

**UNITED WAY
OF THE SOUTHERN TIER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023

UNITED WAY OF THE SOUTHERN TIER, INC.

TABLE OF CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)	6
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022	7
NOTES TO FINANCIAL STATEMENTS	8 - 19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the United Way of the Southern Tier, Inc.
Corning, New York

Opinion

We have audited the accompanying financial statements of the United Way of the Southern Tier, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022 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 the United Way of the Southern Tier, Inc. as of June 30, 2023 and 2022, and the related changes in its net assets and 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 United Way of the Southern Tier, 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.

Change in Accounting Policy

As discussed in Note 16 to the financial statements, the Organization adopted ASC 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 the United Way of the Southern Tier, 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 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 the United Way of the Southern Tier, 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 the United Way of the Southern Tier, 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.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
October 24, 2023

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 599,680	\$ 537,406
Accounts receivable	-	3,475
Pledges receivable - net	2,069,554	1,747,837
Prepaid expenses	19,557	26,168
Investments - unrestricted	3,134,466	3,008,182
Investments - restricted	643,000	747,410
Endowment	318,010	318,010
Total current assets	6,784,267	6,388,488
Property and Equipment - Net	8,497	14,284
Other Assets		
Beneficial interests in perpetual trust	53,836	61,918
Right-of-use asset - net	40,862	-
Total other assets	94,698	61,918
Total Assets	\$ 6,887,462	\$ 6,464,690
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 51,958	\$ 51,374
Allocations payable	2,714,911	2,509,363
Due to other agencies	869,582	908,710
Deferred revenue	177,675	25,860
Lease liability - current portion	20,302	-
Total current liabilities	3,834,428	3,495,307
Long-Term Liabilities		
Lease liability - long-term portion	20,560	-
Total Liabilities	3,854,988	3,495,307
Net Assets		
Net assets without donor restriction	1,787,695	1,680,208
Net assets with donor restriction	1,244,779	1,289,175
Total net assets	3,032,474	2,969,383
Total Liabilities and Net Assets	\$ 6,887,462	\$ 6,464,690

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Activities
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support						
Total campaign support	\$ 3,456,872	\$ 203,500	\$ 3,660,372	\$ 3,696,532	\$ 139,062	\$ 3,835,594
Campaign net assets released from restrictions	126,286	(126,286)	-	85,444	(85,444)	-
	<u>3,583,158</u>	<u>77,214</u>	<u>3,660,372</u>	<u>3,781,976</u>	<u>53,618</u>	<u>3,835,594</u>
Donor designations	(344,494)	-	(344,494)	(430,121)	-	(430,121)
Provisions for uncollectible pledges	(117,154)	-	(117,154)	(66,026)	-	(66,026)
Prior campaign pledge recapture	-	-	-	1,396	-	1,396
Net campaign support	<u>3,121,510</u>	<u>77,214</u>	<u>3,198,724</u>	<u>3,287,225</u>	<u>53,618</u>	<u>3,340,843</u>
In-kind contributions	32,576	-	32,576	18,167	-	18,167
Other contributions	153,316	-	153,316	75,578	747,410	822,988
Designations from other United Ways	22,179	-	22,179	7,941	-	7,941
Other net assets released from restriction	113,528	(113,528)	-	-	-	-
Total public support	<u>3,443,109</u>	<u>(36,314)</u>	<u>3,406,795</u>	<u>3,388,911</u>	<u>801,028</u>	<u>4,189,939</u>
Revenues						
Investment income	82,339	5,862	88,201	97,713	7,582	105,295
Service fee	127,164	-	127,164	130,616	-	130,616
Special events, net of direct expenses of \$49,958 and \$23,488 in 2023 and 2022	139,325	-	139,325	85,639	-	85,639
Rental income	-	-	-	834	-	834
Miscellaneous	2	-	2	3,183	-	3,183
Gain on disposal of property and equipment	-	-	-	3,475	-	3,475
Unrealized gain (loss) on investments	105,805	7,371	113,176	(386,234)	(24,263)	(410,497)
Realized gain (loss) on investments	14,952	2,049	17,001	(21,182)	(3,070)	(24,252)
Investment earnings released from restrictions	23,364	(23,364)	-	(19,751)	19,751	-
Total revenues	<u>492,951</u>	<u>(8,082)</u>	<u>484,869</u>	<u>(105,707)</u>	<u>-</u>	<u>(105,707)</u>
Total Public Support and Revenues	<u>3,936,060</u>	<u>(44,396)</u>	<u>3,891,664</u>	<u>3,283,204</u>	<u>801,028</u>	<u>4,084,232</u>
Expenses						
Program Services						
Gross funds awarded	3,259,017	-	3,259,017	3,330,296	-	3,330,296
Less, donor designations	(344,494)	-	(344,494)	(430,121)	-	(430,121)
Net funds awarded	<u>2,914,523</u>	<u>-</u>	<u>2,914,523</u>	<u>2,900,175</u>	<u>-</u>	<u>2,900,175</u>
Community building & community investment	300,544	-	300,544	277,542	-	277,542
Total program services	<u>3,215,067</u>	<u>-</u>	<u>3,215,067</u>	<u>3,177,717</u>	<u>-</u>	<u>3,177,717</u>
Supporting Services						
Fundraising	231,920	-	231,920	155,110	-	155,110
Management and general	381,586	-	381,586	606,625	-	606,625
Total supporting services	<u>613,506</u>	<u>-</u>	<u>613,506</u>	<u>761,735</u>	<u>-</u>	<u>761,735</u>
Total Expenses	<u>3,828,573</u>	<u>-</u>	<u>3,828,573</u>	<u>3,939,452</u>	<u>-</u>	<u>3,939,452</u>
Changes in Net Assets	107,487	(44,396)	63,091	(656,248)	801,028	144,780
Net Assets - Beginning	<u>1,680,208</u>	<u>1,289,175</u>	<u>2,969,383</u>	<u>2,336,456</u>	<u>488,147</u>	<u>2,824,603</u>
Net Assets - Ending	<u>\$ 1,787,695</u>	<u>\$ 1,244,779</u>	<u>\$ 3,032,474</u>	<u>\$ 1,680,208</u>	<u>\$ 1,289,175</u>	<u>\$ 2,969,383</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 63,091	\$ 144,780
Adjustments		
Provisions for uncollectible pledges	117,154	66,026
Realized (gain) loss on investments	(17,001)	24,252
Unrealized (gain) loss on investments	(113,176)	410,497
Gain on disposal of property and equipment	-	(3,475)
Depreciation	5,787	9,376
Net change in beneficial interests in perpetual trust	8,082	(2,028)
Changes in assets and liabilities		
Accounts receivable	3,475	(3,182)
Grant receivable	-	9,965
Pledges receivable - net	(438,871)	(37,142)
Prepaid expenses	6,611	(2,182)
Accounts payable and accrued expenses	584	6,607
Allocations payable	205,548	(108,650)
Due to other agencies	(39,128)	78,309
Grants payable	-	(9,742)
Deferred revenue	151,815	12,888
Net cash flows from operating activities	(46,029)	596,299
Cash Flows from Investing Activities		
Sale of investments	1,838,436	1,268,753
Purchase of investments	(1,730,133)	(1,962,166)
Purchase of property and equipment	-	(6,442)
Net cash flows from investing activities	108,303	(699,855)
Net Change in Cash and Cash Equivalents	62,274	(103,556)
Cash and Cash Equivalents - Beginning	537,406	640,962
Cash and Cash Equivalents - Ending	\$ 599,680	\$ 537,406

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>	
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>2023</u>	<u>2022</u>
Expenses							
Impact grants/awards	\$ -	\$ 3,259,017	\$ 3,259,017	\$ -	\$ -	\$ 3,259,017	\$ 3,330,296
(Less donor designations)	-	(344,494)	(344,494)	-	-	(344,494)	(430,121)
Sub-Total	-	2,914,523	2,914,523	-	-	2,914,523	2,900,175
Salaries	56,984	58,210	115,194	133,560	207,989	456,743	468,328
Employee benefits	6,919	7,068	13,987	16,216	25,253	55,456	60,115
Payroll taxes	5,042	5,151	10,193	11,818	18,405	40,416	41,831
Sub-Total	68,945	70,429	139,374	161,594	251,647	552,615	570,274
Professional fees	-	-	-	13,500	4,614	18,114	12,813
Supplies	378	386	764	886	1,864	3,514	1,848
Telephone	186	190	376	437	1,618	2,431	2,474
Postage and shipping	308	282	590	2,061	1,578	4,229	6,956
Occupancy	2,579	2,635	5,214	6,045	9,414	20,673	55,484
Leases and software maintenance	670	685	1,355	1,715	34,983	38,053	34,160
Temporary services	-	-	-	-	-	-	79,637
Printing and publications	-	-	-	-	152	152	202
Transportation	357	97	454	461	4,007	4,922	785
Conferences and meetings	-	130	130	346	8,997	9,473	4,051
Marketing	2,604	1,695	4,299	1,465	658	6,422	7,735
Miscellaneous	4,650	-	4,650	5,653	4,943	15,246	17,961
Mobilization and engagement	726	-	726	-	-	726	1,002
Insurance	-	742	742	1,702	2,650	5,094	6,506
Campaign expenses	-	-	-	12,585	230	12,815	10,774
Payments to United Way Worldwide	-	-	-	-	44,693	44,693	64,160
Strategy-Aligned expenses	9,550	126,965	136,515	-	-	136,515	134,912
In-kind expenses	1,911	1,952	3,863	21,740	6,973	32,576	18,167
Depreciation	738	754	1,492	1,730	2,565	5,787	9,376
Sub-Total	24,657	136,513	161,170	70,326	129,939	361,435	469,003
Total Functional Expenses	\$ 93,602	\$ 3,121,465	\$ 3,215,067	\$ 231,920	\$ 381,586	\$ 3,828,573	\$ 3,939,452

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Expenses						
Impact grants/awards	\$ -	\$ 3,330,296	\$ 3,330,296	\$ -	\$ -	\$ 3,330,296
(Less donor designations)	-	(430,121)	(430,121)	-	-	(430,121)
Sub-Total	<u>-</u>	<u>2,900,175</u>	<u>2,900,175</u>	<u>-</u>	<u>-</u>	<u>2,900,175</u>
Salaries	57,402	39,063	96,465	75,565	296,298	468,328
Employee benefits	7,681	5,228	12,909	6,420	40,786	60,115
Payroll taxes	5,218	3,551	8,769	6,127	26,935	41,831
Sub-Total	<u>70,301</u>	<u>47,842</u>	<u>118,143</u>	<u>88,112</u>	<u>364,019</u>	<u>570,274</u>
Professional fees	-	-	-	12,100	713	12,813
Supplies	189	129	318	275	1,255	1,848
Telephone	303	206	509	399	1,566	2,474
Postage and shipping	547	372	919	1,335	4,702	6,956
Occupancy	5,239	3,566	8,805	6,897	39,782	55,484
Leases and software maintenance	1,415	963	2,378	2,007	29,775	34,160
Temporary services	-	-	-	-	79,637	79,637
Printing and publications	-	-	-	-	202	202
Transportation	114	-	114	368	303	785
Conferences and meetings	98	-	98	1,341	2,612	4,051
Marketing	2,585	1,195	3,780	3,745	210	7,735
Miscellaneous	-	-	-	6,235	11,726	17,961
Mobilization and engagement	880	-	880	117	5	1,002
Insurance	640	435	1,075	842	4,589	6,506
Campaign expenses	-	-	-	10,774	-	10,774
Payments to United Way Worldwide	2,035	1,385	3,420	2,679	58,061	64,160
Strategy-Aligned expenses	-	134,912	134,912	-	-	134,912
In-kind expenses	245	167	412	16,490	1,265	18,167
Depreciation	1,059	720	1,779	1,394	6,203	9,376
Sub-Total	<u>15,349</u>	<u>144,050</u>	<u>159,399</u>	<u>66,998</u>	<u>242,606</u>	<u>469,003</u>
Total Functional Expenses	<u>\$ 85,650</u>	<u>\$ 3,092,067</u>	<u>\$ 3,177,717</u>	<u>\$ 155,110</u>	<u>\$ 606,625</u>	<u>\$ 3,939,452</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Operations

Nature of Operations - United Way of the Southern Tier, Inc. ("UWST") is a nonprofit charitable organization, whose mission is to unite and prioritize resources to improve the quality of life for every person and family in the community. UWST licenses its name and trademark from United Way Worldwide (UWW). UWST's service area consists of Steuben and Chemung Counties in New York State.

UWST is governed by a volunteer Board of Directors. UWST also receives advice, counsel and advocacy from volunteer "Strategy Councils". Current councils include the Brand, Mobilization & Engagement Council, Southern Tier Kids on Track 0-8 Council, Southern Tier Kids on Track 9-21 Council, Southern Tier Senior Supports Council, Southern Tier Basic Needs Council, and Resource Development Council. Each council is led by a member of UWST's Board of Directors and is comprised of community volunteers.

UWST's Board of Directors adopted a strategic plan to guide the work of the Organization. This plan commits UWST to take specific steps to improve its capacity to provide support to help children be successful, while also ensuring that seniors are supported to age in place and people in our community have their basic needs met. The Strategic Plan also addresses the need to look at health and human service needs on a community level. UWST does this by analyzing data on key indicators and convening stakeholders to formulate collective impact strategies and programs.

UWST raises funds throughout the year across Steuben and Chemung Counties, primarily through employer/workplace giving campaigns in the private sector from individuals who are solicited and contribute directly.

Principal distribution activities include the allocation of undesignated funds to targeted health and human service programs and payment of donor designations. In making allocations, UWST identifies and prioritizes critical human service needs in the region, funds programs at nonprofit agencies that address these needs, and monitors results to ensure desired outcomes are met.

All nonprofit organizations receiving funding from UWST, are required to submit quarterly reports detailing program progress. Reports are carefully monitored, with assistance provided when failure to adhere to goals is indicated.

Method of Accounting - UWST maintains its books and prepares its financial statements on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - The Organization's financial statements are presented in accordance with the provisions of ASU 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statement of Not-for-Profit Entities." As a result, the Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity.

Cash and Cash Equivalents - For the purpose of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits and all highly liquid investments with an original maturity of three months or less. UWST maintains cash and cash equivalents at financial institutions which may periodically exceed federally insured limits.

Short-Term Investments - These investments include certificates of deposit with original maturities greater than three months.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Campaign Pledges Receivable - The carrying amount of receivables is reduced by a provision for uncollectible pledges that reflects management's best estimate of the amounts that will not be collected. The provision is calculated using a three-year historical average of actual results. Management also assesses the need to increase the provision based on current economic uncertainty that would increase the likelihood of uncollectible pledges, such as corporate downsizing, mergers and bankruptcies. The provision for uncollectible pledges is ultimately based on management's estimate of the collectability of existing amounts receivable.

The Organization accounts for its campaign pledge receivables at the outstanding principle balance, adjusted for an allowance for doubtful accounts, if applicable. Management reviews all pledges outstanding over one year and based on the assessment estimates the portion, if any, of the balance that will not be collected. Based upon these reviews, management expects 4.25% to become uncollectable as of both years ended June 30, 2023 and 2022. The allowance for uncollectable was \$112,980 and \$103,852 for the years ended June 30, 2023 and 2022, respectively.

Grants Receivable - At June 30, 2023 and 2022, no allowance for bad debts has been established for grants receivable as it is management's opinion that losses, if incurred, would not materially affect the financial statements.

Investments - Investments are presented in the statements of financial position at fair market value as determined by the related professional managers. The net increase or decrease in the fair market value of non-current investments is reflected as an increase or decrease in the appropriate statements of activities. The fair value of investments is disclosed in Note 4 to the financial statements.

Beneficial Interests in Perpetual Trusts - The Organization is the irrevocable beneficiary of perpetual charitable trusts held by a bank trustee. The beneficial interest in the trusts are reported at their fair values, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are restricted to use in the general operations of the Organization, reported as unrestricted contributions in the year received since the contributions will be used in that same year. Changes in fair value is reported as total investment return increasing or decreasing net assets with donor restrictions. The value of the beneficial interest in the trust is adjusted annually for the change in its estimated fair value. Those changes in value are also reported as increases (decreases) in net assets with donor restrictions, because the trust assets will never be distributed to the organization.

Property and Equipment - Property and equipment purchased in excess of \$500 is capitalized and recorded at cost. Donated property and equipment are recorded at fair market value. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Property and equipment have depreciable lives ranging from three to seven years.

Right-of-Use Asset and Lease Liability - The Organization adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of net position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

Allocations Payable - Annual Campaigns are conducted in the fall of each year ("Current Campaign") to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support Community Impact partnership programs and to pay United Way's operating expenses. Current Campaign revenue collection generally begins in January and is distributed to program partners on a July 1 to June 30 allocation cycle. Allocation expense is recognized in the period the allocation is unconditionally committed to program partners. At June 30, 2023, UWST has committed to pay program partners through June 30, 2024 and program expenses for the year ended June 30, 2023 included program allocations for the period July 1, 2023 through June 30, 2024.

Due to Other Agencies - Under accounting guidance, a liability is reported for contributions received which have been donor designated for specific beneficiary organizations. When the designation is paid to the beneficiary organization, the corresponding liability is eliminated.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Campaign Pledges and Contributions - The Organization accounts for grant revenue in accordance with (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made," which provides clarification for determining if grants and contracts should be considered contributions or exchange transactions as well as guidance for determining if a contribution is conditional.

Accounting guidance requires that contributions received be recognized as revenues or gains in the period received. Such contributions include unconditional promises to give, in the form of pledges. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. Pledges and contributions that are received for future year campaigns are reported as donor restricted until the time restriction expires.

Contributions in the form of donated financial assets converted nearly immediately into cash have been classified with all other cash donations in the statements of cash flows.

Community Campaign - UWST conducts over 175 workplace giving campaigns and solicits gifts from individuals outside the workplace in various ways. Most workplace and direct fundraising activities are conducted from September through December. The campaign is typically finalized the following March. UWST encourages undesignated gifts, but donors may designate all or part of their contributions to health and human service agencies based on UWST designation guidelines. A processing and fundraising fee of 15.58% is deducted from designations to nonprofit agencies during the community campaign. Any unpaid donor designations are included in designations payable.

UWST provides support to participating companies and organizations in the form of accounting, gift acknowledgement, fundraising expertise, regulatory compliance, staff training, promotional materials, volunteer activities and events and all aspects of paper and/or electronic pledge processing support.

A small number of companies run United Way campaigns with UWST involvement and support but use a third party processor to record donor pledges and distribute money collected directly to designated agencies. In these cases, UWST does not directly receive the money. However, because UWST is providing direct fund raising support to a company, including materials and staff, and to allow companies to receive recognition for their total results, UWST records the total campaign results.

Donated Facilities and Services - Donated services are recognized as contributions in accordance with accounting guidance if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWST. Volunteers also provided many services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under accounting guidance were not met.

Functional Expenses - Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service. Program expenses are categorized as either community building expenses or community investment expenses.

Program Services - Program services represent the cost of UWST managed programs that provide services to individuals, families, nonprofit agencies and the community.

Community Investment - Community Investment reflects the costs associated with conducting the allocation (community investment) function. All program investments are made in a manner consistent with UWST's five investment values. These values consider client need, program results, focused alignment with our strategic intent, effective use of resources, and continuous learning and improvement. Ultimate authority for all program investments rests with the UWST Board of Directors; these investments are made to qualified organizations based on demonstration of strong performance in each of the five values areas.

UWST administers two primary types of funding streams to nonprofit organizations: allocations and Strategic Investment Fund grants.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Allocations provide non-profit organizations with program funding for operations, specifically those that align with UWST's main focus areas: Southern Tier Kids on Track, Southern Tier Senior Supports, and Southern Tier Basic Needs.

- Southern Tier Kids on Track typically defines funding for services associated with ages birth to 8 years old, including early care and education, targeted school-age programming, and parent supports for child success.
- Southern Tier Senior Supports is defined as funding for services that help our senior population age safely in place. This includes those who need assistance to care for themselves, or in accomplishing their activities of daily living in and around the home. This also includes those who need home-delivered meals to meet their nutritional needs or transportation to medical appointments.
- Southern Tier Basic Needs is defined as funding for services that help our most vulnerable neighbors. This includes those needing food for themselves and their families and those needing longer-term shelter, both to prevent and address homelessness. Strategic Investment Fund grants are used to assist UWST in achieving its strategic goals in the community, making it possible for UWST to seize unanticipated opportunities for impact outside of the regular investment cycle. Additionally, the Fund enables UWST to consider providing additional support to existing programs or strategic initiatives that experience an unanticipated, substantial change in client need which, if left unaided, compromises the impact of the program. Extra consideration can be given to those proposals which present opportunities to leverage additional resources that advance UWST's strategic interests.

Community Building

Community Building reflects the costs associated with collective community efforts to respond to social issues.

Community building is about building authentic relationships to collectively solve social issues. It brings together people from the community, government, business, academia, non-profits, the faith community and others to identify and take steps towards solutions to issues affecting their communities. UWST is engaged specifically in a "Collective Impact" framework, serving in a backbone capacity, coordinating these community change efforts.

This work includes:

- Convening the Councils of the Board of Directors that are responsible for monitoring program investments to ensure intended outcomes are achieved, and evaluation of results is used to drive the desired community change;
- Gathering constituent voice and feedback used to identify issues and drive UWST-led community change efforts;
- Meeting regularly with representatives from other various sectors to develop a shared vision for change - a common understanding of the problem and a joint approach to solutions through agreed upon actions (common agenda);
- Working with others to ensure authentic implementation of the common agenda and mutually reinforcing activities;
- Collecting and measuring results consistently across all participants; and
- Providing consistent and open communication with the many players to build trust, assure mutual objectives, and appreciate common motivation.

Support Services - Support services are classified as organizational administration and resource development. Organization administration includes overall executive direction, planning and coordination, financial management and administrative support services. Resource development represents all activities that constitute an appeal for financial support in the Community Campaign, including staff support, campaign supplies, marketing, media advertising, mail solicitations, and pledge processing.

Advertising - UWST expenses all advertising costs as they are incurred.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Income Taxes - UWST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to UWST's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with accounting guidance, UWST recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. Management believes that UWST is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on UWST's financial statements.

Subsequent Events - UWST's management has evaluated subsequent events through the date of the report which is the date these financial statements were available to be issued.

Note 2. Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has Board Designated net assets without donor restrictions that, while the organization does not intend to spend for these purposes other than identified, the amounts could be made available for current operations, if necessary.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure, including distribution to partner agencies, are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 599,680	\$ 537,406
Accounts receivable	-	3,475
Pledges receivable, net	1,837,559	1,747,837
Investments - without donor restriction	3,134,466	3,008,182
Beneficial interests in perpetual trust	53,836	61,918
Total financial assets available within one year	<u>5,625,541</u>	<u>5,358,818</u>
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with perpetuity	(53,836)	(71,036)
Restricted by donors with purpose restrictions	(872,933)	(900,129)
Restricted by donors with designated contributions	(869,581)	(908,700)
Total amounts unavailable for general expenditures within one year	<u>(1,796,350)</u>	<u>(1,817,947)</u>
Amounts unavailable to management without Board's approval:		
Board designated Strategic investment fund	(8,354)	(18,562)
Board designated Austin loan fund	-	(40,000)
Board designated for capital purchases	(8,497)	(14,284)
Board designated for operating reserves	(1,174,965)	(1,090,084)
Board designated for allocation reserve	(110,000)	(110,000)
Board designated for emergency response fund	(460)	(10,000)
Board designated for senior supports	-	(95,594)
Total amounts unavailable to management without board's approval	<u>(1,302,276)</u>	<u>(1,378,524)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,526,915</u>	<u>\$ 2,100,429</u>

In addition to the financial assets available within one year, the Board of Directors has established an operating reserve in the amount of \$1,174,965, held in an investment account. Use of these funds is subject to the approval of the Board of Directors.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Note 3. Pledges Receivable

Pledges receivable and the related allowance for uncollectible pledges consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Gross pledges receivable	\$ 2,194,039	\$ 1,851,689
Less, allowance for uncollectible pledges	(112,980)	(103,852)
Less, discount on pledge receivable	(11,505)	-
Pledges receivable – net	<u>\$ 2,069,554</u>	<u>\$ 1,747,837</u>

Provisions for uncollectible pledges consisted of the following for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Allowance for uncollectable	\$ 112,980	\$ 103,852
Changes in allowance	4,174	(37,826)
Provisions for uncollectible pledges	<u>\$ 117,154</u>	<u>\$ 66,026</u>

Note 4. Investments

UWST has determined the fair value of investments through the application of accounting guidance, which places assets into one of three levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs are primarily valued using management’s analysis about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Following is the description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded. (Level 1)

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. (Level 2)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by UWST are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by UWST are deemed to be actively traded. (Level 1)

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Investments consisted of the following at June 30:

	Total 2023	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 1,507,990	\$ 1,507,990	\$ -	\$ -
Fixed income				
Corporate bonds	959,688	-	959,688	-
Exchange traded funds	30,166	-	30,166	-
Foreign government bonds	194,723	-	194,723	-
Total fixed income	<u>1,184,577</u>	<u>-</u>	<u>1,184,577</u>	<u>-</u>
Common stocks				
Construction	27,587	27,587	-	-
Consumer goods	13,036	13,036	-	-
Energy	352,769	352,769	-	-
Financial	61,576	61,576	-	-
Healthcare	195,901	195,901	-	-
Industrial goods	254,751	254,751	-	-
Services	26,784	26,784	-	-
Technology	414,400	414,400	-	-
Telecommunications	56,105	56,105	-	-
Total common stocks	<u>1,402,909</u>	<u>1,402,909</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	\$ 4,095,476	\$ 2,910,899	\$ 1,184,577	\$ -

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

	<u>Total 2022</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Other Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Cash and cash equivalents	\$ 850,731	\$ 850,731	\$ -	\$ -
Fixed income				
Corporate bonds	948,997	-	948,997	-
Municipal bonds	133,551	-	133,551	-
Exchange traded funds	28,052	-	28,052	-
Foreign government bonds	84,386	-	84,386	-
Total fixed income	<u>1,194,986</u>	<u>-</u>	<u>1,194,986</u>	<u>-</u>
Common stocks				
Basic materials	23,290	23,290	-	-
Consumer goods	19,363	19,363	-	-
Energy	95,708	95,708	-	-
Financial	46,345	46,345	-	-
Healthcare	380,899	380,899	-	-
Industrial goods	156,224	156,224	-	-
Real estate	16,425	16,425	-	-
Services	32,576	32,576	-	-
Technology	364,539	364,539	-	-
Utilities	178,803	178,803	-	-
Total common stocks	<u>1,314,172</u>	<u>1,314,172</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	519,567	519,567	-	-
Growth	194,146	194,146	-	-
Total mutual funds	<u>713,713</u>	<u>713,713</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 4,073,602</u>	<u>\$ 2,878,616</u>	<u>\$ 1,194,986</u>	<u>\$ -</u>

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Equipment, furniture, and fixtures	\$ 127,865	\$ 127,865
Less, accumulated depreciation	(119,368)	(113,581)
Property and equipment - net	<u>\$ 8,497</u>	<u>\$ 14,284</u>

Note 6. Beneficial Interests in Perpetual Trust

Donor bequests and donors have established and funded trusts with the Community Foundation where the Organization is the beneficiary and the Community Foundation is the administrator and trustee of the trust. Under the terms of the trust agreements, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in the trust. The distributions received by the Organization are used for operations consistent with their mission statement.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Below is a schedule of market values and investment returns for Beneficial Interests in Perpetual Trust investments:

Fair Value – June 30, 2021	\$ 59,890
Net increase in fair value	2,028
Fair Value – June 30, 2022	61,918
Net decrease in fair value	(8,082)
Fair Value – June 30, 2023	\$ 53,836

The trust was established in May 2000. Trustee is directed to pay the net income of the fund quarterly to the Organization. The payments are to be used for the general purposes of the Organization.

Note 7. Leases

The Organization leases office space under an operating lease and has elected the practical expedient not to separate lease and non-lease components for all of lease transactions. The original lease provided for monthly payments of \$1,725 and expires in June 30, 2025. The lease asset and liability was calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with the Organization’s accounting policies. Additional information about the Organization’s leases are as follows:

Lease expense:

Operating lease:	
Administrative and general	\$ 41,400

Weighted Averages:

Remaining lease terms:	
Operating lease	2 years
Discount Rate:	
Operating lease	1.26%

The aggregate maturity of the lease payments under ASC 842 for the five years following June 30, 2023 and thereafter is as follows:

2024	\$ 20,700
2025	20,700
2026	-
2027	-
2028	-
Total	41,400
Less: unamortized discount	(538)
Total lease liability	\$ 40,862

Lease liability:

Operating Lease:	
Current installments	\$ 20,302
Noncurrent installments	20,560
Total lease liability	\$ 40,862

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

The aggregate maturity of the lease payments under ASC 840 for the five years following June 30, 2022 and thereafter is as follows:

2023		\$	20,048
2024			20,302
2025			20,560
2026			-
2027			-
Total		<u>\$</u>	<u>60,910</u>

The Organization also leases a copier lease that expires during March 2026 and postage meter that expires during June 2026. The Organization has reviewed the requirements of ASC 842 related to these leases and determined that adoption of ASC 842 would be immaterial in total. Accordingly, for the two leases, the Organization has presented leases in the accompanying financial statements in accordance with the prior guidance (ASC 840).

Note 8. Endowment Fund

Net assets with donor restriction at June 30, 2023 and 2022, consist of an endowment fund established in the early 1990's to support UWST's operating expenses. The original contribution stipulates that the gift is to be held and invested by UWST indefinitely and income, which is considered without donor restriction, from the fund is to be expended on operating expenses of UWST. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UWST has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWST classifies as net assets with donor restriction (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with NYPMIFA, UWST considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of UWST, (7) alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives have on UWST, and (8) UWST's investment policies.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2023 and 2022, are as follows:

	<u>With Donor Restriction</u>
Endowment Net Assets, June 30, 2021	\$ 318,010
Investment income	7,582
Net depreciation	(27,333)
Amounts appropriated for net assets without donor restriction	<u>19,751</u>
Endowment Net Assets, June 30, 2022	318,010
Investment income	5,862
Net appreciation	9,420
Amounts appropriated for net assets without donor restriction	<u>(15,282)</u>
Endowment Net Assets, June 30, 2023	<u>\$ 318,010</u>

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires UWST to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, losses on the investment of a donor-restricted endowment fund shall reduce donor restricted net assets to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss shall reduce net assets without donor restriction. The earnings of \$15,282 and loss of \$19,751 for the years ended June 30, 2023 and 2022, respectively, decreased and increased net assets without donor restriction for the years then ended, respectively.

Note 9. In-Kind Contributions

Contributions of non-cash assets are recorded at their fair value in the period received. In-kind contributions, which are reported as revenue and related expense in the financial statements, consisted of advertising expense of \$32,576 and \$18,167 for the years ended June 30, 2023 and 2022, respectively.

Note 10. Concentration of Revenue

UWST's campaign success is heavily dependent on pledges from a local corporation and its employees, a related Foundation and retirees of the Corporation. Pledges from this local corporation accounted for 49.54% and 51.73% of total campaign support for the fiscal years ended June 30, 2023 and 2022, respectively. Pledges receivable from the local corporation accounted for 45.95% and 53.50% of the gross pledges receivable at June 30, 2023 and 2022, respectively.

Note 11. Pension Plan

UWST participates in a nationally sponsored defined contribution pension plan for nonprofit organizations. The non-contributory plan is available to all full-time employees with at least one year of service who have reached the age of twenty-one. Contributions are calculated at 8% of the participants' compensation. Pension costs for the years ended June 30, 2023 and 2022, amounted to \$31,883 and \$33,216, respectively, and are included in UWST's employee benefits.

Note 12. Related Parties

Employees of certain financial institutions, which hold deposits on behalf of UWST, serve as members of the Board of Directors. A board member of UWST also serves on a board of a funded agency.

Note 13. Net Assets

UWST's net assets without donor restriction consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Operating reserves	\$ 1,121,129	\$ 1,028,166
Austin loan fund	-	40,000
Fixed asset fund	8,496	14,284
Operating fund	539,257	363,602
Strategic investment fund	8,354	18,562
Allocations reserve	110,000	110,000
Emergency response fund	460	10,000
Senior supports fund	-	95,594
Total net assets without donor restriction	<u>\$ 1,787,695</u>	<u>\$ 1,680,208</u>

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

UWST's net assets with donor restriction consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Campaign support for subsequent years	\$ 150,000	\$ 126,286
Beneficial interests in perpetual trust	53,836	61,918
J Ullman Foundation	10,000	10,000
Track packs	3,657	3,657
Endowment fund	318,010	318,010
Purdue fund	-	4,594
Shand fund	-	4,524
Senior supports fund	643,000	747,410
Emergency response fund	66,276	12,776
Total net assets with donor restriction	<u>\$ 1,244,779</u>	<u>\$ 1,289,175</u>

Note 14. United Way Worldwide, Inc.

United Way Worldwide, Inc. (UWW) is a national trade association and owner of the United Way name and brand mark. On an annual basis, UWST is required to make a membership investment to continue using the United Way name and brand mark. This expense totaled \$44,693 and \$64,160 for the years ended June 30, 2023 and 2022, respectively. In addition to use of the name and brand mark, UWST receives many other benefits from UWW. UWST has access to UWW's knowledge and support on marketing, program outcomes, community impact, fundraising, national trends, campaign materials and a wide array of other tools and topics. UWW also represents all United Way organizations on important legislation or issues presented to Congress.

In an effort to increase accountability and transparency, UWW has developed standards of excellence for continued membership. Each year, UWST must submit a report on its compliance with each of the standards. UWST has committed to comply with all UWW membership standards.

Note 15. Supplemental Cash Flow Information

Cash paid for amounts included in measurement of lease liabilities:	
Operating lease principal payments	<u>\$ 20,048</u>

Note 16. Change in Accounting Principle

In July 2022, the Organization adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption.

The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Organization to restate amounts as of July 1, 2022, resulting in an increase in operating lease ROU assets and operating lease liabilities of \$62,100.

Note 17. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2022. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.