



United Way
of Broome County

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

* * *

JUNE 30, 2021 AND 2020

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Independent Auditor's Report

November 3, 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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 the United Way of Broome County, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dannible + McKee, LLP

UNITED WAY OF BROOME COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>	
<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (Note 1)	\$ 1,308,917	\$ 1,148,213
Restricted cash (Note 1)	748,332	165,404
Pledges receivable, net of allowance of \$20,962 and \$23,532 in 2021 and 2020, respectively (Note 1)	419,419	470,845
Grants and bequests receivable (Note 1)	82,248	234,636
Prepaid expenses	23,565	25,920
Investments (Notes 1, 2, 3 and 5)	34,415,413	29,032,867
Perpetual trusts held by a third party (Notes 1 and 3)	345,289	284,149
Property and equipment, less accumulated depreciation (Notes 1 and 4)	<u>350,134</u>	<u>379,504</u>
Total assets	<u>\$ 37,693,317</u>	<u>\$ 31,741,538</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 61,034	\$ 88,915
Accrued liabilities	88,668	82,204
Deferred revenue (Note 1)	2,793	6,177
Donor designations payable (Note 1)	163,955	180,875
COVID-19 Community Response Fund payable (Note 1)	-	121,676
Lease liability	<u>-</u>	<u>2,621</u>
Total liabilities	<u>316,450</u>	<u>482,468</u>
Net assets (Note 1):		
Without donor restrictions	26,320,482	20,288,825
With donor restrictions	<u>11,056,385</u>	<u>10,970,245</u>
Total net assets	<u>37,376,867</u>	<u>31,259,070</u>
Total liabilities and net assets	<u>\$ 37,693,317</u>	<u>\$ 31,741,538</u>

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Revenue:-						
Gross campaign revenue:	\$ 1,852,170	\$ -	\$ 1,852,170	\$ 1,823,474	\$ -	\$ 1,823,474
Less: Donor designations	338,630	-	338,630	304,746	-	304,746
Less: SEFA designations	45,004	-	45,004	43,057	-	43,057
Less: Collection losses	18,294	-	18,294	58,278	-	58,278
Net campaign revenue	<u>1,450,242</u>	<u>-</u>	<u>1,450,242</u>	<u>1,417,393</u>	<u>-</u>	<u>1,417,393</u>
Grant income	437,586	-	437,586	529,176	5,000	534,176
Bequests	658	25,000	25,658	257,401	25,000	282,401
Contributions	62,983	-	62,983	16,176	17,525	33,701
In-kind contributions (Note 1)	39,382	-	39,382	72,551	-	72,551
Net realized and unrealized gain on investments	7,344,522	-	7,344,522	1,340,915	-	1,340,915
Change in value of perpetual trusts held by a third party	-	61,140	61,140	-	(16,850)	(16,850)
Dividends and interest, net of investment expenses	581,767	-	581,767	487,911	-	487,911
Other income	11,057	-	11,057	16,171	-	16,171
Net assets released from restrictions:						
Satisfaction of donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,791</u>	<u>(53,791)</u>	<u>-</u>
Total revenue	<u>9,928,197</u>	<u>86,140</u>	<u>10,014,337</u>	<u>4,191,485</u>	<u>(23,116)</u>	<u>4,168,369</u>
Expenses:-						
Program services:						
2-1-1/First Call for Help	298,934	-	298,934	291,216	-	291,216
Community Impact Initiatives	2,664,766	-	2,664,766	2,820,654	-	2,820,654
Total program services	<u>2,963,700</u>	<u>-</u>	<u>2,963,700</u>	<u>3,111,870</u>	<u>-</u>	<u>3,111,870</u>
Support services:						
Management and general	603,204	-	603,204	624,794	-	624,794
Resource development	329,636	-	329,636	352,966	-	352,966
Total support services	<u>932,840</u>	<u>-</u>	<u>932,840</u>	<u>977,760</u>	<u>-</u>	<u>977,760</u>
Total expenses	<u>3,896,540</u>	<u>-</u>	<u>3,896,540</u>	<u>4,089,630</u>	<u>-</u>	<u>4,089,630</u>
Change in net assets	<u>6,031,657</u>	<u>86,140</u>	<u>6,117,797</u>	<u>101,855</u>	<u>(23,116)</u>	<u>78,739</u>
Net assets, beginning of year, as previously stated	20,288,825	10,970,245	31,259,070	20,363,324	10,914,854	31,278,178
Prior period adjustment (Note 1)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,354)</u>	<u>78,507</u>	<u>(97,847)</u>
Net assets, beginning of year, as restated	<u>20,288,825</u>	<u>10,970,245</u>	<u>31,259,070</u>	<u>20,186,970</u>	<u>10,993,361</u>	<u>31,180,331</u>
Net assets, end of year	<u>\$ 26,320,482</u>	<u>\$ 11,056,385</u>	<u>\$ 37,376,867</u>	<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.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Program Services			Support Services		2021 Total	Program Services			Support Services		2020 Total
	2-1-1/ First Call For Help	Community Impact Initiatives	Total Program Services	Management and General	Resource Development		2-1-1/ First Call For Help	Community Impact Initiatives	Total Program Services	Management and General	Resource Development	
Expenses:												
Allocations	\$ -	\$ 2,110,259	\$ 2,110,259	\$ -	\$ -	\$ 2,110,259	\$ -	\$ 1,973,249	\$ 1,973,249	\$ -	\$ -	\$ 1,973,249
Capacity grants	-	15,000	15,000	-	-	15,000	-	15,000	15,000	-	-	15,000
	-	2,125,259	2,125,259	-	-	2,125,259	-	1,988,249	1,988,249	-	-	1,988,249
Salaries and wages	199,254	192,707	391,961	328,350	215,158	935,469	206,873	200,075	406,948	340,904	223,384	971,236
Payroll taxes and benefits	37,332	36,106	73,438	61,520	40,312	175,270	35,545	34,377	69,922	58,574	38,382	166,878
Supplies and program costs	75	232,943	233,018	5,544	13,454	252,016	-	460,028	460,028	8,007	18,312	486,347
Professional fees	5,000	766	5,766	73,649	-	79,415	12,008	25,248	37,256	83,117	6,841	127,214
In-kind expenses	-	33,872	33,872	5,510	-	39,382	-	72,551	72,551	-	-	72,551
Depreciation expense	7,425	7,181	14,606	12,235	8,017	34,858	12,369	11,963	24,332	20,383	13,357	58,072
Advertising and promotional	10,330	1,327	11,657	43,144	4,672	59,473	30	175	205	47,900	1,202	49,307
Dues and subscriptions	14,768	4,755	19,523	15,519	11,285	46,327	5,124	2,813	7,937	15,005	13,739	36,681
Occupancy expenses	6,249	6,043	12,292	10,297	6,748	29,337	6,088	7,087	13,175	10,032	6,574	29,781
Dues to affiliates	8,814	8,525	17,339	14,525	9,518	41,382	6,052	5,853	11,905	9,973	6,535	28,413
Travel, education and meeting expense	271	2,430	2,701	9,927	271	12,899	430	5,048	5,478	10,869	3,139	19,486
Other expenses	-	4,906	4,906	5,094	13,040	23,040	-	460	460	1,480	13,456	15,396
Insurance	3,435	3,322	6,757	5,661	3,709	16,127	2,967	2,869	5,836	4,889	3,204	13,929
Telephone	3,270	2,201	5,471	3,750	2,457	11,678	3,646	2,403	6,049	4,095	2,683	12,827
Equipment maintenance	2,711	2,423	5,134	6,009	376	11,519	-	902	902	5,657	432	6,991
Postage and supplies	-	-	-	2,470	619	3,089	84	553	637	3,909	1,726	6,272
Total expenses	\$ 298,934	\$ 2,664,766	\$ 2,963,700	\$ 603,204	\$ 329,636	\$ 3,896,540	\$ 291,216	\$ 2,820,654	\$ 3,111,870	\$ 624,794	\$ 352,966	\$ 4,089,630

See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENTS OF CASH FLOWS

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received from grants and donors	\$ 2,110,461	\$ 2,366,544
Cash paid for allocations and to suppliers and employees	(3,876,146)	(4,050,339)
Dividends and interest	535,048	621,560
Interest paid	<u>(4,598)</u>	<u>(1,050)</u>
Net cash used for operating activities	<u>(1,235,235)</u>	<u>(1,063,285)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	16,303,256	15,770,015
Purchase of investments	(14,341,280)	(15,072,916)
Purchase of property and equipment	<u>(5,488)</u>	<u>(9,665)</u>
Net cash provided by investing activities	<u>1,956,488</u>	<u>687,434</u>
Cash flows from financing activities:		
Borrowings on line of credit	540,000	115,000
Repayment on line of credit	(540,000)	(115,000)
Collections of contributions restricted to endowment	25,000	25,000
Payments on capital lease	<u>(2,621)</u>	<u>(5,480)</u>
Net cash provided by financing activities	<u>22,379</u>	<u>19,520</u>
Net increase (decrease) in cash and cash equivalents	743,632	(356,331)
Cash and cash equivalents, beginning of year (Note 1)	<u>1,313,617</u>	<u>1,669,948</u>
Cash and cash equivalents, end of year (Note 1)	<u>\$ 2,057,249</u>	<u>\$ 1,313,617</u>

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See accompanying notes to financial statements.

UNITED WAY OF BROOME COUNTY, INC.

STATEMENTS OF CASH FLOWS

(- CONTINUED -)

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Reconciliation of change in net assets to net cash</u> <u>used for operating activities</u>		
Change in net assets	\$ 6,117,797	\$ 78,739
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Net realized and unrealized gain on investments	(7,344,522)	(1,340,915)
Change in value of perpetual trusts held by a third party	(61,140)	16,850
Depreciation	34,858	58,072
Decrease in pledges receivable	51,426	45,893
(Increase) decrease in grants and bequests receivable	127,388	(11,125)
(Increase) decrease in prepaid expenses	2,355	(9,906)
Increase (decrease) in accounts payable	(27,881)	5,644
Increase (decrease) in accrued liabilities	6,464	(15,569)
Increase (decrease) in deferred revenue	(3,384)	6,177
Decrease in donor designations payable	(16,920)	(18,821)
Increase (decrease) in COVID-19 Community Response Fund payable	<u>(121,676)</u>	<u>121,676</u>
Net cash used for operating activities	<u>\$ (1,235,235)</u>	<u>\$ (1,063,285)</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 1973 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 years ended June 30, 2021 and 2020, the Organization added \$748,332 and \$165,404, respectively, to cash and cash equivalents in the statements 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 for the year ended June 30, 2020, however, it did not have an impact on revenues, expenses, or net assets in the current or prior 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 statements 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:

	June 30,	
	2021	2020
Donor restricted endowment	\$ 10,653,855	\$ 10,628,855
Perpetual trusts held by a third party	345,289	284,149
Community impact programs	57,241	57,241
	<u>\$ 11,056,385</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 \$20,428 that have not been recognized at June 30, 2021, because qualifying expenses have not been incurred or milestones have not been achieved. As of June 30, 2021 and 2020, the Organization had advance payments recognized as deferred revenue in the statements of financial position from grants or fees from program services of \$2,793 and \$6,177, respectively.

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 statements of cash flows is comprised of the following:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 1,308,917	\$ 1,148,213
Restricted cash	748,332	165,404
Cash and cash equivalents per the statements of cash flows	<u>\$ 2,057,249</u>	<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 \$20,962 and \$23,532 as of June 30, 2021 and 2020, respectively, have 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 statements 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, 2021 and 2020 was \$345,289 and \$284,149, respectively.

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 statements 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, and no contributions were made during fiscal 2021. All of the money in the Fund was distributed by the Alliance to non-profits during fiscal 2021.

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, 2021 or 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 2021 and 2020 was 3%. Total employer contributions were \$19,227 and \$13,052 in 2021 and 2020, respectively.

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 2017.

Advertising expense - The Organization expenses advertising costs when incurred. Advertising and promotional expenses amounted to approximately \$59,000 and \$49,000 in 2021 and 2020, respectively.

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 years ended June 30, 2021 and 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 \$5,510 and \$38,679 for the years ended June 30, 2021 and 2020, respectively.

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 statements 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 was recorded to adjust grants receivable, deferred revenue and donor designations payable for the fiscal year ended June 30, 2020. 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 November 3, 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, 2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equity securities	\$ 17,055,643	\$ 24,203,031	\$ 7,147,388
Fixed income	<u>9,955,120</u>	<u>10,212,382</u>	<u>257,262</u>
Total investments	<u>\$ 27,010,763</u>	<u>\$ 34,415,413</u>	<u>\$ 7,404,650</u>
	<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 years ended June 30, 2021 and 2020, were approximately \$144,000 and \$133,000, respectively.

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, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equity securities	\$ 24,203,031	\$ -	\$ -	\$ 24,203,031
Fixed income	<u>-</u>	<u>10,212,382</u>	<u>-</u>	<u>10,212,382</u>
Total investments	<u>\$ 24,203,031</u>	<u>\$ 10,212,382</u>	<u>\$ -</u>	<u>\$ 34,415,413</u>
Perpetual trusts held by a third party:	<u>\$ -</u>	<u>\$ 345,289</u>	<u>\$ -</u>	<u>\$ 345,289</u>
	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 by 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:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 12,881	\$ 12,881
Building	847,783	846,708
Furniture and fixtures	183,629	396,630
Software and network	93,838	121,109
	<u>1,138,131</u>	<u>1,377,328</u>
Less - Accumulated depreciation	<u>787,997</u>	<u>997,824</u>
	<u>\$ 350,134</u>	<u>\$ 379,504</u>

Depreciation expense was \$34,858 and \$58,072 for the years ended June 30, 2021 and 2020, respectively, and has been included in expenses in the accompanying statements 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, 2021 and 2020, was approximately \$34,000 and has been recorded as an in-kind contribution and expense in the accompanying statements 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 amounts approved for distribution from these funds were \$2,439,107 and \$1,524,122 for the years ended June 30, 2021 and 2020, 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 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, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment	\$ -	\$ 10,653,855	\$ 10,653,855
Board designated endowment	<u>24,720,753</u>	<u>-</u>	<u>24,720,753</u>
	<u>\$ 24,720,753</u>	<u>\$ 10,653,855</u>	<u>\$ 35,374,608</u>

	<u>June 30, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 19,232,913	\$ 10,628,855	\$ 29,861,768
Bequests	658	25,000	25,658
Appropriation of endowment funds for Community Investments and Community Impact Activity	(2,439,107)	-	(2,439,107)
Investment return:			
Dividends and interest	581,767	-	581,767
Net realized and unrealized gain on investments	<u>7,344,522</u>	<u>-</u>	<u>7,344,522</u>
Endowment net assets, end of the year	<u>\$ 24,720,753</u>	<u>\$ 10,653,855</u>	<u>\$ 35,374,608</u>

	<u>June 30, 2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor 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>

	June 30, 2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 18,670,808	\$ 10,603,855	\$ 29,274,663
Bequests	257,401	25,000	282,401
Appropriation of endowment funds for Community Investments and Community Impact Activity	(1,524,122)	-	(1,524,122)
Investment return:			
Dividends and interest	487,911	-	487,911
Net realized and unrealized gain on investments	<u>1,340,915</u>	<u>-</u>	<u>1,340,915</u>
Endowment net assets, 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, 2021) less 1%. There is no outstanding balance on the line of credit as of June 30, 2021. The line of credit is secured by the investment assets maintained at NBT. The Organization paid interest of \$4,206 and \$1,050 during fiscal 2021 and 2020, respectively.

Note 7 - Risks and uncertainties

Since 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 November 3, 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, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,308,917	\$ 1,148,213
Pledges receivable, net	419,419	470,845
Grants and bequests receivable	82,248	234,636
Investments	<u>34,415,413</u>	<u>29,032,867</u>
	36,225,997	30,886,561
Less: - Amounts not available to be used within one year:		
Board designated endowment fund	24,720,753	19,232,913
Net assets with donor restrictions	<u>11,056,385</u>	<u>10,970,245</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 448,859</u>	<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.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

November 3, 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 years ended June 30, 2021 and 2020, and have issued our report thereon dated November 3, 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 schedules of allocations and other grants 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.

Dannible + McKee, LLP

UNITED WAY OF BROOME COUNTY, INC.

SCHEDULES OF ALLOCATIONS AND OTHER GRANTS

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Grants to local partner agencies:		
ACCORD	\$ 30,600	\$ 28,450
Action for Older Persons	70,287	70,000
American Civic Association	48,338	31,008
American Red Cross - Southern Tier	71,500	90,000
Big Brothers Big Sisters of Twin Tiers	45,000	35,000
Boy Scouts - Baden Powell Council	25,000	22,500
Boys & Girls Club of Binghamton	126,244	123,840
Boys & Girls Club of Western Broome	-	8,500
Broome County Gang Prevention	34,499	43,124
Broome/Tioga NAACP/Economic Development Committee	5,318	6,184
Calvary's Love Church	3,500	-
Catholic Charities - Broome	126,400	143,360
Catholic Charities Food Bank of the Southern Tier	27,000	-
Center for Gender Art & Culture	-	3,999
Children's Home of Wyoming Conference	58,865	5,000
Coordinated Care Services, Inc.	11,150	-
Cornell Cooperative Extension - Broome	27,686	36,990
Council of Churches - Broome	62,392	60,326
Crime Victims Assistance Center	44,930	51,900
Deposit Community Center Wilson Child	37,200	46,000
Deposit Foundation, Inc.	22,278	20,000
Family & Children's Society	-	49,000
Family & Children's Counseling Services	30,000	-
Family Counseling Services of Cortland County	6,500	-
Family Enrichment Network - Broome	8,750	7,500
Family Planning of South Central NY	49,903	50,000
Fenton Free Library	15,000	-
First Presbyterian Church of Johnson City	57,194	38,080
Food Bank of the Southern Tier	7,200	32,000

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UNITED WAY OF BROOME COUNTY, INC.

SCHEDULES OF ALLOCATIONS AND OTHER GRANTS

(- CONTINUED -)

	Year ended June 30,	
	2021	2020
Girl Scouts - Broome/NYPENN Pathways	-	10,458
Helping Celebrate Abilities	31,771	21,285
Jewish Community Center	120,400	99,000
Life Choices Center, Inc.	17,230	-
Literacy Volunteers	16,575	19,950
M-EALS ME Assisting Local Spartans	-	28,433
Mental Health Association of Southern Tier	44,900	52,000
Mothers and Babies Perinatal Network	56,000	50,039
PAL of Binghamton NY	20,000	-
Research Foundation for SUNY - Binghamton University	-	5,000
Rise-NY/SOS Shelter	56,725	77,250
Rural Health Network of South Central NY	62,306	94,332
Salvation Army - Broome	29,000	31,033
Sarah Jane Johnson Memorial United Methodist Church	4,500	-
Southern Tier Independence Center	26,500	-
Stand With Me; Assisted Dog Team Training, Inc	10,000	35,000
Truth Pharm, Inc.	-	2,263
Union-Endicott Education Foundation	-	19,007
Union-Endicott School District	17,500	-
Urban League, Inc.	20,000	25,000
Volunteers Improving Neighborhood Environments	84,788	60,213
Volunteers of America of Western NY	40,000	-
Windsor Center School District	9,180	-
Windsor Emergency Services	25,000	-
WSKG Public TV & Radio	-	4,000
YMCA - Broome/Binghamton	269,400	259,152
YWCA - Binghamton	95,750	77,073
	<hr/>	<hr/>
Total grants to local partner agencies	2,110,259	1,973,249
Other grants:		
Capacity grants	15,000	15,000
	<hr/>	<hr/>
Total allocations and other grants	\$ 2,125,259	\$ 1,988,249