing activities                                     | (33,334) | (1,159,542) |

| CASH FLOWS FROM INVESTING ACTIVITIES                                       |          |          |
| (Purchase) of property and equipment                                       | (335,289) | (206,537) |
| Investments, net                                                           | (41,841)  | -        |
| Sale of investments                                                        | 25,618    | -        |
| (Purchase) of investments                                                  | (140,372) | (114,157) |
| Net cash (used in) Investing Activities                                    | (491,884) | (320,694) |
| Net Increase in Cash and Cash Equivalents                                  | 71,044    | 389,307  |

| Cash and Cash Equivalents - Beginning of Year                              | 1,501,023 | 1,111,716 |
| Cash and Cash Equivalents - End of Year                                    | $ 1,572,067 | $ 1,501,023 |

Non-cash disclosure

| Contributions in-kind                                                      | $ 236,336 | $ 139,969 |

Supplemental information

| Interest paid                                                              | $ 2,707    | $ 30,592  |
| Taxes paid                                                                 | $ -        | $ -       |

See notes to financial statements
NOTE 1 - ORGANIZATION AND PURPOSE

Lifting Up Westchester provides life-changing support to people who have lost their housing or are struggling to meet other basic needs. The organization works together with those they serve to build a more secure future for them and their families.

Lifting Up Westchester is united by one, bold and unwavering belief: that stable housing is the foundation on which human wellbeing and advancement is built. When people have a secure, affordable home, they can focus on advancing their employment, education, and health. The Organization helps individuals find that home and build on that foundation to achieve greater self-sufficiency. By supporting others in living healthier and more productive lives, Lifting Up Westchester benefits the entire community.

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. 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 and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises 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.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance Method for Accounts Receivable

The Organization 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 2022 and 2021, bad debt expense was $88,976 and $61,966 respectively, related to discontinued operations and grant adjustments.

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 Organization’s financial instruments approximates 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 of 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.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

At the inception of a contract, we assess whether the contract is, or contains, a lease. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the criteria.

For all leases a ROU asset and lease liability are recognized at the lease commencement date. The lease liability represents the present value of the lease payments under the lease. The ROU asset is initially measured at cost, which includes the initial lease liability, plus any initial direct costs incurred, less any lease incentives received. The lease liability is initially measured as the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the risk-free rate.

Concentration of Revenue

The Organization received 73% 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 Organization received 2% of its total support and revenue primarily from program service fees related to the Neighbors Program. Exchange revenue is recognized when earned. As of April 12, 2021 Always Compassionate Home Care assumed operational management of the Neighbors Program with the full legal transfer expected by the end of 2023.

The Organization received 25% of its total support and revenue primarily from fund raising and other contribution revenue.

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, 2022 and 2021 was $19,003 and $14,557, respectively.

Estimates

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from 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,
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

operations and maintenance of buildings and are allocated based on square footage, costs of all other
categories were allocated on estimates of time and effort.

Income Taxes

The Organization 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 Organization 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 Organization does not believe they have taken any material uncertain tax positions and,
accordingly they have not recorded any liability for unrecognized tax benefits.

Accounting Change: Adoption of ASC 842

On January 1, 2022, the Organization adopted FASB Accounting Standards Codification, or ASC,
(Topic 842), Leases, which requires the recognition of the right-of-use, or ROU, assets and related
operating and finance lease liabilities on the statement of financial position. As permitted by ASC 842,
the organization elected the adoption date of January 1, 2022, which is the date of initial application.
As a result, the statement of financial position prior to January 1, 2022 was not restated, and continues
to be reported under ASC (Topic 840), Leases, which did not require the recognition of operating lease
liabilities on the balance sheet, and is not comparative.

All leases are classified as either operating leases or finance leases. The lease classification affects
the expense recognition in the statement of activities. Operating lease charges are recorded entirely in
operating expenses. Finance lease charges are split, amortization of the ROU asset is recorded in
operating expenses and an implied interest component is recorded in interest expense. The expense
recognition for operating leases and finance leases under ASC 842 is substantially consistent with
ASC 840. As a result, there is no significant difference in the results of operations presented in our
statement of activities for each period presented.

The Organization adopted ASC 842 using a modified retrospective approach for all leases existing at
January 1, 2022. The adoption had a substantial impact on our statement of financial position. The
most significant impact was the recognition of the operating lease ROU assets and the operating lease
liability. Accordingly, upon adoption an operating lease right-of-use asset and corresponding lease
liability of approximately $775,832 was recognized. A financing lease right-of-use asset and lease
liability of approximately $72,297 and 75,719, respectively, was recognized. The Organization elected
the package of practical expedients, which allowed, among other things, for not reassessing the lease
classification or initial direct costs for existing leases. The application of the practical expedients did
not have a significant impact on the measurement of the operating lease liability.

NOTE 3 - PROGRAMS

Shelters: LUW operates two shelters in White Plains that provide shelter, nutritious food, and case
management, counseling and referral services for men and women experiencing homelessness.

- Samaritan House is our 17-bed women's shelter; and
- Open Arms is our 38-bed men's shelter.
NOTE 3 - PROGRAMS - Continued

Both facilities also serve as emergency drop-in shelters for both men and women with capacity for 20 additional adults. In 2022, the shelters provided 692 men and women with 19,980 nights of shelter. Open Arms and Samaritan House also provided approximately 50,431 meals. All shelter guests also receive case management support, employment services and housing placement services.

Housing: LUW has two main types of Housing programs:

- **Housing Success**: is a shelter-based program focused on helping shelter guests find market rate housing and helping them to transition into that housing successfully. Our Housing Success Specialists work intensively with guests to find, move into and adjust to their new homes/communities. After this initial transition (usually 6 to 12 months) contact is limited.

- **Supportive Housing**: supportive housing is for those clients with specific qualifying conditions who need ongoing case management and financial support to remain stably housed. Supportive Housing case managers are assigned long term to these clients and may support them for years in maintaining their housing and their wellbeing. LUW has 4 supportive housing programs- HOPWA, Ryan White, RAP/OMH, Turning Point.

In 2022 the Housing programs helped 269 individuals secure and maintain housing.

Employment: Increasing income is a key element of creating housing stability and a foundation for economic security. Creating employment opportunities for people, sets them on a path, to steadily grow their income so they can earn a living wage and maintain their housing. LUW has two employment programs

- **Job Central**: offers clients opportunities to gain the hard and soft skills needed to find, and keep, employment, and strengthen their foundation for independence; including vocational training, resume writing and interview skills to prepare our clients for the workforce. LUW Employment Specialists help clients find employment and support them and their employers to ensure that employment lasts.

- **Rehousing in Supportive Environments (RISE)**: This is a partnership between LUW and other agencies to serve clients who are fleeing or survivors of domestic violence. Clients live in apartments and receive wraparound services consisting of supportive case management, domestic violence, and employment services. LUW serves as the employment services provider.

In 2022, we found 46 jobs.

Community Central: LUW has a number of programs designed to engage members of the community who may be struggling to meet basic needs:

- **Grace’s Community Kitchen** serves a continental breakfast and hot lunch on weekdays to all who come to the kitchen. Takeaway meals and other essential items are also made available. In 2022, we served over 41,652 meals including hot meals, Grab & Go meals and grocery bags.

- **The Charlie Bevier Outreach Team** is present in our community kitchen and goes into the community to identify individuals who may be experiencing homelessness but are reluctant to enter a shelter. They seek to build trust and understanding to help individuals access the support they need, including referrals to medical, mental health, and substance abuse resources, and assistance with documentation to access government benefits, housing programs and job opportunities.

- **Lifting Up Health & Lifeskills Programming**: Community members are welcome all day for refreshments, social activities, classes and trainings and access to healthcare referrals.
NOTE 3 - PROGRAMS- Continued

Next Generation Education Opportunities: Absent intervention, young people whose families are experiencing homelessness and poverty are likely to experience homelessness and poverty as adults. LUW provides a variety of educational enrichment programs for homeless and at-risk youth to break this cycle. Our Next Generation Education programs work with children of all ages on a continuum of academic and social support programs from age 5 through young adulthood.

- **Kidzlit** provides literacy and learning skills for elementary and middle school students living at the Coachman Family Shelter in the city of White Plains.

- **Academic Enrichment & Mentoring Program for middle and high school students**: provides middle and high school students in Yonkers with tutoring, career counseling, standardized test prep, and college counseling so that participants graduate high school and have plans to enter the work force or go on to college after graduation.

- **College Scholarship Program** provides financial scholarships to assist students experiencing homelessness or poverty to attend college.

- **College Success Program** supports 60 students, who are or have experienced homelessness and are struggling in college, to access all available resources (on campus and through LUW) to maximize their potential for success in graduating from college. College scholarships are also provided for students.

- **Summer Camp** provides a recreational and academic enriching summer camp experience for children who are unhoused or whose families are extremely low income.

In 2022, the program was able to serve 376 youth in our afterschool programs, 80 in our summer camp and 60 in our college scholarship and success program.

NOTE 4 - IN-KIND CONTRIBUTIONS

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

The value of In-kind contributions included on the statement of activities and the In-kind program Supplies & Assistance for the year ended December 31, 2022, are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$116,281</td>
</tr>
<tr>
<td>Consumables</td>
<td>65,269</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>15,529</td>
</tr>
<tr>
<td>Clothing</td>
<td>39,257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$236,336</strong></td>
</tr>
</tbody>
</table>

NOTE 5 - EMPLOYEE BENEFIT PLANS

The Organization 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 Organization matches up to $1,500 of employee voluntary salary reduction contributions. Employer retirement plan contributions for the years ended December 31, 2022 and 2021, were $31,934 and $43,326, respectively.
NOTE 5 - EMPLOYEE BENEFIT PLANS- Continued

On January 1, 2018, the Organization established a special retirement plan for its Home Health Aides to which the Organization 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. As result of the sale of the Neighbors program to Always Compassionate Home Care in 2021, the employer contributions for the years ended December 31, 2022 and 2021 were $0 and $116,000, respectively. The Plan was terminated in 2022.

NOTE 6 - CONCENTRATION OF RISK

The Organization maintains bank accounts at four banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances were in excess of the insured amounts at year end at two of the four banks by a total of $922,455. Management believes these are reputable banks and does not believe there is any risk of loss.

NOTE 7 - RELATED ENTITIES

The Organization has a Limited Liability Corporation, GCCC Orchard Street, LLC. The LLC is 100% 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 $159,500 was eliminated in the consolidation.

NOTE 8 - PROPERTY AND EQUIPMENT

The Organization 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:

<table>
<thead>
<tr>
<th>Account</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and Fixtures</td>
<td>3-10</td>
</tr>
<tr>
<td>Office and Program Equipment</td>
<td>3-5</td>
</tr>
<tr>
<td>Transportation and Equipment</td>
<td>5-10</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>5-19</td>
</tr>
<tr>
<td>Building</td>
<td>40</td>
</tr>
</tbody>
</table>

In 2007, the Organization 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 from 2014 to 2016. The Organization leases property in White Plains, which houses Samaritan House, the Soup Kitchen, and Neighbors, and Mt Kisco.

As of December 31, 2022, the costs and related accumulated depreciation of buildings, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th>Account</th>
<th>Cost</th>
<th>Accum Depr</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, Fixtures &amp; Equipment</td>
<td>$ 254,214</td>
<td>($236,474)</td>
<td>$ 17,740</td>
</tr>
<tr>
<td>Transportation Equipment</td>
<td>$144,667</td>
<td>(114,744)</td>
<td>$ 29,923</td>
</tr>
<tr>
<td>Land</td>
<td>$255,000</td>
<td>-</td>
<td>$255,000</td>
</tr>
<tr>
<td>Building &amp; Improvements</td>
<td>$9,432,916</td>
<td>($3,034,858)</td>
<td>$6,398,058</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,086,797</strong></td>
<td><strong>($3,386,076)</strong></td>
<td><strong>$6,700,721</strong></td>
</tr>
</tbody>
</table>
NOTE 8 - PROPERTY AND EQUIPMENT - Continued

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

<table>
<thead>
<tr>
<th>Account</th>
<th>Cost</th>
<th>Accum Depr</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, Fixtures &amp; Equipment</td>
<td>$ 250,918</td>
<td>$(218,042)</td>
<td>$ 87,899</td>
</tr>
<tr>
<td>Transportation Equipment</td>
<td>144,667</td>
<td>(104,028)</td>
<td>6,717</td>
</tr>
<tr>
<td>Land</td>
<td>255,000</td>
<td>-</td>
<td>255,000</td>
</tr>
<tr>
<td>Building &amp; Improvements</td>
<td>9,100,922</td>
<td>(2,741,393)</td>
<td>6,494,098</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 9,751,507</strong></td>
<td><strong>$ (3,063,463)</strong></td>
<td><strong>$ 6,668,044</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended December 31, 2022 and 2021 was $322,612 and $362,207, respectively. Additions for the years ended December 31, 2022 and 2021 was $335,290 and $206,537, respectively.

Due to paying off the mortgage early, in 2021, client had to write off the net mortgage cost for a loss of disposal of $3,076.

NOTE 9 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

As of December 31, 2022 and 2021, the Organization’s investments consisted of publicly traded securities totaling $1,034,844 and $1,090,414. Investments are reported at fair value using a Level 1 measure as summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 15,530</td>
<td>$ 26,450</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>105,743</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>689,599</td>
<td>842,645</td>
</tr>
<tr>
<td>Equities</td>
<td>223,972</td>
<td>221,319</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$ 1,034,844</strong></td>
<td><strong>$ 1,090,414</strong></td>
</tr>
</tbody>
</table>

Net investment loss includes the following:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>$ 35,049</td>
</tr>
<tr>
<td>Interest</td>
<td>5,324</td>
</tr>
<tr>
<td>Unrealized (loss)</td>
<td>(214,465)</td>
</tr>
<tr>
<td>Realized Gain</td>
<td>2,301</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>(27,763)</td>
</tr>
<tr>
<td><strong>Net Investment (loss)</strong></td>
<td><strong>$ (199,554)</strong></td>
</tr>
</tbody>
</table>
NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were $394,389 in 2022 and $286,390 in 2021. These funds are set aside for:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarship</td>
<td>$ 69,098</td>
<td>$ 71,929</td>
</tr>
<tr>
<td>College Retention</td>
<td>-</td>
<td>43,775</td>
</tr>
<tr>
<td>Shelters</td>
<td>8,454</td>
<td>-</td>
</tr>
<tr>
<td>Outreach</td>
<td>28,195</td>
<td>-</td>
</tr>
<tr>
<td>Employment Retention</td>
<td>80,011</td>
<td>14,224</td>
</tr>
<tr>
<td>Housing Retention</td>
<td>208,631</td>
<td>156,462</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>394,389</strong></td>
<td><strong>286,390</strong></td>
</tr>
</tbody>
</table>

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, 2022 and 2021 was $210,871 and $245,426, respectively.

The Board has designated a capital reserve fund for the Open Arms Building and the Orchard Street Building, the balance at December 31, 2022 and 2021 was $223,630 and $198,447, 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, 2022 and 2021 was $718,230 and $844,988, respectively.

NOTE 12 - LEASES

The Organization leases 75 properties on behalf of its clients at various terms under short and long-term operating lease agreements. Additionally, the Organization holds a copier through a financing lease agreement. The leases expire at various dates through 2025 and provide for renewal options ranging from one year to five years. There are no renewal options included in its lease agreement that are reasonably certain to be exercised.

While the agreement provides for minimum lease payments, it also includes payments adjusted for certain operating expenses. Variable payments that are not determinable at the lease commencement are not included in the measurement of the lease asset and liability. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to all classes of assets.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate and office equipment leases.
NOTE 12 – LEASES - Continued

Total right-of-use assets and lease liabilities at December 31, 2022 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease assets – classification in statement of financial position</td>
<td></td>
</tr>
<tr>
<td>Operating right-of-use asset</td>
<td>$ 775,832</td>
</tr>
<tr>
<td>Finance right-of-use asset</td>
<td>72,279</td>
</tr>
<tr>
<td>Total lease right-of-use asset</td>
<td>$ 848,111</td>
</tr>
<tr>
<td>Lease liabilities – Classification in statement of financial position</td>
<td></td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>$ 775,832</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>75,719</td>
</tr>
<tr>
<td>Total lease liabilities</td>
<td>$ 851,551</td>
</tr>
</tbody>
</table>

The components of operating lease expenses that are included the statement of activities for the year ended December 31, 2022 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease cost</td>
<td>$ 665,842</td>
</tr>
<tr>
<td>Finance lease cost</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>2,707</td>
</tr>
<tr>
<td>Amortization of right-of-use assets</td>
<td>33,368</td>
</tr>
</tbody>
</table>

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for amounts included in the measurement of lease liabilities</td>
<td></td>
</tr>
<tr>
<td>Operating cash flows from operating leases</td>
<td>$ 677,520</td>
</tr>
<tr>
<td>Operating cash flows from finance leases</td>
<td>36,756</td>
</tr>
<tr>
<td>Finance cash flows from finance leases</td>
<td>33,334</td>
</tr>
</tbody>
</table>

Weighted average lease term and discount rate as of December 31, 2022 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average remaining lease term in years</td>
<td></td>
</tr>
<tr>
<td>Operating right-of-use asset</td>
<td>1.92</td>
</tr>
<tr>
<td>Financing right-of-use asset</td>
<td>2.14</td>
</tr>
<tr>
<td>Lease liabilities – Classification in statement of financial position</td>
<td></td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>2.98%</td>
</tr>
<tr>
<td>Financing lease liabilities</td>
<td>2.98%</td>
</tr>
</tbody>
</table>
NOTE 12 – LEASES - Continued

The future minimum lease payments under noncancelable operating and finance leases are listed below as of December 31, 2022:

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$663,272</td>
<td>$36,041</td>
</tr>
<tr>
<td>2024</td>
<td>102,767</td>
<td>36,041</td>
</tr>
<tr>
<td>2025</td>
<td>12,538</td>
<td>6,008</td>
</tr>
<tr>
<td>2026</td>
<td>8,028</td>
<td>-</td>
</tr>
<tr>
<td>2027</td>
<td>2,007</td>
<td>-</td>
</tr>
<tr>
<td>Total lease payment</td>
<td>788,612</td>
<td>78,090</td>
</tr>
<tr>
<td>Less: interest portion</td>
<td>(12,780)</td>
<td>(2,371)</td>
</tr>
<tr>
<td>Present value of lease liabilities</td>
<td>$775,832</td>
<td>$75,719</td>
</tr>
</tbody>
</table>

NOTE 13 - LITIGATION LIABILITY

In January 2021, a class action suit was filed against Lifting Up Westchester’s Neighbors Home Care Services program seeking back pay under various New York wage and hour laws. In December 2022, this matter was resolved pursuant to a court approved settlement under which Lifting Up Westchester paid $450,000. $400,000 was reserved in 2021. The Organization expensed an additional $50,000 in 2022 to match the final settlement amount. This is listed as lawsuit expenses on the statement of functional expenses. Cash is expected to be remitted on this settlement in January 2023.

NOTE 14 - LINE OF CREDIT

In February 2019, the Organization obtained a secured line of credit from The Westchester Bank maturing on September 30, 2023, for $1,000,000, with interest payable at a rate of prime plus 0.25%. As of December 31, 2022 and 2021 there was no outstanding balance on the line of credit.

NOTE 15 - MORTGAGE

In October 2018, the Organization obtained a mortgage with Leviticus 25:23 Alternative Fund Inc. for $1,260,000. This mortgage term is $9,309 per month with payments to be made over 204 months with interest payable at a rate of 5.25% percent. In August 2021, the loan was paid off in full.

NOTE 16 - BUILDING RESERVE

The agreement between New York State Homeless Housing and Assistance Corporation (HHAC), contains an annual replacement and operating reserve requirement of $15,074 per year for the Open Arms building. The funds deposited in the Operating Reserve Account, along with the interest earned on such funds, shall be withdrawn, and used only to meet costs directly connected with the operation of the Open Arms building, unless another use is approved in writing by HHAC, upon the written application of Lifting Up Westchester, Inc. The board created a building reserve fund for the Orchard Street property and the balances in the reserve account were $118,112 at year end 2022, and 108,003 at year end 2021. In 2021, the Organization increased the reserve by $60,000 in consideration of prior years of underfunding and current replacement costs. The reserve is reviewed and contributed to, as needed, on an annual basis. The funds shall be used only to meet costs directly connected to the property.
NOTE 17 - CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT (CARES Act)

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

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

NOTE 18 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects Lifting Up Westchester Inc.’s financial assets as of December 31, 2022, 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.

<table>
<thead>
<tr>
<th>Financial Assets:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,572,067</td>
<td>$1,501,023</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1,926,278</td>
<td>1,949,963</td>
</tr>
<tr>
<td>Promises to Give</td>
<td>32,756</td>
<td>47,477</td>
</tr>
<tr>
<td>Financial assets, at year-end</td>
<td>3,531,101</td>
<td>3,498,463</td>
</tr>
</tbody>
</table>

Less those unavailable for general expenditure within one year:

<table>
<thead>
<tr>
<th>Board Designated for:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Arms Building Reserve</td>
<td>(105,518)</td>
<td>(90,444)</td>
</tr>
<tr>
<td>Orchard Street Building Reserve</td>
<td>(118,112)</td>
<td>(108,003)</td>
</tr>
<tr>
<td>Special Reserve</td>
<td>(210,871)</td>
<td>(245,426)</td>
</tr>
<tr>
<td>Financial assets available to meet cash needs for general expenditure within one year</td>
<td>$3,096,600</td>
<td>$3,054,590</td>
</tr>
</tbody>
</table>

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 needs, Lifting Up Westchester Inc. has a Board designated operating reserve of $718,230 as well as a $1,000,000 line of credit as described in Note 14.
NOTE 19 - NEIGHBORS PROGRAM

Lifting Up Westchester Inc. initiated its home care program over thirty years ago when there were few providers of quality, affordable home care for low-income seniors. There are now a significant number of such providers serving Westchester and as the industry is experiencing significant consolidation due to changes in the reimbursement and regulatory environment, Lifting Up Westchester Inc. no longer believes maintaining its small program is in the best interests of its mission, clients, or employees. As a result, it applied to the NYS Department of Health for approval to transfer its operations to Always Compassionate Home Care, a larger, well-established provider of home care services in the state of NY. In connection with that application, Always Compassionate Home Care assumed operational management of the Organization’s home care program effective April 12, 2021 and a full legal transfer of the program is expected by the end of 2023. The 2022 financials show an approximately $2,800,000 reduction in revenue and a $2,100,000 reduction in expenses as a result of the transfer of the home care program contracts and patients to Always Compassionate throughout the year.

NOTE 20 - SUBSEQUENT EVENTS

An employee of the organization was in a car accident in an Organization vehicle in January 2023. The driver of the other vehicle made a claim against the Organization’s auto insurance alleging the accident was the employee’s fault. No legal action has been filed to date. The Organization does not anticipate a settlement that would exceed the Organization’s insurance coverage.

The Organization evaluated subsequent events through April 18, 2023, the date the financial statements are available to be issued.