

UNITED WAY OF BROOME
COUNTY, INC.

FINANCIAL STATEMENTS
JUNE 30, 2019
With Comparative Totals For
June 30, 2018

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UNITED WAY OF BROOME COUNTY, INC.

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UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,497,912	\$ 2,429,889
Restricted Cash	172,036	79,051
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$25,826 and \$116,191 for 2019 and 2018, respectively	516,738	473,692
Investment Income Receivable	12,437	20,586
Grants and Bequests Receivables	515,714	146,732
Prepays and Other Assets	16,014	27,118
Investments, At Market	28,376,614	27,654,961
Beneficial Interest in Trusts	300,999	310,748
Property and Equipment, At Cost, Net of Accumulated Depreciation	<u>427,911</u>	<u>372,609</u>
TOTAL ASSETS	<u>\$ 31,836,375</u>	<u>\$ 31,515,386</u>
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 181,044	\$ 264,325
Grant Advance	24,503	162,811
Donor Designations Payable	344,549	211,148
Lease Liability	<u>8,101</u>	<u>13,819</u>
Total Liabilities	<u>558,197</u>	<u>652,103</u>
Net Assets		
Without donor restrictions	20,363,324	19,963,680
With donor restrictions	<u>10,914,854</u>	<u>10,899,603</u>
Total Net Assets	<u>31,278,178</u>	<u>30,863,283</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,836,375</u>	<u>\$ 31,515,386</u>

See the accompanying notes to financial statements.

EXHIBIT B

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2019</u>
PUBLIC SUPPORT AND REVENUE			
Gross Campaign Results (2018/2019)	\$ 1,853,596	\$ -	\$ 1,853,596
Less: SEFA Designations	(98,353)	-	(98,353)
Less: Donor Designations	(315,139)	-	(315,139)
Less : Collection Losses	(71,767)	-	(71,767)
Net Campaign Revenue (2018/2019)	<u>1,368,337</u>	<u>-</u>	<u>1,368,337</u>
Gross Campaign Results (2019/2020)	-	-	-
Less: Donor Designations	-	-	-
Less : Collection Losses	-	-	-
Net Campaign Revenue (2019/2020)	<u>-</u>	<u>-</u>	<u>-</u>
Bequests and Other Contributions	44	25,000	25,044
Interest, Dividend and Other Investment Income, Net of Investment Fees of \$125,818	553,391	-	553,391
Realized Gains on Investments	1,163,459	-	1,163,459
Unrealized Gains (Losses) on Investments	287,020	(9,749)	277,271
Grants and Program Income	1,307,059	-	1,307,059
Service Fees	9,928	-	9,928
Other Income	364	-	364
TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 4,689,602</u>	<u>\$ 15,251</u>	<u>\$ 4,704,853</u>

See the accompanying notes to financial statements.

EXHIBIT B

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2018</u>
PUBLIC SUPPORT AND REVENUE			
Gross Campaign Results (2017/2018)	\$ 1,820,554	\$ -	\$ 1,820,554
Less: SEFA Designations	(69,557)	-	(69,557)
Less: Donor Designations	(301,747)	-	(301,747)
Less : Collection Losses	(150,483)	-	(150,483)
Net Campaign Revenue (2017/2018)	<u>1,298,767</u>	<u>-</u>	<u>1,298,767</u>
Gross Campaign Results (2018/2019)	15,755	-	15,755
Less: Donor Designations	-	-	-
Less : Collection Losses	-	-	-
Net Campaign Revenue (2018/2019)	<u>15,755</u>	<u>-</u>	<u>15,755</u>
Bequests and Other Contributions	206,895	25,000	231,895
Interest, Dividend and Other Investment Income, Net of Investment Fees of \$113,303	464,370	-	464,370
Realized Gains on Investments	1,587,470	-	1,587,470
Unrealized Gains (Losses) on Investments	529,279	7,583	536,862
Grants and Program Income	427,126	-	427,126
Service Fees	11,616	-	11,616
Other Income	49,471	-	49,471
In-kind Income	<u>9,815</u>	<u>-</u>	<u>9,815</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 4,600,564</u>	<u>\$ 32,583</u>	<u>\$ 4,633,147</u>

See the accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXPENSES	Without Donor Restriction	With Donor Restriction	Total 2019
Gross Funds Awarded/Distributed	\$ 1,740,978	\$ -	\$ 1,740,978
Net Allocations and Grants	1,740,978	-	1,740,978
2-1-1	254,044	-	254,044
Community Impact & Initiatives Programs	1,461,453	-	1,461,453
Total Program Services	3,456,475	-	3,456,475
Supporting Services			
Management and General	549,516	-	549,516
Fund Raising	283,967	-	283,967
Total Support Services	833,483	-	833,483
Total Functional Expense	4,289,958	-	4,289,958
Change in Net Assets	399,644	15,251	414,895
Net Assets at the Beginning of the Year	19,963,680	10,899,603	30,863,283
Net Assets - End of Year	\$ 20,363,324	\$ 10,914,854	\$ 31,278,178

See the accompanying notes to financial statements.

EXHIBIT B

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

EXPENSES	Without Donor Restriction	With Donor Restriction	Total 2018
Gross Funds Awarded/Distributed	\$ 1,706,886	\$ -	\$ 1,706,886
Net Allocations and Grants	1,706,886	-	1,706,886
Community Investments	29,639	-	29,639
2-1-1	264,250	-	264,250
Volunteer Engagement	77,969	-	77,969
Community Impact & Initiatives Programs	729,865	-	729,865
Community Planning & Relations	141,072	-	141,072
Total Program Services	2,949,681	-	2,949,681
Supporting Services			
Management and General	557,084	-	557,084
Fund Raising	276,918	-	276,918
Total Support Services	834,002	-	834,002
Total Functional Expense	3,783,683	-	3,783,683
Change in Net Assets	816,881	32,583	849,464
Net Assets at the Beginning of the Year	19,146,799	10,867,020	30,013,819
Net Assets - End of Year	\$ 19,963,680	\$ 10,899,603	\$ 30,863,283

See the accompanying notes to financial statements.

EXHIBIT C

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2-1-1/ First Call For Help	Community Impact Initiatives Programs	Total Program Services	Management & General	Fund Raising	Total 2019	Total 2018
Allocations	\$ -	\$ 1,725,978	\$ 1,725,978	\$ -	\$ -	\$ 1,725,978	\$ 1,684,134
Venture and other miscellaneous grants	-	118,492	118,492	-	-	118,492	323,476
Capacity Grants	-	15,000	15,000	-	-	15,000	15,000
Sub-Total	-	1,859,470	1,859,470	-	-	1,859,470	2,022,610
Staff Salaries	178,913	409,224	588,137	249,153	179,536	1,016,826	954,049
Personnel Benefits & Taxes	32,156	60,776	92,932	41,934	40,278	175,144	160,489
Sub-Total	211,069	470,000	681,069	291,087	219,814	1,191,970	1,114,538
Professional Services	2,962	31,010	33,972	87,795	1,981	123,748	155,201
Supplies and Program Costs	563	730,878	731,441	10,799	32,328	774,568	103,180
Telephone	11,306	4,415	15,721	6,169	1,154	23,044	15,622
Postage	513	910	1,423	691	2,332	4,446	7,499
Occupancy Costs	3,691	21,989	25,680	10,886	2,687	39,253	47,274
Printing, Publication, Publicity	854	223	1,077	71,318	90	72,485	89,853
Travel, Education & Meeting Expense	3,775	6,895	10,670	18,662	11,991	41,323	18,695
Dues and Subscriptions	809	816	1,625	5,855	3,239	10,719	19,376
Equipment Maintenance, Rental	14,363	4,573	18,936	2,442	5,249	26,627	39,789
Business Insurance	1,565	3,317	4,882	9,833	1,264	15,979	15,821
Depreciation	-	63,240	63,240	-	-	63,240	56,939
Dues to Affiliates	2,574	4,695	7,269	31,756	1,838	40,863	27,155
In-kind Expenditures	-	-	-	-	-	-	9,815
Income Taxes	-	-	-	2,144	-	2,144	40,316
Other Expenses	-	-	-	79	-	79	-
Sub-Total	42,975	872,961	915,936	258,429	64,153	1,238,518	646,535
Total Functional Expense	\$ 254,044	\$ 3,202,431	\$ 3,456,475	\$ 549,516	\$ 283,967	\$ 4,289,958	\$ 3,783,683

See the accompanying notes to financial statements.

EXHIBIT D

UNITED WAY OF BROOME COUNTY, INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 414,896	\$ 849,464
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	63,240	56,939
Unrealized Gain on Investments	(277,271)	(536,862)
Realized Gain on Investments	(1,163,459)	(1,587,469)
Increase (Decrease) in Allowance for Uncollectible Pledges	(90,365)	15,986
(Increase) Decrease in Operating Assets		
Pledges Receivable	47,318	184,261
Grants and Bequests Receivable	(368,982)	118,130
Investment Income Receivable	8,149	(4,307)
Prepays and Other Assets	11,104	(8,782)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(83,281)	114,027
Donor Designations Payable	133,401	87,207
Grant Advance	(138,308)	162,811
Other Liabilities	-	(495,108)
Net Adjustments	<u>(1,443,558)</u>	<u>(1,043,703)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(1,443,558)</u>	<u>(1,043,703)</u>
Cash Flows From Investing Activities:		
Purchase of Investments	(14,219,913)	(17,078,983)
Proceeds from the Sale of Investments	14,948,739	19,147,290
Payments for Property and Equipment	(118,542)	(203,869)
Net Cash Provided by (Used in) Investing Activities	<u>610,284</u>	<u>1,864,438</u>
Cash Flows From Financing Activities:		
Payments on capital lease	(5,718)	(5,718)
Net Cash Used in Financing Activities	<u>(5,718)</u>	<u>(5,718)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(838,992)</u>	<u>815,017</u>
Beginning Cash and Cash Equivalents	<u>2,508,940</u>	<u>1,693,923</u>
Ending Cash and Cash Equivalents	<u>\$ 1,669,948</u>	<u>\$ 2,508,940</u>

See the accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 1 – NATURE OF OPERATIONS

The United Way of Broome County, Inc. (the Organization) is a non-profit corporation established February 1, 1954 as the United Fund of Broome County. The United Fund subsequently merged with the Broome County Social Planning Council in January of 1973 forming the current Organization. The Organization is governed by a volunteer board of directors with a mission to drive change that will have a positive impact on the critical needs of our community by strategically leveraging the collective resources of community partners. The Organization assesses community needs, solicits public contributions, and allocates those funds to programs of partner agencies that meet identified needs. The Organization also provides the following services: 2-1-1 (Information & Referral), Voluntary Engagement, Community Impact, Community Planning, and Community Investments.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting**- The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During the current year, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Organization's liquidity, financial performance, and cash flows.
- B. **Basis of Presentation**- Contributions received are recognized at fair value, including unconditional promises to give when the promise is made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as support with donor restrictions.

The Organization is a beneficiary under various Wills and trust agreements. Related amounts are recorded when either a Will is declared valid by a probate court or the Organization is notified as an irrevocable beneficiary of a trust and the proceeds are measurable. The Organization receives various grants from state, local, and private agencies for program and supporting services. These grants are generally on a cost reimbursement basis. Revenues from grants are recognized in the statement of activities when expenses are made for the purpose specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as net assets with donor restrictions.

Income and gains on investments are reported as increases in net assets with donor restrictions, if the terms of the gift that gave rise to the investment require such amounts be added to permanent endowment principal. Income and gains are reported as increases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income and/or the income is related to a donor-restricted endowment fund; they are reported as increases in net assets without donor restrictions in all other cases.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- C. **Net Asset Classification** – With the adoption of ASU 2016-14, the financial statements presentation of net assets has been modified, eliminating unrestricted, temporarily restricted, and permanently restricted classifications, and replacing them with the following.

Net Assets Without Donor Restrictions:

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

- D. **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 certain amounts and disclosures. Actual results could differ from those estimates.
- E. **Income Taxes** - The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not liable for income taxes or federal unemployment insurance. During the year ending June 30, 2018, the Organization incurred unrelated business income tax of \$2,144, in relation to the sale of a board game, which was paid during 2019. No such taxes were incurred during the year ending June 30, 2019.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- F. Allowance for Uncollectible Pledges** - The Organization uses the allowance method to provide for uncollectible pledge receivables. The allowance is based on prior years' experience and management's analysis of specific promises made and applied to gross campaign. Pledges receivable that are not collected are subject to Board approval for write-off. At June 30, 2019 and 2018 management has deemed allowances of \$25,826 and \$116,191, respectively, to be adequate.
- G. Functional Expenses** - Expenses are charged to each program based upon direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on time records and estimates made by management.
- H. Donated Fixed Assets/Services** - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as income without donor restrictions, unless the donor has restricted the donated asset to a specific purpose.

There are no donated services, nor materials to report for the year ending June 30, 2019. These contributions would relate primarily to professional services, supplies, and materials and would have been reported in the accompanying Statement of Activities at their estimated fair value. These types of donations are recorded as both revenue (In-Kind revenue) and expense (In-kind Expense), therefore having no effect on the increase (decrease) in net assets presented on the accompanying Statement of Activities.

The contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. In addition, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, fund-raising campaigns, and management. No amounts have been recognized in the Statement of Net Assets for these In-Kind services. The estimated value of the volunteer services at June 30, 2019 and 2018 is \$627,291 and \$216,244, respectively. Approximately 2,524 and 2,097 donors volunteered their time to the Organization in the years ended June 30, 2019 and 2018, respectively. There was a change in methodology as to how the donor time was gathered, as such, there is a significant difference in value at June 30, 2019 and 2018. These volunteers volunteered their time as fund raisers, committee members, and/or participators in VITA, Martin Luther King Jr. Day of Service, National Volunteer Week and the Volunteer Conference/Recognition Luncheon, Day of Caring, the Strategic Volunteer Engagement Committee (SVEC), the Volunteer Administrators of the Southern Tier (VAST), the Campaign Cabinet, the Emerging Leaders (ELS), Community Impact Volunteers, Health Lifestyle Coalition (HLC) Volunteers, and the BBAPI and BCAP Volunteers.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- I. Compensated Absences** - A liability is accrued where future vacation benefits are attributable to employee services already rendered. The obligation relates to rights that are accumulated or vested; payment of compensation is probable and can be reasonably estimated. At June 30, 2019 and 2018, this liability amounted to \$37,065 and \$41,454, respectively, and has been included in other liabilities in the accompanying financial statements.
- J. Cash and Cash Equivalents** - For purposes of the statements of cash flow, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- K. Property, Equipment, and Depreciation** - The Organization considers expenditures of \$1,000 or more made for items expected to have a useful life of three years or more to be capital in nature. The fair value of donated fixed assets is similarly capitalized. Depreciation is then recorded for these assets as an expense, using the straight-line method over estimated useful lives, as follows:

	<u>Years</u>
Equipment, furniture and fixtures	3 - 10
Building and improvements	10 - 40
Intangible assets	5 - 10

<u>Asset Class</u>	<u>2019</u>	<u>2018</u>
Land	\$ 12,881	\$ 12,881
Building & Improvements	837,042	754,982
Equipment, Furniture and Fixtures	396,631	364,798
Intangible Assets	121,109	116,459
Total Costs	\$ 1,367,663	\$ 1,249,120
Less: Accumulated Depreciation	(939,752)	(876,511)
Net	\$ 427,911	\$ 372,609

- L. Advertising** - The Organization expenses advertising charges as incurred. Advertising and promotional expenses for the years ending June 30, 2019 and 2018 was \$74,877 and \$89,855, respectively.
- M. Agency Transactions** - The Organization, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and others. These donations are transferred to the designated recipients based on the wishes of the donor.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Investments - The Organization records investments in securities at the fair value on the date of purchase, or when the donation is made, and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the Statement of Financial Position.

O. Reclassifications – Certain reclassifications have been made to the Organization's financial statements for the year ended June 30, 2018. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

P. Recently Issued Accounting Standards - On August 18, 2016, the FASB issued ASU 2016-14, Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-For-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures and reduces the complexity and increases understandability of net asset classifications. The Organization has adjusted the presentation of these statements accordingly and the ASU has been applied retrospectively. A summary of the net asset reclassifications driven by the adoption of ASU 2016-15 as of June 30, 2018 follows.

As originally stated	
Unrestricted	\$ 12,547,419
Temporarily restricted	7,416,261
Permanently restricted	<u>10,899,603</u>
Total net assets	<u>\$ 30,863,283</u>
As restated under ASU 2016-14	
Without donor restrictions	\$ 19,963,680
With donor restrictions	<u>10,899,603</u>
Total net assets	<u>\$ 30,863,283</u>

Q. Subsequent Events - The Organization has evaluated events and transactions that have occurred between June 30, 2019 and November 22, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at three banking institutions which are all insured by the Federal Deposit Insurance Corporation (FDIC) up to the first \$250,000. The Organization also maintains accounts with stock brokerage firms and has beneficial interests in trusts which maintain accounts with brokerage firms. The accounts contain cash, securities, and other investments. The balances are insured by the Securities Investors Protection Corporation (“SIPC”) up to \$500,000, with a \$250,000 limit for cash. At June 30, 2019 and 2018, the total uninsured cash across all institutions totaled \$663,286 and \$1,369,109, respectively.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 3 – CONCENTRATIONS OF CREDIT RISK (continued)

Credit risk for pledges receivable and contribution revenue is concentrated, as substantially all receivable balances and contributions earned are from individuals located within the same geographic region.

NOTE 4 – RISKS AND UNCERTAINTIES

Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization.

NOTE 5 – FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. There were no investments valued using Level 3 inputs.

Level 1 - Fair Value Measurements

The fair values of common stock, equity mutual funds, and U.S. Government securities are based on quoted market prices. The unit price for these investments held by the Organization are revalued and published on an actively traded market at least daily.

Level 2 - Fair Value Measurements

The fair values of auction rate preferred securities, corporate bonds, money market funds, bond funds, and government agency obligations are determined using quoted market prices currently available for securities with similar terms and maturity dates. Beneficial interests in trust are valued at the quoted market price of the securities held in trust, adjusted for the Organization's beneficial share of the trust.

Investment securities are subject to various risks, including credit, interest rate, and overall market risk. Due to these risks associated with investment securities, the amount the Organization will ultimately realize could differ materially from the estimated value in the near term.

Cash equivalents, investments, and beneficial interest in trusts are stated at fair value. The following table presents fair value measurement information for certain financial instruments.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements at Reporting Date Using:		
			Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2019	Cost	Fair Value		
Beneficial interest in trusts	\$ <u>279,050</u>	\$ <u>300,999</u>	\$ _____ -	\$ <u>300,999</u>
Debt securities – available for sale				
Domestic and foreign corporate bonds	\$ 815,034	\$ 839,316	\$ -	\$ 839,316
Taxable bond funds	<u>7,272,694</u>	<u>7,464,959</u>	_____ -	<u>7,464,959</u>
Total debt securities available for sale	<u>8,087,728</u>	<u>8,304,275</u>	_____ -	<u>8,304,275</u>
Equity securities – available for sale				
Domestic equities	7,552,934	9,684,594	9,684,594	-
Foreign equities	111,186	123,029	123,029	-
Domestic mutual equity funds	7,228,468	8,158,047	8,158,047	-
Foreign mutual equity funds	<u>1,957,292</u>	<u>2,106,670</u>	<u>2,106,670</u>	_____ -
Total equity securities available for sale	<u>16,849,880</u>	<u>20,072,340</u>	<u>20,072,340</u>	_____ -
Total investments	\$ <u>25,216,658</u>	\$ <u>28,677,614</u>	\$ <u>20,072,340</u>	\$ <u>8,605,274</u>

UNITED WAY OF BROOME COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 and 2018
 (See Independent Auditor's Report)

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

	Cost	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2018				
Beneficial interest in trusts	\$ <u>278,345</u>	\$ <u>310,748</u>	\$ _____ -	\$ <u>310,748</u>
Debt securities – available for sale				
Domestic and foreign corporate bonds	\$ 4,068,211	\$ 4,092,656	\$ _____ -	\$ 4,092,656
Taxable bond funds	<u>5,619,188</u>	<u>5,595,189</u>	_____ -	<u>5,595,189</u>
Total debt securities available for sale	<u>9,687,399</u>	<u>9,687,845</u>	_____ -	<u>9,687,845</u>
Equity securities – available for sale				
Domestic equities	6,510,661	8,370,997	8,370,997	-
Foreign equities	53,284	91,407	91,407	-
Domestic mutual equity funds	6,123,086	7,199,459	7,199,459	-
Foreign mutual equity funds	<u>2,163,576</u>	<u>2,305,253</u>	<u>2,305,253</u>	_____ -
Total equity securities available for sale	<u>14,850,607</u>	<u>17,967,116</u>	<u>17,967,116</u>	_____ -
Total investments	\$ <u>24,816,351</u>	\$ <u>27,965,709</u>	\$ <u>17,967,116</u>	\$ <u>9,998,593</u>

NOTE 6 – RETIREMENT PLANS

Tax Deferred Annuity Plan

The Organization has adopted a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all permanent employees of the Organization and is funded through employee voluntary contributions to the plan. There are no expenses for the Organization for this plan. Total employee contributions for the years ending June 30, 2019 and 2018 were \$14,600 and \$10,088, respectively.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 6 – RETIREMENT PLANS (continued)

SEP IRA Plan

The Organization has adopted a SEP IRA plan for eligible permanent employees. Contributions to the plan made by the Organization are based on a percentage of the employees' earnings. The contribution rate for both the years ending June 30, 2019 and 2018 was 3%. The rate of contributions is approved each year by the Board during the budget process. Total employer contributions for the years ending June 30, 2019 and 2018 were \$8,883 and \$9,217, respectively.

NOTE 7 – ENDOWMENTS

The Organization's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of New York as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds, absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds.
2. The purposes of the Organization and 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 the Organization.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 7 – ENDOWMENTS (continued)

7. The investment policies of the Organization.

Return objectives and risk parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested to provide an average rate of return of approximately nine percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to spending policy - Distribution of endowment funds are reviewed annually by the Audit & Finance Committee and recommended for approval by the Board of Directors. A guideline for distributions from the four main trust and endowment funds is calculated based upon 5% of the five-year average of the fair market value of these funds as of December 31 of each year; along with the previous twenty-four quarters. The amount approved for distribution from these funds was \$1,571,463 and \$1,367,517 for the years ending June 30, 2019 and 2018, respectively. The Organization's objective is to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Organization.

The Organization has established an Emergency Reserve fund to ensure fiscal stability in the event of unexpected circumstances facing the Organization. The Emergency Reserve refers to the portion of unrestricted net assets that the Board of Directors maintains and formally designates for use in emergencies to sustain financial operation. Maintaining adequate emergency reserves is necessary for the Organization to be financially stable.

The following tables report endowment net asset composition and changes in net assets by type of fund:

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 7 – ENDOWMENTS (continued)

<u>Changes in Endowment Net Assets for the Year Ended</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2019			
Endowment net assets, beginning of the year	\$ 18,434,675	\$ 10,588,855	\$ 29,023,530
Contributions	44	25,000	25,044
Appropriation of endowment funds for Community Investments and Community Impact Activity	(1,669,446)	-	(1,669,446)
Investment Return:			
Investment income	553,391	-	553,391
Realized and unrealized appreciation (depreciation)	<u>1,450,479</u>	<u>-</u>	<u>1,450,479</u>
Total	<u>\$ 18,769,143</u>	<u>\$ 10,613,855</u>	<u>\$ 29,382,998</u>
June 30, 2018			
Endowment net assets, beginning of the year	\$ 17,114,624	\$ 10,563,855	\$ 27,678,479
Contributions	107,728	25,000	132,728
Appropriation of endowment funds for Community Investments and Community Impact Activity	(1,367,517)	-	(1,367,517)

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 7 – ENDOWMENTS (continued)

<u>Changes in Endowment Net Assets for the Year Ended</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment Return:			
Investment income	463,400	-	463,400
Realized and unrealized appreciation (depreciation)	<u>2,116,440</u>	<u>-</u>	<u>2,116,440</u>
Total	\$ <u>18,434,675</u>	\$ <u>10,588,855</u>	\$ <u>29,023,530</u>

Net Asset Composition

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2019			
Donor restricted endowment	\$ -	\$ 10,613,855	\$ 10,613,855
Board-designated endowment	<u>18,769,143</u>	<u>-</u>	<u>18,769,143</u>
Total	\$ <u>18,769,143</u>	\$ <u>10,613,855</u>	\$ <u>29,382,998</u>
June 30, 2018			
Donor restricted endowment	\$ -	\$ 10,588,855	\$ 10,588,855
Board-designated endowment	<u>18,434,675</u>	<u>-</u>	<u>18,434,675</u>
Total	\$ <u>18,434,675</u>	\$ <u>10,588,855</u>	\$ <u>29,023,530</u>

NOTE 8 – BENEFICIAL INTEREST IN TRUST

The Organization has recognized as contributions the United Way's respective beneficial interest in two perpetual trusts.

Under the terms of the perpetual trusts, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The Organization has recorded the asset at the estimated fair value of the Organization's share of the beneficial interest in trust assets. Income earned on the trust assets is recorded as unrestricted revenue in the accompanying statement of activities unless otherwise restricted by the donor. Changes in fair value of the beneficial interest in the trust assets are recorded as unrealized gains or losses in the permanently restricted net asset class.

UNITED WAY OF BROOME COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018
(See Independent Auditor's Report)

NOTE 8 – BENEFICIAL INTEREST IN TRUST (continued)

A summary of the Beneficial Interest in Trusts is as follows:

	<u>2019</u>	<u>2018</u>
Perpetual trusts	\$ <u>300,999</u>	\$ <u>310,748</u>

NOTE 9 - GRANTS PAYABLE

For the year ended June 30, 2019, the Organization received \$584,655 from New York State Office of Temporary and Disability Assistance on the New York State Empire State Poverty Reduction Initiative Program Grant. As of June 30, 2019 there was \$480,707 outstanding on this grant from New York State.

NOTE 10- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

United Way of Broome County, Inc.'s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,669,948	\$ 2,508,940
Pledges receivable, net	516,738	473,692
Grants and bequests receivable	515,714	146,732
Investment income receivable	12,437	20,586
Investments, at market	28,376,614	27,657,961
Prepaid and other assets	16,014	27,118
Beneficial interest in trusts	<u>300,999</u>	<u>310,748</u>
 Total financial assets as of year-end	 \$ <u>31,408,464</u>	 \$ <u>31,145,777</u>

SCHEDULE 1

UNITED WAY OF BROOME COUNTY, INC.
SCHEDULE OF ALLOCATIONS AND GRANTS
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	<u>2019</u>	<u>2018</u>
Local Partner Agencies:		
ACCORD	\$ 17,000	\$ 15,100
Action for Older Persons	82,610	57,606
American Civic Association	-	14,675
American Red Cross, Southern Tier Chapter	100,000	100,650
Baden-Powell Council, Boy Scouts of America	18,482	50,407
Big Brothers/Big Sisters of Twin Tiers	23,964	-
Boys and Girls Club of Binghamton	93,460	99,528
Boys and Girls Club of Western Broome	50,703	62,425
Broome County Council of Churches	34,875	-
Broome County Urban League	17,824	24,507
Broome/Tioga NAACP	4,456	-
Catholic Charities of Broome County	152,924	157,345
Cornell Cooperative Extension of Broome County	32,743	15,116
Crime Victims Assistance Center	98,295	129,720
Deposit Community Center	46,000	-
Deposit Foundation, Inc.	20,000	20,000
Family and Children's Society	42,000	42,507
Family Enrichment Network	52,182	-
Family Planning of South Central NY	17,500	50,535
First Presbyterian Church of Johnson City	24,000	-
Food Bank of the Southern Tier	34,792	-
Girl Scouts of NYPENN Pathways	-	15,980
HCA - Helping Celebrate Abilities	7,410	6,925
Independence Awareness	-	21,416
Jewish Community Center	104,837	98,191
Literacy Volunteers of Broome/Tioga	20,071	11,988
Mental Health Association of the Southern Tier	41,939	45,918
Mothers & Babies Perinatal Network of South Central New York	36,719	46,550
Research Foundation for SUNY at Binghamton	29,958	8,884
Rise NY	70,000	32,925
Rural Health of South Central New York	76,637	51,007
The Salvation Army	27,894	111,157
Wilson Children's Center	-	46,507
Volunteers Improving Neighborhoods	37,000	20,000
Young Men's Christian Association	253,000	249,915
Young Women's Christian Association	56,703	76,650
Subtotal Local Partner Agencies	\$ 1,725,978	\$ 1,684,134
Other Allocations and Grants:		
Venture Grant and Miscellaneous Grants	118,492	\$ 323,476
Capacity Building Fund	\$ 15,000	\$ 15,000
 TOTALS	\$ 1,859,470	\$ 2,022,610

See independent auditor's report.

UNITED WAY OF BROOME COUNTY, INC.
SCHEDULE OF SERVICES RENDERED
YEAR ENDED JUNE 30, 2019

211

Program Expenditure **\$254,044**

The 211 Susquehanna River Region Contact Center provides information and referrals to agencies and programs in Broome, Chenango, Delaware, Otsego, and Tioga Counties. 211 Specialists connect individuals with a wide range of resources and services ranging from food access, health care, housing and utilities payment assistant, employment services, veteran services, childcare, crisis and emergency counseling, disaster relief and more, through an online, extensive database of more than 6,000 resources, agencies, and program information.

Community Impact & Initiatives Programs

Program Expenditures **\$3,202,431**

Community Impact & Initiatives Programs refer to efforts working with community residents, organizations, leaders, and other stakeholders to further the United Way of Broome County mission and increase its investment in activities that promote the organization's vision. Through the development of shared community visions for United Way's building blocks to a quality life: health, education, and financial stability, Community Impact & Initiatives Programs work on creating the greatest possible impact to improve outcomes for individuals and families, and achieve community-level change, seen through the Healthy Lifestyles Coalition (HLC), the Binghamton-Broome Anti-Poverty Initiative (BBAPI), and the United Way of Broome County's Strategic Priorities and Basic Needs Grant Program, the Emergency Grant Program, the Healthy Lifestyles Coalition Grant Program, and the Capacity Building Grant Program. Community volunteers serve on Impact Councils and make recommendations to the Board of Directors regarding the disbursement of funds raised in the Annual Community Campaign to Funded Community Partners through the listed Grant Programs. Fund uses are monitored to ensure utilization meets high standards, set goals are achieved, and impact is attained. Periodic program and financial reports of Funded Community Partners are submitted for review by the Community Impact and Initiatives Team, Impact Councils, and the Board of Directors. Community Impact & Initiatives Programs understand community needs, are aware of community resources, and have knowledge of local and national best practice strategies. By leveraging and aligning United Way of Broome County's unique strengths and abilities, Community Impact & Initiatives Programs engage in relationships and partnerships, and measure results, ensuring the highest level of accountability, integrity, and impact.

**UNITED WAY OF BROOME COUNTY, INC.
SCHEDULE OF SERVICES RENDERED
YEAR ENDED JUNE 30, 2019**

Volunteer Engagement

Program Expenditures

\$283,967

Volunteer Engagement, illustrated in conjunction with “Fund Raising” on the Statement of Functional Expenses, Exhibit C, supports the coordination of all volunteer activities at United Way of Broome County including Day of Caring, Day of Action, National Volunteer Week, MLK Day, and other days of service and volunteer opportunities. The function is responsible for collaborating with community partners, community coalitions, school districts, universities, and other stakeholders to identify, implement, and evaluate volunteer opportunities and strategies to improve outcomes for Broome County residents under United Way’s focus areas of health, education, and financial stability. By working collaboratively within United Way of Broome County’s Resource Development (RD) function, Volunteer Engagement develops and maintains volunteer and donor relationships across all sectors of the community. With over 2,050 community volunteers mobilized annually, the Volunteer Engagement function works to increase the organization’s awareness and engagement across the community and heavily relies on the Resource Development function for support, guidance, and collaboration. (See Footnote 2-H for further information about Donated Fixed Assets/Services).

See independent auditor’s report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Broome County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Broome County, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, including the assessment of the risks 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Broome County, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 21-23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Davidson Fox & Company LLP

Binghamton, New York
December 18, 2019