

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

FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022 (WITH COMPARATIVE TOTALS FOR 2021)	6
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021	7
NOTES TO FINANCIAL STATEMENTS	8 - 18

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, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Southern Tier, Inc. as of June 30, 2022 and 2021, 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.

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 7, 2022

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 599,324	\$ 700,852
Accounts receivable	3,475	293
Grant receivable	-	9,965
Pledges receivable - net	1,747,837	1,776,721
Prepaid expenses	26,168	23,986
Investments - unrestricted	3,008,182	3,496,928
Investments - restricted	747,410	-
Endowment	318,010	318,010
Property and equipment - net	<u>14,284</u>	<u>13,743</u>
Total Assets	<u>\$ 6,464,690</u>	<u>\$ 6,340,498</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 51,374	\$ 44,767
Allocations payable	2,509,363	2,618,013
Due to other agencies	908,710	830,401
Grants payable	-	9,742
Deferred revenue	25,860	12,972
Total liabilities	<u>3,495,307</u>	<u>3,515,895</u>
Net Assets		
Net assets without donor restriction	1,742,126	2,398,374
Net assets with donor restriction	1,227,257	426,229
Total net assets	<u>2,969,383</u>	<u>2,824,603</u>
Total Liabilities and Net Assets	<u>\$ 6,464,690</u>	<u>\$ 6,340,498</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, 2022 and 2021

	<u>2022</u>			<u>2021</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	\$ 3,696,532	\$ 139,062	\$ 3,835,594	\$ 3,614,368	\$ 85,444	\$ 3,699,812
Campaign net assets released from restrictions	85,444	(85,444)	-	49,631	(49,631)	-
	<u>3,781,976</u>	<u>53,618</u>	<u>3,835,594</u>	<u>3,663,999</u>	<u>35,813</u>	<u>3,699,812</u>
Donor designations	(430,121)	-	(430,121)	(450,830)	-	(450,830)
Provisions for uncollectible pledges	(66,026)	-	(66,026)	(60,465)	-	(60,465)
Prior campaign pledge recapture	1,396	-	1,396	26,809	-	26,809
Net campaign support	<u>3,287,225</u>	<u>53,618</u>	<u>3,340,843</u>	<u>3,179,513</u>	<u>35,813</u>	<u>3,215,326</u>
In-kind contributions	18,167	-	18,167	18,044	-	18,044
Other contributions	87,116	747,410	834,526	59,003	-	59,003
Grant revenue	-	-	-	110,345	-	110,345
Designations from other United Ways	7,941	-	7,941	17,006	-	17,006
Gain on extinguishment of debt	-	-	-	115,100	-	115,100
Other net assets released from restriction	-	-	-	2,515	(2,515)	-
Total public support	<u>3,400,449</u>	<u>801,028</u>	<u>4,201,477</u>	<u>3,501,526</u>	<u>33,298</u>	<u>3,534,824</u>
Revenues						
Investment income	97,713	7,582	105,295	56,696	5,490	62,186
Service fee	130,616	-	130,616	126,092	-	126,092
Special events, net of direct expenses of \$11,950 and \$- in 2022 and 2021	85,635	-	85,635	-	-	-
Rental income	834	-	834	1,667	-	1,667
Miscellaneous	3,183	-	3,183	637	-	637
Gain (loss) on disposal of property and equipment	3,475	-	3,475	(789)	-	(789)
Unrealized gain (loss) on investments	(386,234)	(24,263)	(410,497)	375,668	23,625	399,293
Realized gain (loss) on investments	(21,182)	(3,070)	(24,252)	275,199	20,805	296,004
Investment earnings released from restrictions	(19,751)	19,751	-	49,920	(49,920)	-
Total revenues	<u>(105,711)</u>	<u>-</u>	<u>(105,711)</u>	<u>885,090</u>	<u>-</u>	<u>885,090</u>
Total Public Support and Revenues	<u>3,294,738</u>	<u>801,028</u>	<u>4,095,766</u>	<u>4,386,616</u>	<u>33,298</u>	<u>4,419,914</u>
Expenses						
Program Services						
Gross funds awarded	3,330,296	-	3,330,296	3,342,579	-	3,342,579
Less, donor designations	(430,121)	-	(430,121)	(450,830)	-	(450,830)
Net funds awarded	<u>2,900,175</u>	<u>-</u>	<u>2,900,175</u>	<u>2,891,749</u>	<u>-</u>	<u>2,891,749</u>
Community building & community investment	277,542	-	277,542	340,395	-	340,395
Total program services	<u>3,177,717</u>	<u>-</u>	<u>3,177,717</u>	<u>3,232,144</u>	<u>-</u>	<u>3,232,144</u>
Supporting Services						
Fundraising	166,644	-	166,644	215,901	-	215,901
Management and general	606,625	-	606,625	431,285	-	431,285
Total supporting services	<u>773,269</u>	<u>-</u>	<u>773,269</u>	<u>647,186</u>	<u>-</u>	<u>647,186</u>
Total Expenses	<u>3,950,986</u>	<u>-</u>	<u>3,950,986</u>	<u>3,879,330</u>	<u>-</u>	<u>3,879,330</u>
Changes in Net Assets	(656,248)	801,028	144,780	507,286	33,298	540,584
Net Assets - Beginning	<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>
Net Assets - Ending	<u>\$ 1,742,126</u>	<u>\$ 1,227,257</u>	<u>\$ 2,969,383</u>	<u>\$ 2,398,374</u>	<u>\$ 426,229</u>	<u>\$ 2,824,603</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 144,780	\$ 540,584
Adjustments		
Provisions for uncollectible pledges	66,026	60,465
Realized (gain) loss on investments	24,252	(296,004)
Unrealized (gain) loss on investments	410,497	(399,293)
(Gain) loss on disposal of property and equipment	(3,475)	789
Depreciation	9,376	10,235
Gain on extinguishment of debt	-	(115,100)
Changes in assets and liabilities		
Accounts receivable	(3,182)	7,107
Grant receivable	9,965	78,990
Pledges receivable - net	(37,142)	241,047
Prepaid expenses	(2,182)	(4,699)
Accounts payable and accrued expenses	6,607	(405)
Allocations payable	(108,650)	148,438
Due to other agencies	78,309	(256,431)
Grants payable	(9,742)	(77,508)
Deferred revenue	12,888	6,212
Net cash flows from operating activities	598,327	(55,573)
Cash Flows from Investing Activities		
Sale of investments	1,268,753	1,081,727
Purchase of investments	(1,962,166)	(1,135,261)
Purchase of property and equipment	(6,442)	(7,172)
Net cash flows from investing activities	(699,855)	(60,706)
Net Change in Cash and Cash Equivalents	(101,528)	(116,279)
Cash and Cash Equivalents - Beginning	700,852	817,131
Cash and Cash Equivalents - Ending	\$ 599,324	\$ 700,852

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
(With Comparative Totals for 2021)

	<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>2022</u>	<u>2021</u>
Expenses							
Impact grants/awards	\$ -	\$ 3,330,296	\$ 3,330,296	\$ -	\$ -	\$ 3,330,296	\$ 3,342,579
(Less donor designations)	-	(430,121)	(430,121)	-	-	(430,121)	(450,830)
Sub-Total	-	2,900,175	2,900,175	-	-	2,900,175	2,891,749
Salaries	57,402	39,063	96,465	75,565	296,298	468,328	476,248
Employee benefits	7,681	5,228	12,909	6,420	40,786	60,115	67,575
Payroll taxes	5,218	3,551	8,769	6,127	26,935	41,831	42,519
Sub-Total	70,301	47,842	118,143	88,112	364,019	570,274	586,342
Professional fees	-	-	-	12,100	713	12,813	16,227
Supplies	189	129	318	275	1,255	1,848	2,848
Telephone	303	206	509	399	1,566	2,474	2,966
Postage and shipping	547	372	919	1,335	4,702	6,956	7,288
Occupancy	5,239	3,566	8,805	6,897	39,782	55,484	50,287
Leases and software maintenance	1,415	963	2,378	2,007	29,775	34,160	42,001
Temporary services	-	-	-	-	79,637	79,637	-
Printing and publications	-	-	-	-	202	202	241
Transportation	114	-	114	368	303	785	323
Conferences and meetings	98	-	98	1,341	2,612	4,051	2,955
Marketing	2,585	1,195	3,780	3,745	210	7,735	17,822
Miscellaneous	-	-	-	6,235	11,726	17,961	14,655
Mobilization and engagement	880	-	880	117	5	1,002	1,172
Insurance	640	435	1,075	842	4,589	6,506	7,205
Campaign expenses	-	-	-	10,774	-	10,774	11,798
Special events	-	-	-	11,534	-	11,534	7,464
Payments to United Way Worldwide	2,035	1,385	3,420	2,679	58,061	64,160	57,172
Strategy-Aligned expenses	-	134,912	134,912	-	-	134,912	130,536
In-kind expenses	245	167	412	16,490	1,265	18,167	18,044
Depreciation	1,059	720	1,779	1,394	6,203	9,376	10,235
Sub-Total	15,349	144,050	159,399	78,532	242,606	480,537	401,239
Total Functional Expenses	\$ 85,650	\$ 3,092,067	\$ 3,177,717	\$ 166,644	\$ 606,625	\$ 3,950,986	\$ 3,879,330

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

	<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	\$ -	\$ 3,342,579	\$ 3,342,579	\$ -	\$ -	\$ 3,342,579
(Less donor designations)	-	(450,830)	(450,830)	-	-	(450,830)
Sub-Total	<u>-</u>	<u>2,891,749</u>	<u>2,891,749</u>	<u>-</u>	<u>-</u>	<u>2,891,749</u>
Salaries	69,554	50,444	119,998	118,660	237,590	476,248
Employee benefits	11,560	4,920	16,480	15,465	35,630	67,575
Payroll taxes	6,165	5,241	11,406	9,885	21,228	42,519
Sub-Total	<u>87,279</u>	<u>60,605</u>	<u>147,884</u>	<u>144,010</u>	<u>294,448</u>	<u>586,342</u>
Professional fees	62	45	107	11,906	4,214	16,227
Supplies	277	201	478	472	1,898	2,848
Telephone	433	314	747	739	1,480	2,966
Postage and shipping	1,042	756	1,798	1,878	3,612	7,288
Occupancy	5,949	4,315	10,264	10,149	29,874	50,287
Leases and software maintenance	6,051	1,125	7,176	4,374	30,451	42,001
Printing and publications	37	-	37	-	204	241
Transportation	112	-	112	211	-	323
Conferences and meetings	69	262	331	368	2,256	2,955
Marketing	8,777	2,139	10,916	6,229	677	17,822
Miscellaneous	-	-	-	5,603	9,052	14,655
Mobilization and engagement	1,112	31	1,143	-	29	1,172
Insurance	872	632	1,504	1,487	4,214	7,205
Campaign expenses	-	-	-	11,798	-	11,798
Special events	-	-	-	7,464	-	7,464
Payments to United Way Worldwide	3,906	2,833	6,739	6,663	43,770	57,172
Strategy-Aligned expenses	21,240	109,296	130,536	-	-	130,536
In-kind expenses	-	18,044	18,044	-	-	18,044
Depreciation	1,495	1,084	2,579	2,550	5,106	10,235
Sub-Total	<u>51,434</u>	<u>141,077</u>	<u>192,511</u>	<u>71,891</u>	<u>136,837</u>	<u>401,239</u>
Total Functional Expenses	<u>\$ 138,713</u>	<u>\$ 3,093,431</u>	<u>\$ 3,232,144</u>	<u>\$ 215,901</u>	<u>\$ 431,285</u>	<u>\$ 3,879,330</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% and 4.5% to become uncollectable as of June 30, 2022 and 2021, respectfully. The allowance for uncollectable was \$103,852 and \$111,890 for the years ended June 30, 2022 and 2021, respectively.

Grants Receivable - At June 30, 2022 and 2021, 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, 2022, UWST has committed to pay program partners through June 30, 2023 and program expenses for the year ended June 30, 2022 included program allocations for the period July 1, 2022 through June 30, 2023.

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 14.76% 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 599,324	\$ 700,852
Accounts receivable	3,475	293
Pledges receivable, net	1,747,837	1,776,721
Investments - without donor restriction	3,008,182	3,496,928
Total financial assets available within one year	5,358,818	5,974,794
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	(900,129)	(99,101)
Restricted by donors with designated contributions	(908,700)	(830,401)
Total amounts unavailable for general expenditures within one year	(1,817,947)	(938,620)
Amounts unavailable to management without Board's approval:		
Board designated Strategic investment fund	(18,562)	(18,562)
Board designated Austin loan fund	(40,000)	(40,000)
Board designated for capital purchases	(14,284)	(13,743)
Board designated for operating reserves	(1,090,084)	(1,157,761)
Board designated for allocation reserve	(110,000)	(110,000)
Board designated for emergency response fund	(10,000)	(30,000)
Board designated for senior supports	(95,594)	-
Total amounts unavailable to management without board's approval	(1,378,524)	(1,370,066)
Total financial assets available to management for general expenditure within one year	\$ 2,162,347	\$ 3,666,108

In addition to the financial assets available within one year, the Board of Directors has established an operating reserve in the amount of \$1,090,084, 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>2022</u>	<u>2021</u>
Gross pledges receivable	\$ 1,851,689	\$ 1,893,461
Less, allowance for uncollectible pledges	(103,852)	(111,890)
Less, discount on pledge receivable	-	(4,850)
Pledges receivable – net	\$ 1,747,837	\$ 1,776,721

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

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

	<u>2022</u>	<u>2021</u>
Allowance for uncollectable	\$ 103,852	\$ 111,890
Changes in allowance	<u>(37,826)</u>	<u>(51,425)</u>
Provisions for uncollectible pledges	<u>\$ 66,026</u>	<u>\$ 60,465</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, 2022 and 2021.

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)

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

Investments consisted of the following at June 30:

	Total 2022	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
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>

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

	<u>Total 2021</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	\$ 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>

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equipment, furniture, and fixtures	\$ 127,865	\$ 144,474
Less, accumulated depreciation	(113,581)	(130,731)
Property and equipment - net	<u>\$ 14,284</u>	<u>\$ 13,743</u>

Note 6. Endowment Fund

Net assets with donor restriction at June 30, 2022 and 2021, 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.

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

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, 2022 and 2021, are as follows:

	<u>With Donor Restriction</u>
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
Investment income	7,582
Net depreciation	(27,333)
Amounts appropriated for net assets without donor restriction	19,751
Endowment Net Assets, June 30, 2022	\$ 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 loss of \$19,751 and earnings of \$49,920 for the years ended June 30, 2022 and 2021, respectively, decreased and increased net assets without donor restriction for the years then ended, respectively.

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.

UNITED WAY OF THE SOUTHERN TIER, INC.
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 \$18,167 and \$18,044 for the years ended June 30, 2022 and 2021, 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 51.73% and 52.41% of total campaign support for the fiscal years ended June 30, 2022 and 2021, respectively. Pledges receivable from the local corporation accounted for 53.50% and 50.09% of the gross pledges receivable at June 30, 2022 and 2021, 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, 2022 and 2021, amounted to \$33,216 and \$37,636, 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, 2022 and 2021. UWST signed a new three-year lease agreement on March 24, 2022, which began on July 1, 2022, for its office location at a monthly rental cost of \$1,725. UWST also leases various office equipment at a total monthly rental cost of approximately \$268. Expiration of these lease agreements ranges from June of 2026 to May of 2027. Expense as a result of these office equipment lease agreements amounted to \$4,582 and \$4,775 as of June 30, 2022 and 2021, respectively. The future minimum lease commitments as of June 30, 2022, were as follows:

2023	\$	23,918
2024		23,918
2025		23,918
2026		3,218
2027		517
Total	\$	<u>75,489</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>2022</u>	<u>2021</u>
Operating reserves	\$ 1,090,084	\$ 1,157,761
Austin loan fund	40,000	40,000
Fixed asset fund	14,284	13,743
Operating fund	363,602	1,028,308
Strategic investment fund	18,562	18,562
Allocations reserve	110,000	110,000
Emergency response fund	10,000	30,000
Senior supports fund	95,594	-
Total net assets without donor restriction	<u>\$ 1,742,126</u>	<u>\$ 2,398,374</u>

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

	<u>2022</u>	<u>2021</u>
Campaign support for subsequent years	\$ 126,286	\$ 85,444
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
Senior supports fund	747,410	-
Emergency response fund	12,776	-
Total net assets with donor restriction	<u>\$ 1,227,257</u>	<u>\$ 426,229</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 \$64,160 and \$57,172 for the years ended June 30, 2022 and 2021, 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.