

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

FINANCIAL STATEMENTS

JUNE 30, 2021

UNITED WAY OF THE SOUTHERN TIER, INC.

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INDEPENDENT AUDITORS' REPORT

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

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Southern Tier, Inc. as of June 30, 2021 and 2020, 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.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
August 25, 2021

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 700,852	\$ 817,131
Accounts receivable	293	7,400
Grant receivable	9,965	88,955
Pledges receivable - net	1,776,721	2,078,233
Prepaid expenses	23,986	19,287
Investments - unrestricted	3,496,928	2,748,097
Investments - restricted endowment	318,010	318,010
Property and equipment - net	<u>13,743</u>	<u>17,595</u>
Total Assets	<u>\$ 6,340,498</u>	<u>\$ 6,094,708</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 44,767	\$ 45,172
Allocations payable	2,618,013	2,469,575
Due to other agencies	830,401	1,086,832
Note payable	-	115,100
Grants payable	9,742	87,250
Deferred revenue	12,972	6,760
Total liabilities	<u>3,515,895</u>	<u>3,810,689</u>
Net Assets		
Net assets without donor restriction	2,398,374	1,891,088
Net assets with donor restriction	426,229	392,931
Total net assets	<u>2,824,603</u>	<u>2,284,019</u>
Total Liabilities and Net Assets	<u>\$ 6,340,498</u>	<u>\$ 6,094,708</u>

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, 2021 and 2020

	<u>2021</u>			<u>2020</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	\$ 3,614,368	\$ 85,444	\$ 3,699,812	\$ 3,815,015	\$ 49,631	\$ 3,864,646
Campaign net assets released from restrictions	49,631	(49,631)	-	50,535	(50,535)	-
	<u>3,663,999</u>	<u>35,813</u>	<u>3,699,812</u>	<u>3,865,550</u>	<u>(904)</u>	<u>3,864,646</u>
Donor designations	(450,830)	-	(450,830)	(565,163)	-	(565,163)
Provisions for uncollectible pledges	(60,465)	-	(60,465)	(125,346)	-	(125,346)
Prior campaign pledge recapture	26,809	-	26,809	2,337	-	2,337
Net campaign support	3,179,513	35,813	3,215,326	3,177,378	(904)	3,176,474
In-kind contributions	18,044	-	18,044	80,400	-	80,400
Other contributions	59,003	-	59,003	230,450	-	230,450
Grant revenue	110,345	-	110,345	331,761	-	331,761
Designations from other United Ways	17,006	-	17,006	15,235	-	15,235
Gain on extinguishment of debt	115,100	-	115,100	-	-	-
Other net assets released from restriction	2,515	(2,515)	-	128,204	(128,204)	-
Total public support	<u>3,501,526</u>	<u>33,298</u>	<u>3,534,824</u>	<u>3,963,428</u>	<u>(129,108)</u>	<u>3,834,320</u>
Revenues						
Investment income	56,696	5,490	62,186	48,836	6,242	55,078
Service fee	126,092	-	126,092	133,824	-	133,824
Rental income	1,667	-	1,667	1,667	-	1,667
Miscellaneous	637	-	637	57,079	-	57,079
Loss on disposal of property and equipment	(789)	-	(789)	-	-	-
Unrealized gain (loss) on investments	375,668	23,625	399,293	(108,949)	(17,008)	(125,957)
Realized gain (loss) on investments	275,199	20,805	296,004	(11,634)	(6,164)	(17,798)
Investment earnings released from restrictions	49,920	(49,920)	-	(16,930)	16,930	-
Total revenues	<u>885,090</u>	<u>-</u>	<u>885,090</u>	<u>103,893</u>	<u>-</u>	<u>103,893</u>
Total Public Support and Revenues	<u>4,386,616</u>	<u>33,298</u>	<u>4,419,914</u>	<u>4,067,321</u>	<u>(129,108)</u>	<u>3,938,213</u>
Expenses						
Program Services						
Gross funds awarded	3,342,579	-	3,342,579	3,494,622	-	3,494,622
Less, donor designations	(450,830)	-	(450,830)	(565,163)	-	(565,163)
Net funds awarded	2,891,749	-	2,891,749	2,929,459	-	2,929,459
Community building & community investment	340,395	-	340,395	461,442	-	461,442
Total program services	<u>3,232,144</u>	<u>-</u>	<u>3,232,144</u>	<u>3,390,901</u>	<u>-</u>	<u>3,390,901</u>
Supporting Services						
Fundraising	215,901	-	215,901	233,031	-	233,031
Management and general	431,285	-	431,285	463,000	-	463,000
Total supporting services	<u>647,186</u>	<u>-</u>	<u>647,186</u>	<u>696,031</u>	<u>-</u>	<u>696,031</u>
Total Expenses	<u>3,879,330</u>	<u>-</u>	<u>3,879,330</u>	<u>4,086,932</u>	<u>-</u>	<u>4,086,932</u>
Changes in Net Assets	507,286	33,298	540,584	(19,611)	(129,108)	(148,719)
Net Assets - Beginning	1,891,088	392,931	2,284,019	1,910,699	522,039	2,432,738
Net Assets - Ending	<u>\$ 2,398,374</u>	<u>\$ 426,229</u>	<u>\$ 2,824,603</u>	<u>\$ 1,891,088</u>	<u>\$ 392,931</u>	<u>\$ 2,284,019</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 540,584	\$ (148,719)
Adjustments		
Provisions for uncollectible pledges	60,465	125,346
Realized (gain) loss on investments	(296,004)	17,798
Unrealized (gain) loss on investments	(399,293)	125,957
Loss on disposal of property and equipment	789	-
Depreciation	10,235	9,842
Gain on extinguishment of debt	(115,100)	-
Changes in assets and liabilities		
Accounts receivable	7,107	(1,972)
Grant receivable	78,990	(75,302)
Pledges receivable - net	241,047	(61,231)
Prepaid expenses	(4,699)	1,579
Accounts payable and accrued expenses	(405)	(5,449)
Allocations payable	148,438	(114,298)
Due to other agencies	(256,431)	23,110
Grants payable	(77,508)	75,831
Deferred revenue	6,212	2,593
Net cash flows from operating activities	<u>(55,573)</u>	<u>(24,915)</u>
Cash Flows from Investing Activities		
Net change in short-term investments	-	6,040
Sale of investments	1,081,727	1,284,209
Purchase of investments	(1,135,261)	(1,330,324)
Purchase of property and equipment	<u>(7,172)</u>	<u>(3,002)</u>
Net cash flows from investing activities	<u>(60,706)</u>	<u>(43,077)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	<u>-</u>	<u>115,100</u>
Net Change in Cash and Cash Equivalents	(116,279)	47,108
Cash and Cash Equivalents - Beginning	<u>817,131</u>	<u>770,023</u>
Cash and Cash Equivalents - Ending	<u>\$ 700,852</u>	<u>\$ 817,131</u>

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, 2021
(With Comparative Totals for 2020)

	<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>2021</u>	<u>2020</u>
Expenses							
Impact grants/awards	\$ -	\$ 3,342,579	\$ 3,342,579	\$ -	\$ -	\$ 3,342,579	\$ 3,494,622
(Less donor designations)	-	(450,830)	(450,830)	-	-	(450,830)	(565,163)
Sub-Total	-	2,891,749	2,891,749	-	-	2,891,749	2,929,459
Salaries	69,554	50,444	119,998	118,660	237,590	476,248	533,962
Employee benefits	11,560	4,920	16,480	15,465	35,630	67,575	77,207
Payroll taxes	6,165	5,241	11,406	9,885	21,228	42,519	45,334
Sub-Total	87,279	60,605	147,884	144,010	294,448	586,342	656,503
Professional fees	62	45	107	11,906	4,214	16,227	23,568
Supplies	277	201	478	472	1,898	2,848	7,882
Telephone	433	314	747	739	1,480	2,966	3,017
Postage and shipping	1,042	756	1,798	1,878	3,612	7,288	4,747
Occupancy	5,949	4,315	10,264	10,149	29,874	50,287	48,141
Leases and software maintenance	6,051	1,125	7,176	4,374	30,451	42,001	40,658
Printing and publications	37	-	37	-	204	241	202
Transportation	112	-	112	211	-	323	3,068
Conferences and meetings	69	262	331	368	2,256	2,955	15,981
Marketing	8,777	2,139	10,916	6,229	677	17,822	53,502
Miscellaneous	-	-	-	5,603	9,052	14,655	23,041
Mobilization and engagement	1,112	31	1,143	-	29	1,172	2,868
Insurance	872	632	1,504	1,487	4,214	7,205	7,013
Campaign expenses	-	-	-	11,798	-	11,798	32,994
Special events	-	-	-	7,464	-	7,464	100
Payments to United Way Worldwide	3,906	2,833	6,739	6,663	43,770	57,172	40,012
Strategy-Aligned expenses	21,240	109,296	130,536	-	-	130,536	103,934
In-kind expenses	-	18,044	18,044	-	-	18,044	80,400
Depreciation	1,495	1,084	2,579	2,550	5,106	10,235	9,842
Sub-Total	51,434	141,077	192,511	71,891	136,837	401,239	500,970
Total Functional Expenses	\$ 138,713	\$ 3,093,431	\$ 3,232,144	\$ 215,901	\$ 431,285	\$ 3,879,330	\$ 4,086,932

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, 2020

	<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	\$ -	\$ 3,494,622	\$ 3,494,622	\$ -	\$ -	\$ 3,494,622
(Less donor designations)	-	(565,163)	(565,163)	-	-	(565,163)
Sub-Total	<u>-</u>	<u>2,929,459</u>	<u>2,929,459</u>	<u>-</u>	<u>-</u>	<u>2,929,459</u>
Salaries	106,185	47,350	153,535	108,571	271,856	533,962
Employee benefits	18,180	5,259	23,439	13,507	40,261	77,207
Payroll taxes	8,862	4,134	12,996	9,093	23,245	45,334
Sub-Total	<u>133,227</u>	<u>56,743</u>	<u>189,970</u>	<u>131,171</u>	<u>335,362</u>	<u>656,503</u>
Professional fees	-	-	-	-	23,568	23,568
Supplies	1,567	699	2,266	1,603	4,013	7,882
Telephone	600	268	868	613	1,536	3,017
Postage and shipping	944	421	1,365	965	2,417	4,747
Occupancy	9,573	4,269	13,842	9,789	24,510	48,141
Leases and software maintenance	8,085	3,605	11,690	8,267	20,701	40,658
Printing and publications	-	-	-	-	202	202
Transportation	573	282	855	1,783	430	3,068
Conferences and meetings	1,063	332	1,395	657	13,929	15,981
Marketing	33,152	2,485	35,637	14,669	3,196	53,502
Miscellaneous	-	-	-	18,857	4,184	23,041
Mobilization and engagement	2,868	-	2,868	-	-	2,868
Insurance	1,395	622	2,017	1,426	3,570	7,013
Campaign expenses	-	-	-	32,994	-	32,994
Special events	-	-	-	100	-	100
Payments to United Way Worldwide	7,957	3,548	11,505	8,136	20,371	40,012
Strategy-Aligned expenses	21,000	82,934	103,934	-	-	103,934
In-kind expenses	-	80,400	80,400	-	-	80,400
Depreciation	1,957	873	2,830	2,001	5,011	9,842
Sub-Total	<u>90,734</u>	<u>180,738</u>	<u>271,472</u>	<u>101,860</u>	<u>127,638</u>	<u>500,970</u>
Total Functional Expenses	<u>\$ 223,961</u>	<u>\$ 3,166,940</u>	<u>\$ 3,390,901</u>	<u>\$ 233,031</u>	<u>\$ 463,000</u>	<u>\$ 4,086,932</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 4.5% and 6.5% to become uncollectable as of June 30, 2021 and 2020, respectfully. The allowance for uncollectable was \$111,890 and \$161,540 for the years ended June 30, 2021 and 2020, respectively.

Grants Receivable - At June 30, 2021 and 2020, 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.

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.

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, 2021, UWST has committed to pay program partners through June 30, 2022 and program expenses for the year ended June 30, 2021 included program allocations for the period July 1, 2021 through June 30, 2022.

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.

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.

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

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 14.20% 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.

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.

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

- 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.

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.

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

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 700,852	\$ 817,131
Accounts receivable	293	7,400
Pledges receivable, net	1,776,721	2,078,233
Investments - without donor restriction	3,496,928	2,748,097
Total financial assets available within one year	<u>5,974,794</u>	<u>5,650,861</u>
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with perpetuity	(9,118)	(9,118)
Restricted by donors with purpose restrictions	(99,101)	(65,803)
Restricted by donors with designated contributions	<u>(830,401)</u>	<u>(1,086,831)</u>
Total amounts unavailable for general expenditures within one year	<u>(938,620)</u>	<u>(1,161,752)</u>
Amounts unavailable to management without Board's approval:		
Board designated Strategic investment fund	(18,562)	(123,893)
Board designated Austin loan fund	(40,000)	(40,000)
Board designated for capital purchases	(13,743)	(17,596)
Board designated for operating reserves	(1,157,761)	(1,192,412)
Board designated for allocation reserve	(110,000)	(251,850)
Board designated for emergency response fund	<u>(30,000)</u>	<u>(34,500)</u>
Total amounts unavailable to management without board's approval	<u>(1,370,066)</u>	<u>(1,660,251)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,666,108</u>	<u>\$ 2,828,858</u>

In addition to the financial assets available within one year, the Board of Directors has established an operating reserve in the amount of \$1,157,761, held in an investment account. Use of these funds is subject to the approval of the Board of Directors.

Note 3. Pledges Receivable

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

	<u>2021</u>	<u>2020</u>
Gross pledges receivable	\$ 1,893,461	\$ 2,250,232
Less, allowance for uncollectible pledges	(111,890)	(161,540)
Less, discount on pledge receivable	<u>(4,850)</u>	<u>(10,459)</u>
Pledges receivable – net	<u>\$ 1,776,721</u>	<u>\$ 2,078,233</u>

UNITED WAY OF THE SOUTHERN TIER, INC.
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Provisions for uncollectible pledges consisted of the following for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Allowance for uncollectable	\$ 111,890	\$ 161,540
Changes in allowance	<u>(51,425)</u>	<u>(36,194)</u>
Provisions for uncollectible pledges	<u>\$ 60,465</u>	<u>\$ 125,346</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, 2021 and 2020.

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

Corporate and foreign bonds: 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)

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Investments consisted of the following at June 30:

	Total 2021	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 33,115	\$ 33,115	\$ -	\$ -
Fixed income				
Corporate bonds	719,855	-	719,855	-
Municipal bonds	339,786	-	339,786	-
Exchange traded funds	37,538	-	37,538	-
Foreign government bonds	72,417	-	72,417	-
Total fixed income	<u>1,169,596</u>	<u>-</u>	<u>1,169,596</u>	<u>-</u>
Common stocks				
Consumer goods	10,221	10,221	-	-
Energy	76,166	76,166	-	-
Financial	23,268	23,268	-	-
Healthcare	415,002	415,002	-	-
Industrial goods	246,905	246,905	-	-
Services	124,899	124,899	-	-
Technology	423,800	423,800	-	-
Utilities	155,238	155,238	-	-
Total common stocks	<u>1,475,499</u>	<u>1,475,499</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	855,323	855,323	-	-
Growth	281,405	281,405	-	-
Total mutual funds	<u>1,136,728</u>	<u>1,136,728</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 3,814,938</u>	<u>\$ 2,645,342</u>	<u>\$ 1,169,596</u>	<u>\$ -</u>

UNITED WAY OF THE SOUTHERN TIER, INC.
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	<u>Total 2020</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	\$ 246,748	\$ 246,748	\$ -	\$ -
Fixed income				
Corporate bonds	925,022	-	925,022	-
Municipal bonds	85,359	-	85,359	-
Certificate of deposit	30,015	-	30,015	-
Foreign government bonds	34,488	-	34,488	-
Total fixed income	<u>1,074,884</u>	<u>-</u>	<u>1,074,884</u>	<u>-</u>
Common stocks				
Basic material	27,143	27,143	-	-
Consumer goods	14,493	14,493	-	-
Financial	6,477	6,477	-	-
Healthcare	323,422	323,422	-	-
Industrial goods	183,017	183,017	-	-
Services	42,680	42,680	-	-
Technology	296,374	296,374	-	-
Utilities	36,882	36,882	-	-
Total common stocks	<u>930,488</u>	<u>930,488</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	567,950	567,950	-	-
Growth	246,037	246,037	-	-
Total mutual funds	<u>813,987</u>	<u>813,987</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 3,066,107</u>	<u>\$ 1,991,223</u>	<u>\$ 1,074,884</u>	<u>\$ -</u>

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equipment, furniture, and fixtures	\$ 144,474	\$ 141,947
Less, accumulated depreciation	(130,731)	(124,352)
Property and equipment - net	<u>\$ 13,743</u>	<u>\$ 17,595</u>

Note 6. Endowment Fund

Net assets with donor restriction at June 30, 2021 and 2020, 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.

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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, 2021 and 2020, are as follows:

	<u>With Donor Restriction</u>
Endowment Net Assets, June 30, 2019	\$ 318,010
Investment income	6,242
Net depreciation	(23,172)
Amounts appropriated for net assets without donor restriction	16,930
Endowment Net Assets, June 30, 2020	318,010
Investment income	5,490
Net appreciation	44,430
Amounts appropriated for net assets without donor restriction	(49,920)
Endowment Net Assets, June 30, 2021	\$ 318,010

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 \$49,920 and \$16,930 for the years ended June 30, 2021 and 2020, respectively, increased net assets without donor restriction for the year then ended.

Note 7. Note Payable

In April 2020, the Organization received a loan under the Payroll Protection Program that was designed by the United States Small Business Administration ("SBA") to provide direct incentive for small businesses to keep their workers on payroll due to COVID-19. The SBA will forgive the loan if all employee retention criteria are met, and the funds are used for eligible expenses. If the criteria are not met, the loan is to be paid in equal payments over a period of 24 months, including interest at 1%. As of April 5, 2021, the Organization received full forgiveness of the loan and recognized the income from the loan as "Gain on extinguishment of debt" on the statement of activities as of June 30, 2021.

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Notes to Financial Statements

Note 8. 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 \$18,044 and \$80,400 for the years ended June 30, 2021 and 2020, respectively.

Note 9. 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 52.41% and 52.16% of total campaign support for the fiscal years ended June 30, 2021 and 2020, respectively. Pledges receivable from the local corporation accounted for 50.09% and 47.90% of the gross pledges receivable at June 30, 2021 and 2020, respectively.

Note 10. 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, 2021 and 2020, amounted to \$37,636 and \$37,023, respectively, and are included in UWST's employee benefits.

Note 11. Lease Contracts

UWST signed a three-year triple net lease agreement on June 27, 2016, which began on July 1, 2016, for its office location in the Civic Center Plaza in Corning, New York at a monthly rental cost of \$3,074. The lease expired on June 30, 2019. UWST exercised a renewal option which extended the lease another three years to expire on June 30, 2022. Rent expense amounted to \$38,209 for both the years ended June 30, 2021 and 2020. UWST also leases various office equipment at a total monthly rental cost of approximately \$356. Expiration of these lease agreements ranges from December of 2021 to June of 2026. Expense as a result of these office equipment lease agreements amounted to \$4,775 and \$5,124 as of June 30, 2021 and 2020, respectively. The future minimum lease commitments as of June 30, 2021, were as follows:

2022	\$ 41,331
2023	1,976
2024	1,976
2025	1,976
2026	1,976
Total	<u>\$ 49,235</u>

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.

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

Note 13. Net Assets

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

	<u>2021</u>	<u>2020</u>
Operating reserves	\$ 1,157,761	\$ 1,192,412
Austin loan fund	40,000	40,000
Fixed asset fund	13,743	17,596
Operating fund	1,028,308	230,837
Strategic investment fund	18,562	123,893
Allocations reserve	110,000	251,850
Emergency response fund	30,000	34,500
Total net assets without donor restriction	<u>\$ 2,398,374</u>	<u>\$ 1,891,088</u>

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

	<u>2021</u>	<u>2020</u>
Campaign support for subsequent years	\$ 85,444	\$ 49,631
J Ullman Foundation	10,000	10,000
Track packs	3,657	3,657
Endowment fund	318,010	318,010
Purdue fund	4,594	4,594
Shand fund	4,524	4,524
COVID-19 local	-	2,515
Total net assets with donor restriction	<u>\$ 426,229</u>	<u>\$ 392,931</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 \$57,172 and \$40,012 for the years ended June 30, 2021 and 2020, 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. Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.