



United Way  
of Broome County

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

\* \* \*

JUNE 30, 2020

## TABLE OF CONTENTS

|  | <u>Page No.</u> |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT                                 | 1               |
| FINANCIAL STATEMENTS   |                 |
| Statement of Financial Position                              | 3               |
| Statement of Activities                                      | 4               |
| Statement of Functional Expenses                             | 5               |
| Statement of Cash Flows                                      | 6               |
| Notes to Financial Statements                                | 8               |
| SUPPLEMENTARY INFORMATION                                    |                 |
| INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY<br>INFORMATION | 19              |
| Schedule of Allocations and Other Grants                     | 20              |

## Independent Auditor's Report

January 15, 2021

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the United Way of Broome County, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Broome County, Inc. as of June 30, 2020, 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***

As part of our audit of the June 30, 2020, financial statements, we also audited the adjustments described in Note 1 that were applied to restate the fiscal 2019 net assets. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the fiscal 2019 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the fiscal 2019 financial statements as a whole.

*Dannible + McKee, LLP*

UNITED WAY OF BROOME COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

Assets

|   |                      |
|---|----------------------|
| Cash and cash equivalents (Note 1)                                    | \$ 1,148,213         |
| Restricted cash (Note 1)  | 165,404              |
| Pledges receivable, net of allowance of \$23,532 (Note 1)             | 470,845              |
| Grants and bequests receivable (Note 1)                               | 234,636              |
| Prepaid expenses  | 25,920               |
| Investments (Notes 1, 2, 3 and 5)                                     | 29,032,867           |
| Perpetual trusts held by a third party (Notes 1 and 4)                | 284,149              |
| Property and equipment, less accumulated depreciation (Notes 1 and 4) | <u>379,504</u>       |
| Total assets  | <u>\$ 31,741,538</u> |

Liabilities and Net Assets

|   |                      |
|---|----------------------|
| Accounts payable                                  | \$ 88,915            |
| Accrued liabilities                               | 82,204               |
| Deferred revenue (Note 1)                         | 6,177                |
| Donor designations payable (Note 1)               | 180,875              |
| COVID-19 Community Response Fund payable (Note 1) | 121,676              |
| Lease liability                                   | <u>2,621</u>         |
| Total liabilities                                 | <u>482,468</u>       |
| Net assets (Note 1):                              |                      |
| Without donor restrictions                        | 20,288,825           |
| With donor restrictions                           | <u>10,970,245</u>    |
| Total net assets                                  | <u>31,259,070</u>    |
| Total liabilities and net assets                  | <u>\$ 31,741,538</u> |

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
|--|---------------------------------------|------------------------------------|----------------------|
| Revenue:-  |                                       |                                    |                      |
| Gross campaign revenue:                                      | \$ 1,823,474                          | \$ -                               | \$ 1,823,474         |
| Less: Donor designations                                     | 304,746                               | -                                  | 304,746              |
| Less: SEFA designations                                      | 43,057                                | -                                  | 43,057               |
| Less: Collection losses                                      | 58,278                                | -                                  | 58,278               |
| Net campaign revenue   | <u>1,417,393</u>                      | -                                  | <u>1,417,393</u>     |
| Grant income   | 529,176                               | 5,000                              | 534,176              |
| Bequests   | 257,401                               | 25,000                             | 282,401              |
| Contributions  | 16,176                                | 17,525                             | 33,701               |
| In-kind contributions (Note 1)                               | 72,551                                | -                                  | 72,551               |
| Net realized and unrealized gain<br>on investments           | 1,340,915                             | -                                  | 1,340,915            |
| Change in value of perpetual trusts held<br>by a third party | -                                     | (16,850)                           | (16,850)             |
| Dividends and interest, net of<br>investment expenses        | 487,911                               | -                                  | 487,911              |
| Other income   | 16,171                                | -                                  | 16,171               |
| Net assets released from restrictions:                       |                                       |                                    |                      |
| Satisfaction of donor restrictions                           | <u>53,791</u>                         | <u>(53,791)</u>                    | <u>-</u>             |
| Total revenue  | <u>4,191,485</u>                      | <u>(23,116)</u>                    | <u>4,168,369</u>     |
| Expenses:-   |                                       |                                    |                      |
| Program services:  |                                       |                                    |                      |
| 2-1-1/First Call for Help                                    | 291,216                               | -                                  | 291,216              |
| Community Impact Initiatives                                 | <u>2,820,654</u>                      | -                                  | <u>2,820,654</u>     |
| Total program services                                       | <u>3,111,870</u>                      | -                                  | <u>3,111,870</u>     |
| Support services:  |                                       |                                    |                      |
| Management and general                                       | 624,794                               | -                                  | 624,794              |
| Resource development   | <u>352,966</u>                        | -                                  | <u>352,966</u>       |
| Total support services                                       | <u>977,760</u>                        | -                                  | <u>977,760</u>       |
| Total expenses   | <u>4,089,630</u>                      | -                                  | <u>4,089,630</u>     |
| Change in net assets   | <u>101,855</u>                        | <u>(23,116)</u>                    | <u>78,739</u>        |
| Net assets, beginning of year, as<br>previously stated       | 20,363,324                            | 10,914,854                         | 31,278,178           |
| Prior period adjustment (Note 1)                             | <u>(176,354)</u>                      | <u>78,507</u>                      | <u>(97,847)</u>      |
| Net assets, beginning of year, as restated                   | <u>20,186,970</u>                     | <u>10,993,361</u>                  | <u>31,180,331</u>    |
| Net assets, end of year                                      | <u>\$ 20,288,825</u>                  | <u>\$ 10,970,245</u>               | <u>\$ 31,259,070</u> |

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

|                                       | <u>Program Services</u>               |   |                                       | <u>Support Services</u>           |                                 |                     |
|---------------------------------------|---------------------------------------|---|---------------------------------------|-----------------------------------|---------------------------------|---------------------|
|                                       | <u>2-1-1/ First<br/>Call For Help</u> | <u>Community<br/>Impact<br/>Initiatives</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Resource<br/>Development</u> | <u>Total</u>        |
| Expenses:                             |                                       |   |                                       |                                   |                                 |                     |
| Allocations                           | \$ -                                  | \$ 1,973,249                                | \$ 1,973,249                          | \$ -                              | \$ -                            | \$ 1,973,249        |
| Capacity grants                       | -                                     | 15,000                                      | 15,000                                | -                                 | -                               | 15,000              |
|                                       | -                                     | 1,988,249                                   | 1,988,249                             | -                                 | -                               | 1,988,249           |
| Salaries and wages                    | 206,873                               | 200,075                                     | 406,948                               | 340,904                           | 223,384                         | 971,236             |
| Payroll taxes and benefits            | 35,545                                | 34,377                                      | 69,922                                | 58,574                            | 38,382                          | 166,878             |
| Supplies and program costs            | -                                     | 460,028                                     | 460,028                               | 8,007                             | 18,312                          | 486,347             |
| Professional fees                     | 12,008                                | 25,248                                      | 37,256                                | 83,117                            | 6,841                           | 127,214             |
| In-kind expenses                      | -                                     | 72,551                                      | 72,551                                | -                                 | -                               | 72,551              |
| Depreciation expense                  | 12,369                                | 11,963                                      | 24,332                                | 20,383                            | 13,357                          | 58,072              |
| Advertising and promotional           | 30                                    | 175   | 205                                   | 47,900                            | 1,202                           | 49,307              |
| Dues and subscriptions                | 5,124                                 | 2,813                                       | 7,937                                 | 15,005                            | 13,739                          | 36,681              |
| Occupancy expenses                    | 6,088                                 | 7,087                                       | 13,175                                | 10,032                            | 6,574                           | 29,781              |
| Dues to affiliates                    | 6,052                                 | 5,853                                       | 11,905                                | 9,973                             | 6,535                           | 28,413              |
| Travel, education and meeting expense | 430                                   | 5,048                                       | 5,478                                 | 10,869                            | 3,139                           | 19,486              |
| Other expenses                        | -                                     | 460   | 460                                   | 1,480                             | 13,456                          | 15,396              |
| Insurance                             | 2,967                                 | 2,869                                       | 5,836                                 | 4,889                             | 3,204                           | 13,929              |
| Telephone                             | 3,646                                 | 2,403                                       | 6,049                                 | 4,095                             | 2,683                           | 12,827              |
| Equipment maintenance                 | -                                     | 902   | 902                                   | 5,657                             | 432                             | 6,991               |
| Postage and supplies                  | 84                                    | 553   | 637                                   | 3,909                             | 1,726                           | 6,272               |
| Total expenses                        | <u>\$ 291,216</u>                     | <u>\$ 2,820,654</u>                         | <u>\$ 3,111,870</u>                   | <u>\$ 624,794</u>                 | <u>\$ 352,966</u>               | <u>\$ 4,089,630</u> |

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

|                                      |                |
|--------------------------------------|----------------|
| Cash received from grants and donors | \$ 2,391,544   |
| Cash paid to suppliers               | (4,050,339)    |
| Dividends and interest               | 621,560        |
| Interest paid                        | <u>(1,050)</u> |

Net cash used for operating activities (1,038,285)

Cash flows from investing activities:

|                                   |                |
|-----------------------------------|----------------|
| Proceeds from sale of investments | 15,770,015     |
| Purchase of investments           | (15,072,916)   |
| Purchase of fixed assets          | <u>(9,665)</u> |

Net cash provided by investing activities 687,434

Cash flows from financing activities:

|                              |                |
|------------------------------|----------------|
| Borrowings on line of credit | 115,000        |
| Repayment on line of credit  | (115,000)      |
| Payments on capital lease    | <u>(5,480)</u> |

Net cash used for financing activities (5,480)

Net decrease in cash and cash equivalents (356,331)

Cash and cash equivalents, beginning of year (Note 1) 1,669,948

Cash and cash equivalents, end of year (Note 1) \$ 1,313,617

- CONTINUED -

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

(- CONTINUED -)

Reconciliation of change in net assets to net cash  
used for operating activities

|   |                       |
|---|-----------------------|
| Change in net assets  | \$ 78,739             |
| Adjustments to reconcile change in net assets to net cash<br>used for operating activities: |                       |
| Net realized and unrealized gain on investments   | (1,340,915)           |
| Change in value of perpetual trusts held by a third party                                   | 16,850                |
| Depreciation  | 58,072                |
| Decrease in pledges receivable  | 45,893                |
| Decrease in grants and bequests receivable  | 13,875                |
| Increase in prepaid expenses  | (9,906)               |
| Increase in accounts payable  | 5,644                 |
| Decrease in accrued liabilities   | (15,569)              |
| Increase in deferred revenue  | 6,177                 |
| Decrease in donor designations payable  | (18,821)              |
| Increase in COVID-19 Community Response Fund payable  | <u>121,676</u>        |
| Net cash used for operating activities  | <u>\$ (1,038,285)</u> |

See accompanying notes to financial statements.

## UNITED WAY OF BROOME COUNTY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 - Summary of operations and significant accounting policies

Nature of operations - United Way of Broome County, Inc. (the “Organization”) was established in 1954 as the Broome County United Fund, Inc. Several entities merged, and in 1959 the name United Way of Broome County, Inc. was adopted. The Organization is a tax-exempt, public charitable organization with a mission to drive change that will have a positive impact on the critical needs of the Broome County community by strategically leveraging the collective resources of community partners. The Organization assesses community needs, solicits public contributions, and allocates these funds to programs of partner agencies that meet identified needs. The Organization provides the following program services: 2-1-1 (Information & Referrals) and Community Impact and Initiatives Programs, as well as Voluntary Engagement as part of their fundraising initiative.

2-1-1 (information & referrals) - The 2-1-1 Susquehanna River Region Contact Center provides information and referrals to agencies and programs in Broome, Chenango, Delaware, Otsego, and Tioga Counties. 2-1-1 specialists connect individuals with a wide range of resources and services, including food access, health care, housing and utilities payment assistance, 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 and initiatives programs - This refers to efforts working with community residents, organizations, leaders, and other stakeholders to further the United Way of Broome County, Inc.’s mission and increase its investment in activities that promote the Organization’s vision. Through the development of shared community visions, the Organization supports building blocks to a quality life: health, education, and financial stability. Community impact and initiatives programs work on creating the greatest possible impact to improve outcomes for individuals and families and achieve community level change through the Healthy Lifestyles Coalition (HLC), the Binghamton-Broome Anti-Poverty Initiative (BBAPI), 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 Fund Community Partners through the listed grant programs. Funds used 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 and initiatives programs understand community needs, are aware of community resources, and have knowledge of local and national best practice strategies. By leveraging and aligning the Organization’s unique strengths and abilities, community impact and initiatives programs engage in relationships and partnerships, and measure results, ensuring the highest level of accountability, integrity, and impact.

Volunteer engagement - Supports the coordination of all volunteer activities at the Organization, including Day of Caring, Day of Action, National Volunteer Week, MLK Day, and other days of service and volunteering 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 with the Organization's Resource Development function, Volunteer Engagement develops and maintains volunteer and donor relationships across the 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.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Basis of presentation - The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under this guidance, the Organization is required to report information regarding its assets, liabilities, revenues, and expenses according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

New accounting pronouncements - The FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230)*. This ASU requires entities to present the changes in total cash, cash equivalents and restricted cash in the statement of cash flows and reconcile those amounts to the statement of financial position. The Organization adopted ASU 2016-18 on June 30, 2020. For the year ended June 30, 2020, the Organization added \$165,404 to cash and cash equivalents in the statement of cash flows. See reconciliation below. The adoption of ASU 2016-18 had no impact on the change in net assets or total net assets.

The FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard's purpose is to clarify accounting for and eliminate diversity in practice among not-for-profits and other organizations that make or received contributions of cash or other assets. This ASU clarifies when transactions are contributions or exchange transactions. ASU 2018-08 is effective for years beginning after December 15, 2018. The Organization adopted this ASU in the current year, however, it did not have an impact on revenues, expenses, or net assets in the current year.

Net assets without donor restrictions - Net assets without donor restrictions consist of the net assets of the Organization that are without any donor-imposed stipulations. These amounts are available for the support of operations. The Board has designated a portion of net assets without donor restrictions as a quasi-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 the net assets of the Organization whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations. When a restriction expires, net assets with donor restrictions are

reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Additionally, net assets with donor restrictions consist of the net assets of the Organization that are maintained permanently by the Organization subject to donor-imposed stipulations 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.

Net assets with donor restrictions consisted of the following at June 30, 2020:

|  |                      |
|--|----------------------|
| Donor restricted endowment             | \$ 10,628,855        |
| Perpetual trusts held by a third party | 284,149              |
| Community impact programs              | <u>57,241</u>        |
|  | <u>\$ 10,970,245</u> |

Revenue recognition - Campaign revenue and other contributions are recognized as revenue in the year an unconditional promise to give is received and are recorded at their fair value. All contributions are considered 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 restrictions) are reported as support with donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization may be a beneficiary under wills and trust agreements. Related amounts are recorded when either the 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. Revenue from various contracts is recognized as qualifying expenses are incurred. Amounts received prior to incurring qualifying expenses are reported as deferred revenue in the statements of financial position.

The Organization received cost-reimbursable and milestone grants of \$287,358 that have not been recognized at June 30, 2020, because qualifying expenses have not been incurred or milestones have not been achieved. As of June 30, 2020, Organization had advance payments recognized as deferred revenue in the statements of financial position from grants or fees from program services of \$6,177.

Cash and cash equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The reconciliation of cash and cash equivalents as reported on the statement of cash flows is comprised of the following:

|   |                     |
|---|---------------------|
| Cash and cash equivalents                                 | \$ 1,148,213        |
| Restricted cash   | <u>165,404</u>      |
| Cash and cash equivalents per the statement of cash flows | <u>\$ 1,313,617</u> |

Restricted cash - Restricted cash consists of funds that have been designated by the Board for use associated with certain specified programs. See discussion below regarding COVID-19 Community Response Fund.

Pledges receivable and donor designations payable - The Organization receives pledges through their annual fundraising campaign. These unconditional pledges are recorded when the pledge is received. Pledges receivable is stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts of \$23,532 has been recorded based on previous collectability history and current economic conditions. Certain pledges are designated as donations for other beneficiaries. These pledges represent pass through income and are treated as agency transactions. Donor designations payable are recorded for pledges received for the benefit of outside agencies, not yet paid at year end.

Grants and bequests receivable - Grants and bequests receivable consists of amounts due from various governmental and private entities. Grants and bequests receivable are stated at the amount management expects to collect from outstanding balances. No provision has been made for uncollectible amounts as management considers all amounts to be collectible.

Investments - Investments are reported at fair value in accordance with the FASB's authoritative guidance on accounting for certain investments held by not-for-profit organizations. Funds are invested in a well-diversified asset mix, which includes primarily debt and equity securities, that is intended to result in a consistent inflation protected rate of return. Purchases and sales of securities are recorded on a trade-date basis. The difference between cost and fair market value is recorded as an unrealized gain or loss in the statement of activities. Income and gains on investments are reported as increases in net assets with donor restrictions if the term of the gift that gave rise to the investment requires such amounts be added to permanent endowment principal. Income and gains on investments 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. All other income and gains on investments are reported as increases in net assets without donor restrictions. All interest and dividend income from investments is recognized when earned.

Perpetual trusts held by a third party - The assets held under these agreements are recorded at their fair value. Under the terms of the trusts, the Organization has the irrevocable right to receive a portion of the income earned on the trusts' assets in perpetuity; however, the Organization will never receive the assets held in trusts. Changes in fair value of the beneficial interest in the trusts' assets are recorded as unrealized gains or losses in the with donor restricted net asset class. Income received from the trusts is recorded as an increase in net assets without donor restrictions. The balance of beneficial interests held in trusts as of June 30, 2020, was \$284,149.

Fair value and financial instruments - The fair value of financial instruments is based upon quoted market prices where available. If such quoted market prices are not available, fair value is based upon models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value and may include amounts based upon unobservable parameters. Any such valuation adjustments are applied consistently over time. The FASB's authoritative guidance on fair value measurements defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements (See Note 3).

Property and equipment - Property and equipment are recorded at cost or, for donated assets, at the estimated fair market value at the date of acquisition. The Organization considers expenditures of \$1,000 or more with useful lives over three years to be capital in nature. Depreciation for financial statement purposes is computed on the straight-line method over the assets' estimated useful lives, which range from three to forty years. Maintenance and repairs are expensed as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in change in net assets.

COVID-19 Community Response Fund payable - During fiscal 2020, the Organization entered into an Alliance with other not-for-profit organizations to establish a fund designated the COVID-19 Community Respond Fund (the "Fund") to receive monetary contributions from Alliance members and donations from businesses, individuals and corporations. The Organization administers the Fund. Since the grant approval process is determined by an affirmative vote by members of the Alliance, this fund has been treated as an agency fund. A separate cash account was established and is included in the restricted cash on the statement of financial position with a corresponding payable. Amounts received or paid on behalf of the Fund are recorded against these accounts. During fiscal 2020, the Organization contributed \$100,000 to the Fund.

Allocations and other grants - Allocations and other grants are recorded as an expense if they are unconditional and approved for payment, or if conditions have been met by the benefiting organization. The Organization's Board awards allocations to local partner agencies and other grants. There were no allocations and other grants payable as of June 30, 2020.

Employee retirement plans - The Organization has adopted a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers all permanent employees of the Organization who are over the age of twenty-one and is funded through employee voluntary contributions. There are no expenses for the Organization for this plan.

The Organization has also adopted a SEP-IRA Plan for permanent employees. Permanent employees of the Organization are eligible to participate starting on the employee's third anniversary with the Organization. The Board establishes an employer contribution percentage during the annual budgeting process. The contribution rate for fiscal 2020 was 3%. Total employer contributions for the year ended June 30, 2020, was \$13,052.

Financial instruments, concentration and credit risks - The Organization maintains cash balances at various financial institutions. Cash balances may exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC insurance limits are subject to normal credit risk. The Organization's investments are exposed to various risks, such as interest, market and credit risk. Due to the level of risk associated with certain 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.

Income taxes - Pursuant to the FASB's guidance related to not-for-profit entities, the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Organization has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Organization will include interest on income tax liabilities in

interest expense and penalties in operations if such amounts arise. The Organization is no longer subject to Federal or state examinations by tax authorities for the closed tax years before 2016.

Advertising expense - The Organization expenses advertising costs when incurred. Advertising and promotional expenses amounted to approximately \$49,000 in 2020.

In-kind contributions - The Organization is given the use of the premises owned by the City of Binghamton on the condition that the Organization use the premises for services which benefit the community. See Note 4 for further disclosures. The estimated fair value rental of the space used is recorded as both revenue and expense for the period in which the premises are used. The estimated fair value rental expense was \$33,872 for the year ended June 30, 2020. In addition, the Organization received in-kind support in the form of donated items. The estimated fair value of the donated items is recorded as both revenue and expense in the period the donated items are received. The estimated fair value of these donated items was \$38,679 for the year ended June 30, 2020.

Donated services - The Organization receives services from many volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns. No amounts have been reflected in the financial statements for these types of donated services as they do not meet the criteria for recognition under the FASB's authoritative guidance on accounting for contributions received and contributions made.

Functional expense allocation - The costs of program and support services have been summarized on a functional basis in the statement of activities. The costs are functionalized on a direct basis where possible. Indirect costs are allocated based on an estimate of the time spent by the Organization's management and staff in each functional area.

Use of 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior period adjustment and restatement - A restatement of prior period net assets has been recorded to adjust grants receivable, deferred revenue and donor designations payable. During fiscal 2020, it was discovered that grants receivable was overstated by \$267,203, deferred revenue was overstated by \$24,503, and donor designations payable was overstated by \$144,853. The net effect of these items resulted in a prior period adjustment to net assets of \$97,847. Additionally, it was determined that \$78,507 that had been previously reflected in the financial statements as net assets without donor restrictions were donor restricted, thus the amount was reclassified to net assets with donor restrictions.

Subsequent events - Management has evaluated subsequent events through January 15, 2021, the date which the financial statements were available for issue.

## Note 2 - Investments

Investments are presented in the financial statements at fair value and are subject to normal market fluctuations. Investments consisted of the following:

|                   | <u>June 30, 2020</u> |                      |                                |
|-------------------|----------------------|----------------------|--------------------------------|
|                   | <u>Cost</u>          | <u>Fair Value</u>    | <u>Unrealized Appreciation</u> |
| Equity securities | \$ 16,162,178        | \$ 19,966,789        | \$ 3,804,611                   |
| Fixed income      | <u>8,504,149</u>     | <u>9,066,078</u>     | <u>561,929</u>                 |
| Total investments | <u>\$ 24,666,327</u> | <u>\$ 29,032,867</u> | <u>\$ 4,366,540</u>            |

Investment income is recorded net of related transaction, custody, and management fees. Investment fees paid for the year ended June 30, 2020, were approximately \$133,000.

## Note 3 - Fair value measurements

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* provides a framework for measuring fair value under generally accepted accounting principles. The guidance applies to all financial instruments that are being measured and disclosed on a fair value basis.

As defined in the guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, various assumptions are utilized, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability or represent inputs used to determine the value of similar assets and liabilities. Financial assets measured at fair value on a recurring basis include investments and perpetual trusts held by a third party and are reported at fair value utilizing Level 1 and Level 2 inputs. The fair value for these assets is as follows:

|   | June 30, 2020        |                     |                |                      |
|---|----------------------|---------------------|----------------|----------------------|
|   | <u>Level 1</u>       | <u>Level 2</u>      | <u>Level 3</u> | <u>Total</u>         |
| Investments:                            |                      |                     |                |                      |
| Equity securities                       | \$ 19,966,789        | \$ -                | \$ -           | \$ 19,966,789        |
| Fixed income                            | <u>-</u>             | <u>9,066,078</u>    | <u>-</u>       | <u>9,066,078</u>     |
| Total investments                       | <u>\$ 19,966,789</u> | <u>\$ 9,066,078</u> | <u>\$ -</u>    | <u>\$ 29,032,867</u> |
| Perpetual trusts held<br>a third party: | <u>\$ -</u>          | <u>\$ 284,149</u>   | <u>\$ -</u>    | <u>\$ 284,149</u>    |

#### Note 4 - Property and equipment

Property and equipment consisted of the following at June 30, 2020:

|                                 |                   |
|---------------------------------|-------------------|
| Land                            | \$ 12,881         |
| Building                        | 846,708           |
| Furniture and fixtures          | 396,630           |
| Software and network            | <u>121,109</u>    |
|                                 | 1,377,328         |
| Less - Accumulated depreciation | <u>997,824</u>    |
|                                 | <u>\$ 379,504</u> |

Depreciation expense was \$58,072 for the year ended June 30, 2020, and has been included in expenses in the accompanying statement of functional expenses.

The Organization has a lease agreement with the City of Binghamton that states the Organization will lease the land and buildings located at 108 Liberty Street, Binghamton, NY through December 31, 2023. Under this lease, the Organization is responsible for all expenses of the property, including taxes, if any, maintenance, and utilities. The Organization must provide its charitable programs to the community at no cost to the public. As discussed in Note 1, the estimated fair value of the lease as of June 30, 2020, was approximately \$34,000 and has been recorded as an in-kind contribution and expense in the accompanying statement of activities.

#### Note 5 - 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 the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of New York, as requiring the perseveration of the fair value of the original gifts 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 donor

restricted (perpetual in nature) net assets (a) the original value of the 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 as donor restricted (perpetual in nature) is classified as donor restricted (purpose restricted) net assets until those amounts are approved 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. The 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; and
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's investment policy 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 investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to the 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 \$1,524,122 for the year ended June 30, 2020. 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 net assets without donor restrictions that the Board of Directors maintains and

formally designates for use in emergencies to sustain financial operations. 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:

|                            | <u>June 30, 2020</u>                  |                                    |                      |
|----------------------------|---------------------------------------|------------------------------------|----------------------|
|                            | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
| Donor restricted endowment | \$ -                                  | \$ 10,628,855                      | \$ 10,628,855        |
| Board designated endowment | <u>19,232,913</u>                     | <u>-</u>                           | <u>19,232,913</u>    |
|                            | <u>\$ 19,232,913</u>                  | <u>\$ 10,628,855</u>               | <u>\$ 29,861,768</u> |

|  | <u>June 30, 2020</u>                  |                                    |                      |
|--|---------------------------------------|------------------------------------|----------------------|
|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
| Endowment net assets,<br>beginning of the year   | \$ 18,670,808                         | \$ 10,603,855                      | \$ 29,274,663        |
| Contributions  | 257,401                               | 25,000                             | 282,401              |
| Appropriation of endowment<br>funds for Community Investments<br>and Community Impact Activity | (1,524,122)                           | -                                  | (1,524,122)          |
| Investment return:   |                                       |                                    |                      |
| Dividends and interest   | 487,911                               | -                                  | 487,911              |
| Net realized and unrealized gain<br>on investments   | <u>1,340,915</u>                      | <u>-</u>                           | <u>1,340,915</u>     |
| Endowment net assets,<br>end of the year   | <u>\$ 19,232,913</u>                  | <u>\$ 10,628,855</u>               | <u>\$ 29,861,768</u> |

#### Note 6 - Line of credit

The Organization has a \$750,000 line of credit with a financial institution, with interest at prime (3.25% as of June 30, 2020) less 1%. There is no outstanding balance on the line of credit as of June 30, 2020. The line of credit is secured by the investment assets maintained at NBT. The Organization paid interest of \$1,050 during fiscal 2020.

#### Note 7 - Risks and uncertainties

In March of 2020, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations

and the impact of reduced consumer spending. In addition, global markets have seen significant volatility. The pandemic was ongoing through the fiscal year and has continued subsequent to year-end. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them.

Financial awards from governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Economic conditions may affect the Organization's ability to collect on pledge or grants receivables.

Accordingly, while management cannot quantify the financial and other impacts to the Organization as of January 15, 2021, there is a reasonable possibility that the impact on the Organization's financial position and results of future operations could be material.

Note 8 - Liquidity and availability of financial assets

The following represents the Organization's financial assets at June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position:

|  |                   |
|--|-------------------|
| Financial assets at year-end:  |                   |
| Cash and cash equivalents  | \$ 1,148,213      |
| Pledges receivable, net  | 470,845           |
| Grants and bequests receivable   | 234,636           |
| Investments  | <u>29,032,867</u> |
|  | 30,886,561        |
| Less: - Amounts not available to be used within one year:                              |                   |
| Board designated endowment fund  | 19,232,913        |
| Net assets with donor restrictions   | <u>10,970,245</u> |
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 683,403</u> |

The Board designated endowment fund is not generally available for operations. If the Board chooses, these designated funds can be undesignated and become available for general operations. Net assets with donor restrictions can only be used in accordance with donor restrictions and are generally not available for operations.

SUPPLEMETNARY INFORMATION

Independent Auditor's Report on Supplementary Information

January 15, 2021

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

We have audited the financial statements of the United Way of Broome County, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated January 15, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of allocations and other grants is presented for purposes of additional analysis and is 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.

*Dannible + McKee, LLP*

UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF ALLOCATIONS AND OTHER GRANTS  
FOR THE YEAR ENDED JUNE 30, 2020

Grants to local partner agencies:

|  |           |
|--|-----------|
| ACCORD   | \$ 28,450 |
| Action for Older Persons                             | 70,000    |
| American Civic Association                           | 31,008    |
| American Red Cross - Southern Tier                   | 90,000    |
| Big Brothers Big Sisters of Twin Tiers               | 35,000    |
| Boy Scouts - Baden Powell Council                    | 22,500    |
| Boys & Girls Club of Binghamton                      | 123,840   |
| Boys & Girls Club of Western Broome                  | 8,500     |
| Broome County Gang Prevention                        | 43,124    |
| Broome/Tioga NAACP/Economic Development Committee    | 6,184     |
| Catholic Charities - Broome                          | 143,360   |
| Center for Gender Art & Culture                      | 3,999     |
| Children's Home of Wyoming Conf                      | 5,000     |
| Cornell Cooperative Extension - Broome               | 36,990    |
| Council of Churches - Broome                         | 60,326    |
| Crime Victims Assistance Center                      | 51,900    |
| Deposit Community Center Wilson Child                | 46,000    |
| Deposit Foundation, Inc.                             | 20,000    |
| Family & Children's Society                          | 49,000    |
| Family Enrichment Network - Broome                   | 7,500     |
| Family Planning of South Central NY                  | 50,000    |
| First Presbyterian Church of Johnson City            | 38,080    |
| Food Bank of the Southern Tier                       | 32,000    |
| Girl Scouts - Broome/NYPENN Pathways                 | 10,458    |
| Helping Celebrate Abilities                          | 21,285    |
| Jewish Community Center                              | 99,000    |
| Literacy Volunteers                                  | 19,950    |
| M-EALS ME Assisting Local Spartans                   | 28,433    |
| Mental Health Association of Southern Tier           | 52,000    |
| Mothers and Babies Perinatal Network                 | 50,039    |
| Research Foundation for SUNY - Binghamton University | 5,000     |
| Rise-NY/SOS Shelter                                  | 77,250    |
| Rural Health Network of South Central NY             | 94,332    |

- CONTINUED -

UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF ALLOCATIONS AND OTHER GRANTS  
FOR THE YEAR ENDED JUNE 30, 2020

(- CONTINUED -)

|  |                            |
|--|----------------------------|
| Salvation Army - Broome                        | \$ 31,033                  |
| Stand With Me; Assisted Dog Team Training, Inc | 35,000                     |
| Truth Pharm, Inc.                              | 2,263                      |
| Union-Endicott Education Foundation            | 19,007                     |
| Urban League, Inc.                             | 25,000                     |
| Volunteers Improving Neighborhood Environment  | 60,213                     |
| WSKG Public TV & Radio                         | 4,000                      |
| YMCA - Broome/Binghamton                       | 259,152                    |
| YWCA - Binghamton                              | <u>77,073</u>              |
| Total grants to local partner agencies         | 1,973,249                  |
| Other grants:                                  |                            |
| Capacity grants                                | <u>15,000</u>              |
| Total allocations and other grants             | <u><u>\$ 1,988,249</u></u> |