

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

**TABLE OF CONTENTS**

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<b><u>AUDITED FINANCIAL STATEMENTS</u></b>	<b><u>PAGE</u></b>
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, 2020 (WITH COMPARATIVE TOTALS FOR 2019)	6
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019	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

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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
Corning, New York  
September 11, 2020

**UNITED WAY OF THE SOUTHERN TIER, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 817,131	\$ 770,023
Short-term investments	-	6,040
Accounts receivable	7,400	5,428
Grant receivable	88,955	13,653
Pledges receivable - net	2,078,233	2,142,348
Prepaid expenses	19,287	20,866
Investments - unrestricted	2,748,097	2,845,737
Investments - restricted endowment	318,010	318,010
Property and equipment - net	<u>17,595</u>	<u>24,435</u>
<b>Total Assets</b>	<b><u>\$ 6,094,708</u></b>	<b><u>\$ 6,146,540</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 45,172	\$ 50,621
Allocations payable	2,469,575	2,583,873
Due to other agencies	1,086,832	1,063,722
Note payable	115,100	-
Grants payable	87,250	11,419
Deferred revenue	6,760	4,167
Total liabilities	<u>3,810,689</u>	<u>3,713,802</u>
<b>Net Assets</b>		
Net assets without donor restriction	1,891,088	1,910,699
Net assets with donor restriction	392,931	522,039
Total net assets	<u>2,284,019</u>	<u>2,432,738</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,094,708</u></b>	<b><u>\$ 6,146,540</u></b>

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, 2020 and 2019**

	<u>2020</u>			<u>2019</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>
<b>Public Support</b>						
Total campaign support	\$ 3,815,015	\$ 49,631	\$ 3,864,646	\$ 3,818,554	\$ 50,535	\$ 3,869,089
Campaign net assets released from restrictions	50,535	(50,535)	-	61,043	(61,043)	-
	<u>3,865,550</u>	<u>(904)</u>	<u>3,864,646</u>	<u>3,879,597</u>	<u>(10,508)</u>	<u>3,869,089</u>
Donor designations	(565,163)	-	(565,163)	(621,269)	-	(621,269)
Provisions for uncollectible pledges	(125,346)	-	(125,346)	(111,053)	-	(111,053)
Prior campaign pledge recapture	2,337	-	2,337	1,532	-	1,532
Net campaign support	3,177,378	(904)	3,176,474	3,148,807	(10,508)	3,138,299
In-kind contributions	80,400	-	80,400	56,441	-	56,441
Other contributions	230,450	-	230,450	44,129	165,907	210,036
Grant revenue	331,761	-	331,761	13,653	-	13,653
Designations from other United Ways	15,235	-	15,235	20,803	-	20,803
Other net assets released from restriction	128,204	(128,204)	-	35,188	(35,188)	-
Total public support	<u>3,963,428</u>	<u>(129,108)</u>	<u>3,834,320</u>	<u>3,319,021</u>	<u>120,211</u>	<u>3,439,232</u>
<b>Revenues</b>						
Investment income	48,836	6,242	55,078	54,237	6,200	60,437
Service fee	133,824	-	133,824	141,262	-	141,262
Special events income	-	-	-	30,705	-	30,705
Rental income	1,667	-	1,667	1,667	-	1,667
Miscellaneous	57,079	-	57,079	-	-	-
Unrealized gain (loss) on investments	(108,949)	(17,008)	(125,957)	118,189	14,294	132,483
Realized gain (loss) on investments	(11,634)	(6,164)	(17,798)	17,844	1,494	19,338
Investment earnings released from restrictions	(16,930)	16,930	-	21,988	(21,988)	-
Total revenues	<u>103,893</u>	<u>-</u>	<u>103,893</u>	<u>385,892</u>	<u>-</u>	<u>385,892</u>
<b>Total Public Support and Revenues</b>	<u>4,067,321</u>	<u>(129,108)</u>	<u>3,938,213</u>	<u>3,704,913</u>	<u>120,211</u>	<u>3,825,124</u>
<b>Expenses</b>						
<b>Program Services</b>						
Gross funds awarded	3,494,622	-	3,494,622	3,211,694	-	3,211,694
Less, donor designations	(565,163)	-	(565,163)	(621,269)	-	(621,269)
Net funds awarded	2,929,459	-	2,929,459	2,590,425	-	2,590,425
Community building & community investment	461,442	-	461,442	365,229	-	365,229
Total program services	<u>3,390,901</u>	<u>-</u>	<u>3,390,901</u>	<u>2,955,654</u>	<u>-</u>	<u>2,955,654</u>
<b>Supporting Services</b>						
Fundraising	233,031	-	233,031	195,631	-	195,631
Management and general	463,000	-	463,000	380,580	-	380,580
Total support services	<u>696,031</u>	<u>-</u>	<u>696,031</u>	<u>576,211</u>	<u>-</u>	<u>576,211</u>
<b>Total Expenses</b>	<u>4,086,932</u>	<u>-</u>	<u>4,086,932</u>	<u>3,531,865</u>	<u>-</u>	<u>3,531,865</u>
<b>Changes in Net Assets</b>	(19,611)	(129,108)	(148,719)	173,048	120,211	293,259
<b>Net Assets - Beginning</b>	1,910,699	522,039	2,432,738	1,737,651	401,828	2,139,479
<b>Net Assets - Ending</b>	<u>\$ 1,891,088</u>	<u>\$ 392,931</u>	<u>\$ 2,284,019</u>	<u>\$ 1,910,699</u>	<u>\$ 522,039</u>	<u>\$ 2,432,738</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (148,719)	\$ 293,259
Adjustments		
Provisions for uncollectible pledges	125,346	111,053
Realized (gain) loss on investments	17,798	(19,338)
Unrealized (gain) loss on investments	125,957	(132,483)
Depreciation	9,842	11,131
Changes in assets and liabilities		
Accounts receivable	(1,972)	2,574
Grant receivable	(75,302)	(13,653)
Pledges receivable - net	(61,231)	(332,986)
Prepaid expenses	1,579	13,696
Accounts payable and accrued expenses	(5,449)	(2,754)
Allocations payable	(114,298)	(77,542)
Due to other agencies	23,110	46,842
Grants payable	75,831	11,419
Deferred revenue	2,593	(1,667)
Net cash flows from operating activities	<u>(24,915)</u>	<u>(90,449)</u>
<b>Cash Flows from Investing Activities</b>		
Net change in short-term investments	6,040	183,973
Sale of investments	1,284,209	660,044
Purchase of investments	(1,330,324)	(722,660)
Purchase of property and equipment	(3,002)	(4,200)
Net cash flows from investing activities	<u>(43,077)</u>	<u>117,157</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	<u>115,100</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	47,108	26,708
<b>Cash and Cash Equivalents - Beginning</b>	<u>770,023</u>	<u>743,315</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 817,131</u>	<u>\$ 770,023</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, 2020**  
**(With Comparative Totals for 2019)**

	<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>2020</u>	<u>2019</u>
<b>Expenses</b>							
Impact grants/awards	\$ -	\$ 3,494,622	\$ 3,494,622	\$ -	\$ -	\$ 3,494,622	\$ 3,211,694
(Less donor designations)	-	(565,163)	(565,163)	-	-	(565,163)	(621,269)
Sub-Total	-	2,929,459	2,929,459	-	-	2,929,459	2,590,425
Salaries	106,185	47,350	153,535	108,571	271,856	533,962	414,164
Employee benefits	18,180	5,259	23,439	13,507	40,261	77,207	63,280
Payroll taxes	8,862	4,134	12,996	9,093	23,245	45,334	36,536
Sub-Total	133,227	56,743	189,970	131,171	335,362	656,503	513,980
Professional fees	-	-	-	-	23,568	23,568	18,889
Supplies	1,567	699	2,266	1,603	4,013	7,882	4,252
Telephone	600	268	868	613	1,536	3,017	3,435
Postage and shipping	944	421	1,365	965	2,417	4,747	5,728
Occupancy	9,573	4,269	13,842	9,789	24,510	48,141	48,570
Leases and software maintenance	8,085	3,605	11,690	8,267	20,701	40,658	40,775
Temporary services	-	-	-	-	-	-	9,682
Printing and publications	-	-	-	-	202	202	356
Transportation	573	282	855	1,783	430	3,068	2,750
Conferences and meetings	1,063	332	1,395	657	13,929	15,981	25,855
Marketing	33,152	2,485	35,637	14,669	3,196	53,502	21,820
Miscellaneous	-	-	-	18,857	4,184	23,041	24,207
Mobilization and engagement	2,868	-	2,868	-	-	2,868	6,625
Insurance	1,395	622	2,017	1,426	3,570	7,013	7,857
Campaign expenses	-	-	-	32,994	-	32,994	19,175
Special events	-	-	-	100	-	100	20,642
Payments to United Way Worldwide	7,957	3,548	11,505	8,136	20,371	40,012	40,462
Strategy-Aligned expenses	21,000	82,934	103,934	-	-	103,934	58,808
In-kind expenses	-	80,400	80,400	-	-	80,400	56,441
Depreciation	1,957	873	2,830	2,001	5,011	9,842	11,131
Sub-Total	90,734	180,738	271,472	101,860	127,638	500,970	427,460
<b>Total Functional Expenses</b>	<b>\$ 223,961</b>	<b>\$ 3,166,940</b>	<b>\$ 3,390,901</b>	<b>\$ 233,031</b>	<b>\$ 463,000</b>	<b>\$ 4,086,932</b>	<b>\$ 3,531,865</b>

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, 2019**

	<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>	
<b>Expenses</b>						
Impact grants/awards	\$ -	\$ 3,211,694	\$ 3,211,694	\$ -	\$ -	\$ 3,211,694
(Less donor designations)	-	(621,269)	(621,269)	-	-	(621,269)
Sub-Total	<u>-</u>	<u>2,590,425</u>	<u>2,590,425</u>	<u>-</u>	<u>-</u>	<u>2,590,425</u>
Salaries	78,315	69,695	148,010	60,412	205,742	414,164
Employee benefits	11,966	10,649	22,615	9,230	31,435	63,280
Payroll taxes	6,870	6,300	13,170	5,350	18,016	36,536
Sub-Total	<u>97,151</u>	<u>86,644</u>	<u>183,795</u>	<u>74,992</u>	<u>255,193</u>	<u>513,980</u>
Professional fees	-	600	600	-	18,289	18,889
Supplies	804	716	1,520	620	2,112	4,252
Telephone	650	578	1,228	501	1,706	3,435
Postage and shipping	1,083	964	2,047	836	2,845	5,728
Occupancy	9,185	8,174	17,359	7,086	24,125	48,570
Leases and software maintenance	7,711	6,862	14,573	5,949	20,253	40,775
Temporary services	900	-	900	2,714	6,068	9,682
Printing and publications	-	-	-	-	356	356
Transportation	1,281	307	1,588	1,037	125	2,750
Conferences and meetings	7,548	3,242	10,790	3,203	11,862	25,855
Marketing	13,092	-	13,092	8,728	-	21,820
Miscellaneous	-	-	-	20,045	4,162	24,207
Mobilization and engagement	6,625	-	6,625	-	-	6,625
Insurance	-	-	-	-	7,857	7,857
Campaign expenses	-	-	-	19,175	-	19,175
Special events	-	-	-	20,642	-	20,642
Payments to United Way Worldwide	7,651	6,810	14,461	5,903	20,098	40,462
Strategy-Aligned expenses	23,620	35,188	58,808	-	-	58,808
In-kind expenses	33,865	-	33,865	22,576	-	56,441
Depreciation	2,105	1,873	3,978	1,624	5,529	11,131
Sub-Total	<u>116,120</u>	<u>65,314</u>	<u>181,434</u>	<u>120,639</u>	<u>125,387</u>	<u>427,460</u>
<b>Total Functional Expenses</b>	<u>\$ 213,271</u>	<u>\$ 2,742,383</u>	<u>\$ 2,955,654</u>	<u>\$ 195,631</u>	<u>\$ 380,580</u>	<u>\$ 3,531,865</u>

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

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

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**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** - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statement of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity and disclosure of expenses by functional classification. The Organization is required to report information regarding its net assets and changes therein in the following categories:

**Net Assets Without Donor Restriction** - Net assets without donor restriction represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Organization's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Organization in accordance with its by-laws.

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

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**Net Assets With Donor Restriction** - Net assets with donor restriction represent net assets that are subject to donor imposed stipulations.

**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.

**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 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 6.5% and 5% to become uncollectable as of June 30, 2020 and 2019, respectfully. The allowance for uncollectable was \$161,540 and \$131,388 for the years ended June 30, 2020 and 2019, respectively.

**Grants Receivable** - At June 30, 2020 and 2019, 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 3 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, 2020, UWST has committed to pay program partners through June 30, 2021 and program expenses for the year ended June 30, 2020 included program allocations for the period July 1, 2020 through June 30, 2021.

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

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

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**Campaign Pledges and Contributions** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 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. This guidance was effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

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

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

**Community Campaign** - UWST conducts over 175 workplace giving campaigns and solicits gifts from individuals outside the workplace in various ways. Most workplace and direct fundraising activities are conducted from September through December. The campaign is typically finalized the following March. UWST encourages undesignated gifts, but donors may designate all or part of their contributions to health and human service agencies based on UWST designation guidelines. A processing and fundraising fee of 13.38% 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 that 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.

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

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

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

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

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

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

### **Community Building**

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

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

This work includes:

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

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

**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.

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

**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.

**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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 817,131	\$ 770,023
Short-term investments	-	6,040
Accounts receivable	7,400	5,428
Pledges receivable, net	2,078,233	2,142,348
Investments - without donor restriction	2,748,097	2,845,737
Total financial assets available within one year	<u>5,650,861</u>	<u>5,769,576</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	(65,803)	(194,911)
Restricted by donors with designated contributions	<u>(1,086,831)</u>	<u>(1,063,722)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,161,752)</u>	<u>(1,267,751)</u>
Amounts unavailable to management without Board's approval:		
Board designated Strategic investment fund	(123,893)	(226,596)
Board designated Austin loan fund	(40,000)	(40,000)
Board designated for fixed asset fund	(17,596)	(24,435)
Board designated for operating reserves	(1,192,412)	(1,198,669)
Board designated for allocation reserve	(251,850)	-
Board designated for emergency response fund	<u>(34,500)</u>	<u>-</u>
Total amounts unavailable to management without board's approval	<u>(1,660,251)</u>	<u>(1,489,700)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,828,858</u>	<u>\$ 3,012,125</u>

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

In addition to the financial assets available within one year, the Board of Directors has established an operating reserve in the amount of \$1,192,412, 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>2020</u>	<u>2019</u>
Gross pledges receivable	\$ 2,250,232	\$ 2,277,164
Less, allowance for uncollectible pledges	(161,540)	(131,388)
Less, discount on pledge receivable	(10,459)	(3,428)
Pledges receivable – net	<u>\$ 2,078,233</u>	<u>\$ 2,142,348</u>

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

	<u>2020</u>	<u>2019</u>
Allowance for uncollectible	\$ 161,540	\$ 131,388
Changes in allowance	(36,194)	(20,335)
Provisions for uncollectible pledges	<u>\$ 125,346</u>	<u>\$ 111,053</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, 2020 and 2019.

*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 2)

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

Investments consisted of the following at June 30:

	<b>Total 2020</b>	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
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>
<b>Total Investments at Fair Value</b>	<b><u>\$ 3,066,107</u></b>	<b><u>\$ 1,991,223</u></b>	<b><u>\$ 1,074,884</u></b>	<b><u>\$ -</u></b>



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

	<u>Total 2019</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	\$ 83,604	\$ 83,604	\$ -	\$ -
Fixed income				
Corporate bonds	938,697	-	938,697	-
Certificate of deposit	25,050	-	25,050	-
Foreign government bonds	57,761	-	57,761	-
Municipal bonds	10,998	-	10,998	-
Total fixed income	<u>1,032,506</u>	<u>-</u>	<u>1,032,506</u>	<u>-</u>
Common stocks				
Basic material	91,550	91,550	-	-
Consumer goods	8,160	8,160	-	-
Exchange-traded funds	62,160	62,160	-	-
Financial	44,028	44,028	-	-
Healthcare	286,947	286,947	-	-
Industrial goods	417,783	417,783	-	-
Miscellaneous	14,976	14,976	-	-
Technology	283,983	283,983	-	-
Utilities	101,829	101,829	-	-
Total common stocks	<u>1,311,416</u>	<u>1,311,416</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	506,191	506,191	-	-
Growth	230,030	230,030	-	-
Total mutual funds	<u>736,221</u>	<u>736,221</u>	<u>-</u>	<u>-</u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 3,163,747</u></b>	<b><u>\$ 2,131,241</u></b>	<b><u>\$ 1,032,506</u></b>	<b><u>\$ -</u></b>

**Note 5. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment, furniture, and fixtures	\$ 141,947	\$ 156,673
Less, accumulated depreciation	<u>(124,352)</u>	<u>(132,238)</u>
Property and equipment - net	<u>\$ 17,595</u>	<u>\$ 24,435</u>

**Note 6. Endowment Fund**

Net assets with donor restriction at June 30, 2020 and 2019, 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, 2020 and 2019, are as follows:

	<u>With Donor Restriction</u>
<b>Endowment Net Assets, June 30, 2018</b>	\$ 318,010
Investment income	6,200
Net appreciation	15,788
Amounts appropriated for net assets without donor restriction	(21,988)
<b>Endowment Net Assets, June 30, 2019</b>	318,010
Investment income	6,242
Net depreciation	(23,172)
Amounts appropriated for net assets without donor restriction	16,930
<b>Endowment Net Assets, June 30, 2020</b>	\$ 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 \$16,930 and \$21,988 for the years ended June 30, 2020 and 2019, 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 18 months, including interest at 1%. UWST anticipates this loan will be forgiven. As of June 30, 2020, the Organization had \$115,100 outstanding on the note payable.

**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 \$80,400 and \$56,441 for the years ended June 30, 2020 and 2019, 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 52.16% and 56.33% of total campaign support for the fiscal years ended June 30, 2020 and 2019, respectively. Pledges receivable from the local corporation accounted for 47.90% and 52.07% of the gross pledges receivable at June 30, 2020 and 2019, 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, 2020 and 2019, amounted to \$37,023 and \$27,304, 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. Rent expense amounted to \$38,209 and \$36,894 for the years ended June 30, 2020 and 2019, respectively. UWST exercised a renewal option which extended the lease another three years to expire on June 30, 2022. UWST also leases various office equipment at a total monthly rental cost of approximately \$370. Expiration of these lease agreements ranges from June of 2021 to December of 2021. Expense as a result of these office equipment lease agreements amounted to \$5,124 and \$4,672 as of June 30, 2020 and 2019, respectively. The future minimum lease commitments as of June 30, 2020, were as follows:

2021		\$ 42,653
2022		39,355
Total		\$ 82,008

**Note 12. Related Parties**

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

**Note 13. Net Assets**

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

	<u>2020</u>	<u>2019</u>
Operating reserves	\$ 1,192,412	\$ 1,198,669
Austin loan fund	40,000	40,000
Fixed asset fund	17,596	24,435
Operating fund	230,837	421,000
Strategic investment fund	123,893	226,595
Allocations reserve	251,850	-
Emergency response fund	34,500	-
Total net assets without donor restriction	\$ 1,891,088	\$ 1,910,699

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

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

	<u>2020</u>	<u>2019</u>
Campaign support for subsequent years	\$ 49,631	\$ 50,535
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	-
Cornell capital	-	96,572
DPIL	-	34,147
Total net assets with donor restriction	<u>\$ 392,931</u>	<u>\$ 522,039</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 \$40,012 and \$40,462 for the years ended June 30, 2020 and 2019, 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. Subsequent Events**

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.