

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

FINANCIAL STATEMENTS

JUNE 30, 2024

UNITED WAY OF THE SOUTHERN TIER, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the United Way of the Southern Tier, Inc.
Corning, New York

Opinion

We have audited the accompanying financial statements of the United Way of the Southern Tier, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Southern Tier, Inc. as of June 30, 2024 and 2023, and the related changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Southern Tier, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted ASC 326 Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of the Southern Tier, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Way of the Southern Tier, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of the Southern Tier, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
October 17, 2024

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 600,544	\$ 599,680
Accounts receivable, net of allowance for credit losses of \$- as of both June 30 2024 and 2023.	39	-
Pledges receivable, net of allowance for doubtful accounts of \$103,650 and \$112,980, as of June 30 2024 and 2023, respectively.	1,678,646	2,069,554
Prepaid expenses	12,358	19,557
Investments - unrestricted	3,352,054	3,134,466
Investments - restricted	471,295	643,000
Endowment	318,010	318,010
Total current assets	<u>6,432,946</u>	<u>6,784,267</u>
Property and Equipment - Net	<u>7,550</u>	<u>8,497</u>
Other Assets		
Beneficial interests in perpetual trust	61,449	53,836
Right-of-use asset - net	21,766	40,862
Total other assets	<u>83,215</u>	<u>94,698</u>
Total Assets	<u>\$ 6,523,711</u>	<u>\$ 6,887,462</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 74,233	\$ 51,958
Allocations payable	2,385,196	2,714,911
Due to other agencies	824,933	869,582
Deferred revenue	165,080	177,675
Lease liability - current portion	21,766	20,302
Total current liabilities	<u>3,471,208</u>	<u>3,834,428</u>
Long-Term Liabilities		
Lease liability - long-term portion	<u>-</u>	<u>20,560</u>
Total Liabilities	<u>3,471,208</u>	<u>3,854,988</u>
Net Assets		
Net assets without donor restriction	1,965,618	1,787,695
Net assets with donor restriction	1,086,885	1,244,779
Total net assets	<u>3,052,503</u>	<u>3,032,474</u>
Total Liabilities and Net Assets	<u>\$ 6,523,711</u>	<u>\$ 6,887,462</u>

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

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Activities
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support						
Total campaign support	\$ 3,137,807	\$ 159,538	\$ 3,297,345	\$ 3,456,872	\$ 203,500	\$ 3,660,372
Campaign net assets released from restrictions	150,000	(150,000)	-	126,286	(126,286)	-
	<u>3,287,807</u>	<u>9,538</u>	<u>3,297,345</u>	<u>3,583,158</u>	<u>77,214</u>	<u>3,660,372</u>
Donor designations	(304,678)	-	(304,678)	(344,494)	-	(344,494)
Provisions for uncollectible pledges	(122,716)	-	(122,716)	(117,154)	-	(117,154)
Net campaign support	2,860,413	9,538	2,869,951	3,121,510	77,214	3,198,724
In-kind contributions	37,785	-	37,785	32,576	-	32,576
Other contributions	121,377	-	121,377	153,316	-	153,316
Designations from other United Ways	16,667	-	16,667	22,179	-	22,179
Other net assets released from restriction	175,045	(175,045)	-	113,528	(113,528)	-
Total public support	<u>3,211,287</u>	<u>(165,507)</u>	<u>3,045,780</u>	<u>3,443,109</u>	<u>(36,314)</u>	<u>3,406,795</u>
Revenues						
Investment income	110,779	4,447	115,226	82,339	5,862	88,201
Service fee	110,657	-	110,657	127,164	-	127,164
Special events, net of direct expenses of \$40,082 and \$49,958 in 2024 and 2023	126,325	-	126,325	139,325	-	139,325
Miscellaneous	1,136	-	1,136	2	-	2
Unrealized gain (loss) on investments	(148,925)	(20,370)	(169,295)	105,805	7,371	113,176
Realized gain on investments	249,014	32,156	281,170	14,952	2,049	17,001
Investment earnings released from restrictions	8,620	(8,620)	-	23,364	(23,364)	-
Total revenues	<u>457,606</u>	<u>7,613</u>	<u>465,219</u>	<u>492,951</u>	<u>(8,082)</u>	<u>484,869</u>
Total Public Support and Revenues	<u>3,668,893</u>	<u>(157,894)</u>	<u>3,510,999</u>	<u>3,936,060</u>	<u>(44,396)</u>	<u>3,891,664</u>
Expenses						
Program Services						
Gross funds awarded	2,852,150	-	2,852,150	3,259,017	-	3,259,017
Less, donor designations	(304,678)	-	(304,678)	(344,494)	-	(344,494)
Net funds awarded	2,547,472	-	2,547,472	2,914,523	-	2,914,523
Community building & community investment	354,594	-	354,594	300,544	-	300,544
Total program services	<u>2,902,066</u>	<u>-</u>	<u>2,902,066</u>	<u>3,215,067</u>	<u>-</u>	<u>3,215,067</u>
Supporting Services						
Fundraising	211,218	-	211,218	231,920	-	231,920
Management and general	377,686	-	377,686	381,586	-	381,586
Total supporting services	<u>588,904</u>	<u>-</u>	<u>588,904</u>	<u>613,506</u>	<u>-</u>	<u>613,506</u>
Total Expenses	<u>3,490,970</u>	<u>-</u>	<u>3,490,970</u>	<u>3,828,573</u>	<u>-</u>	<u>3,828,573</u>
Changes in Net Assets	177,923	(157,894)	20,029	107,487	(44,396)	63,091
Net Assets - Beginning	<u>1,787,695</u>	<u>1,244,779</u>	<u>3,032,474</u>	<u>1,680,208</u>	<u>1,289,175</u>	<u>2,969,383</u>
Net Assets - Ending	<u>\$ 1,965,618</u>	<u>\$ 1,086,885</u>	<u>\$ 3,052,503</u>	<u>\$ 1,787,695</u>	<u>\$ 1,244,779</u>	<u>\$ 3,032,474</u>

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

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 20,029	\$ 63,091
Adjustments		
Provisions for uncollectible pledges	122,716	117,154
Realized gain on investments	(281,170)	(17,001)
Unrealized (gain) loss on investments	169,295	(113,176)
Depreciation	3,804	5,787
Net change in beneficial interests in perpetual trust	(7,613)	8,082
Changes in assets and liabilities		
Accounts receivable	(39)	3,475
Pledges receivable	268,192	(438,871)
Prepaid expenses	7,199	6,611
Accounts payable and accrued expenses	22,275	584
Allocations payable	(329,715)	205,548
Due to other agencies	(44,649)	(39,128)
Deferred revenue	(12,595)	151,815
Net cash flows from operating activities	(62,271)	(46,029)
Cash Flows from Investing Activities		
Sale of investments	2,044,231	1,838,436
Purchase of investments	(1,978,239)	(1,730,133)
Purchase of property and equipment	(2,857)	-
Net cash flows from investing activities	63,135	108,303
Net Change in Cash and Cash Equivalents	864	62,274
Cash and Cash Equivalents - Beginning	599,680	537,406
Cash and Cash Equivalents - Ending	\$ 600,544	\$ 599,680

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

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>	
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>2024</u>	<u>2023</u>
Expenses							
Impact grants/awards	\$ -	\$ 2,852,150	\$ 2,852,150	\$ -	\$ -	\$ 2,852,150	\$ 3,259,017
(Less donor designations)	-	(304,678)	(304,678)	-	-	(304,678)	(344,494)
Sub-Total	-	2,547,472	2,547,472	-	-	2,547,472	2,914,523
Salaries	60,601	91,388	151,989	123,459	172,001	447,449	456,743
Employee benefits	6,889	10,389	17,278	14,035	19,554	50,867	55,456
Payroll taxes	5,363	8,087	13,450	10,925	15,220	39,595	40,416
Sub-Total	72,853	109,864	182,717	148,419	206,775	537,911	552,615
Professional fees	-	-	-	-	65,740	65,740	18,114
Supplies	300	433	733	585	904	2,222	3,514
Telephone	300	453	753	612	853	2,218	2,431
Postage and shipping	133	235	368	1,208	1,264	2,840	4,229
Occupancy	2,913	4,393	7,306	5,935	8,269	21,510	20,673
Leases and software maintenance	766	1,155	1,921	3,400	30,005	35,326	38,053
Printing and publications	-	-	-	-	225	225	152
Transportation	314	223	537	932	125	1,594	4,922
Conferences and meetings	1,608	712	2,320	1,290	5,391	9,001	9,473
Marketing	3,106	1,582	4,688	966	517	6,171	6,422
Miscellaneous	8	12	20	4,343	4,230	8,593	15,246
Mobilization and engagement	3,109	-	3,109	-	-	3,109	726
Insurance	981	1,479	2,460	1,998	2,784	7,242	5,094
Campaign expenses	-	-	-	14,134	-	14,134	12,815
Payments to United Way Worldwide	-	-	-	-	43,255	43,255	44,693
Strategy-Aligned expenses	5,425	135,393	140,818	-	-	140,818	136,515
In-kind expenses	2,424	3,128	5,552	26,346	5,887	37,785	32,576
Depreciation	515	777	1,292	1,050	1,462	3,804	5,787
Sub-Total	21,902	149,975	171,877	62,799	170,911	405,587	361,435
Total Functional Expenses	\$ 94,755	\$ 2,807,311	\$ 2,902,066	\$ 211,218	\$ 377,686	\$ 3,490,970	\$ 3,828,573

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

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Expenses						
Impact grants/awards	\$ -	\$ 3,259,017	\$ 3,259,017	\$ -	\$ -	\$ 3,259,017
(Less donor designations)	-	(344,494)	(344,494)	-	-	(344,494)
Sub-Total	<u>-</u>	<u>2,914,523</u>	<u>2,914,523</u>	<u>-</u>	<u>-</u>	<u>2,914,523</u>
Salaries	56,984	58,210	115,194	133,560	207,989	456,743
Employee benefits	6,919	7,068	13,987	16,216	25,253	55,456
Payroll taxes	5,042	5,151	10,193	11,818	18,405	40,416
Sub-Total	<u>68,945</u>	<u>70,429</u>	<u>139,374</u>	<u>161,594</u>	<u>251,647</u>	<u>552,615</u>
Professional fees	-	-	-	13,500	4,614	18,114
Supplies	378	386	764	886	1,864	3,514
Telephone	186	190	376	437	1,618	2,431
Postage and shipping	308	282	590	2,061	1,578	4,229
Occupancy	2,579	2,635	5,214	6,045	9,414	20,673
Leases and software maintenance	670	685	1,355	1,715	34,983	38,053
Printing and publications	-	-	-	-	152	152
Transportation	357	97	454	461	4,007	4,922
Conferences and meetings	-	130	130	346	8,997	9,473
Marketing	2,604	1,695	4,299	1,465	658	6,422
Miscellaneous	4,650	-	4,650	5,653	4,943	15,246
Mobilization and engagement	726	-	726	-	-	726
Insurance	-	742	742	1,702	2,650	5,094
Campaign expenses	-	-	-	12,585	230	12,815
Payments to United Way Worldwide	-	-	-	-	44,693	44,693
Strategy-Aligned expenses	9,550	126,965	136,515	-	-	136,515
In-kind expenses	1,911	1,952	3,863	21,740	6,973	32,576
Depreciation	738	754	1,492	1,730	2,565	5,787
Sub-Total	<u>24,657</u>	<u>136,513</u>	<u>161,170</u>	<u>70,326</u>	<u>129,939</u>	<u>361,435</u>
Total Functional Expenses	<u>\$ 93,602</u>	<u>\$ 3,121,465</u>	<u>\$ 3,215,067</u>	<u>\$ 231,920</u>	<u>\$ 381,586</u>	<u>\$ 3,828,573</u>

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

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

Note 1. Summary of Significant Accounting Policies and Nature of Operations

Nature of Operations - United Way of the Southern Tier, Inc. ("UWST") is a nonprofit charitable organization, whose mission is to unite and prioritize resources to improve the quality of life for every person and family in the community. UWST licenses its name and trademark from United Way Worldwide (UWW). UWST's service area consists of Steuben and Chemung Counties in New York State.

UWST is governed by a volunteer Board of Directors. UWST also receives advice, counsel and advocacy from volunteer "Strategy Councils". Current councils include the Brand, Mobilization & Engagement Council, Southern Tier Kids on Track 0-8 Council, Southern Tier Kids on Track 9-21 Council, Southern Tier Senior Supports Council, Southern Tier Basic Needs Council, and Resource Development Council. Each council is led by a member of UWST's Board of Directors and is comprised of community volunteers.

UWST's Board of Directors adopted a strategic plan to guide the work of the Organization. This plan commits UWST to take specific steps to improve its capacity to provide support to help children be successful, while also ensuring that seniors are supported to age in place and people in our community have their basic needs met. The Strategic Plan also addresses the need to look at health and human service needs on a community level. UWST does this by analyzing data on key indicators and convening stakeholders to formulate collective impact strategies and programs.

UWST raises funds throughout the year across Steuben and Chemung Counties, primarily through employer/workplace giving campaigns in the private sector from individuals who are solicited and contribute directly.

Principal distribution activities include the allocation of undesignated funds to targeted health and human service programs and payment of donor designations. In making allocations, UWST identifies and prioritizes critical human service needs in the region, funds programs at nonprofit agencies that address these needs, and monitors results to ensure desired outcomes are met.

All nonprofit organizations receiving funding from UWST, are required to submit quarterly reports detailing program progress. Reports are carefully monitored, with assistance provided when failure to adhere to goals is indicated.

Method of Accounting - UWST maintains its books and prepares its financial statements on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Standards Issued - At the beginning of the fiscal year, the Organization adopted Accounting Standards Codification 326, *Financial instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires entities to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Organization adopted this new standard utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

Basis of Presentation - The Organization's financial statements are presented in accordance with the provisions of ASU 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statement of Not-for-Profit Entities." As a result, the Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity.

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

Cash and Cash Equivalents - For the purpose of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits. At June 30, 2024, the Organization had \$296,595 in excess of the federally insured limits.

Short-Term Investments - These investments include certificates of deposit with original maturities greater than three months.

Campaign Pledges Receivable and Allowance for Doubtful Accounts - The carrying amount of receivables is reduced by a provision for uncollectible pledges that reflects management's best estimate of the amounts that will not be collected. The provision is calculated using a three-year historical average of actual results. Management also assesses the need to increase the provision based on current economic uncertainty that would increase the likelihood of uncollectible pledges, such as corporate downsizing, mergers and bankruptcies. The provision for uncollectible pledges is ultimately based on management's estimate of the collectability of existing amounts receivable.

The Organization accounts for its campaign pledge receivables at the outstanding principle balance, adjusted for an allowance for doubtful accounts, if applicable. Management reviews all pledges outstanding over one year and based on the assessment estimates the portion, if any, of the balance that will not be collected. Based upon these reviews, management expects 4.25% to become uncollectable as of both years ended June 30, 2024 and 2023. The allowance for doubtful accounts was \$103,650 and \$112,980 for the years ended June 30, 2024 and 2023, respectively.

Investments - Investments are presented in the statements of financial position at fair market value as determined by the related professional managers. The net increase or decrease in the fair market value of non-current investments is reflected as an increase or decrease in the appropriate statements of activities. The fair value of investments is disclosed in Note 4 to the financial statements.

Beneficial Interests in Perpetual Trusts - The Organization is the irrevocable beneficiary of perpetual charitable trusts held by a bank trustee. The beneficial interest in the trusts are reported at their fair values, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are restricted to use in the general operations of the Organization, reported as unrestricted contributions in the year received since the contributions will be used in that same year. Changes in fair value is reported as total investment return increasing or decreasing net assets with donor restrictions. The value of the beneficial interest in the trust is adjusted annually for the change in its estimated fair value. Those changes in value are also reported as increases (decreases) in net assets with donor restrictions, because the trust assets will never be distributed to the organization.

Property and Equipment - Property and equipment purchased in excess of \$500 is capitalized and recorded at cost. Donated property and equipment are recorded at fair market value. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Property and equipment have depreciable lives ranging from three to seven years.

Right-of-Use Asset and Lease Liability - The Organization adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

Allocations Payable - Annual Campaigns are conducted in the fall of each year ("Current Campaign") to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support Community Impact partnership programs and to pay United Way's operating expenses. Current Campaign revenue collection generally begins in January and is distributed to program partners on a July 1 to June 30 allocation cycle. Allocation expense is recognized in the period the allocation is unconditionally committed to program partners. At June 30, 2024, UWST has committed to pay program partners through June 30, 2025 and program expenses for the year ended June 30, 2024 included program allocations for the period July 1, 2024 through June 30, 2025.

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

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

Campaign Pledges and Contributions - The Organization accounts for grant revenue in accordance with (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made," which provides clarification for determining if grants and contracts should be considered contributions or exchange transactions as well as guidance for determining if a contribution is conditional.

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

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

Community Campaign - UWST conducts over 175 workplace giving campaigns and solicits gifts from individuals outside the workplace in various ways. Most workplace and direct fundraising activities are conducted from September through December. The campaign is typically finalized the following March. UWST encourages undesignated gifts, but donors may designate all or part of their contributions to health and human service agencies based on UWST designation guidelines. A processing and fundraising fee of 15.14% is deducted from designations to nonprofit agencies during the community campaign. Any unpaid donor designations are included in designations payable.

UWST provides support to participating companies and organizations in the form of accounting, gift acknowledgement, fundraising expertise, regulatory compliance, staff training, promotional materials, volunteer activities and events and all aspects of paper and/or electronic pledge processing support.

A small number of companies run United Way campaigns with UWST involvement and support but use a third party processor to record donor pledges and distribute money collected directly to designated agencies. In these cases, UWST does not directly receive the money. However, because UWST is providing direct fund raising support to a company, including materials and staff, and to allow companies to receive recognition for their total results, UWST records the total campaign results.

Donated Facilities and Services - Donated services are recognized as contributions in accordance with accounting guidance if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWST. Volunteers also provided many services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under accounting guidance were not met.

Functional Expenses - Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service. Program expenses are categorized as either community building expenses or community investment expenses.

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

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

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

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

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

Community Building

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

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

This work includes:

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

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

Advertising - UWST expenses all advertising costs as they are incurred.

Income Taxes - UWST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to UWST's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with accounting guidance, UWST recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. Management believes that UWST is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on UWST's financial statements.

Subsequent Events - UWST's management has evaluated subsequent events through the date of the report which is the date these financial statements were available to be issued.

Note 2. Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has Board Designated net assets without donor restrictions that, while the organization does not intend to spend for these purposes other than identified, the amounts could be made available for current operations, if necessary.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure, including distribution to partner agencies, are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 600,544	\$ 599,680
Accounts receivable	39	-
Pledges receivable, net	1,523,174	1,837,559
Investments - without donor restriction	3,352,054	3,134,466
Beneficial interests in perpetual trust	61,449	53,836
Total financial assets available within one year	<u>5,537,260</u>	<u>5,625,541</u>
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with perpetuity	(61,449)	(53,836)
Restricted by donors with purpose restrictions	(707,426)	(872,933)
Restricted by donors with designated contributions	(824,933)	(869,581)
Total amounts unavailable for general expenditures within one year	<u>(1,593,808)</u>	<u>(1,796,350)</u>
Amounts unavailable to management without Board's approval:		
Board designated Strategic investment fund	-	(8,354)
Board designated for capital purchases	(7,550)	(8,497)
Board designated for operating reserves	(1,071,089)	(1,174,965)
Board designated for allocation reserve	-	(110,000)
Board designated for emergency response fund	-	(460)
Total amounts unavailable to management without board's approval	<u>(1,078,639)</u>	<u>(1,302,276)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,864,813</u>	<u>\$ 2,526,915</u>

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In addition to the financial assets available within one year, the Board of Directors has established an operating reserve in the amount of \$1,071,089, held in an investment account. Use of these funds is subject to the approval of the Board of Directors.

Note 3. Pledges Receivable

Pledges receivable and the related allowance for uncollectible pledges consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Gross pledges receivable	\$ 1,793,285	\$ 2,194,039
Less, allowance for uncollectible pledges	(103,650)	(112,980)
Less, discount on pledge receivable	(10,989)	(11,505)
Pledges receivable - net	<u>\$ 1,678,646</u>	<u>\$ 2,069,554</u>

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

	<u>2024</u>	<u>2023</u>
Allowance for uncollectible	\$ 103,650	\$ 112,980
Changes in allowance	19,066	4,174
Provisions for uncollectible pledges	<u>\$ 122,716</u>	<u>\$ 117,154</u>

Note 4. Investments

UWST has determined the fair value of investments through the application of accounting guidance, which places assets into one of three levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs are primarily valued using management's analysis about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Following is the description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded. (Level 1)

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. (Level 2)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by UWST are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by UWST are deemed to be actively traded. (Level 1)

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Investments consisted of the following at June 30:

	Total 2024	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 2,700,000	\$ 2,700,000	\$ -	\$ -
Fixed income				
Corporate bonds	453,758	-	453,758	-
Exchange traded funds	42,926	-	42,926	-
Foreign government bonds	192,457	-	192,457	-
Total fixed income	<u>689,141</u>	<u>-</u>	<u>689,141</u>	<u>-</u>
Common stocks				
Construction	10,282	10,282	-	-
Consumer goods	19,325	19,325	-	-
Energy	194,680	194,680	-	-
Financial	29,704	29,704	-	-
Healthcare	71,061	71,061	-	-
Industrial goods	150,665	150,665	-	-
Services	19,858	19,858	-	-
Technology	230,739	230,739	-	-
Telecommunications	25,904	25,904	-	-
Total common stocks	<u>752,218</u>	<u>752,218</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	\$ 4,141,359	\$ 3,452,218	\$ 689,141	\$ -
	Total 2023	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	\$ 1,507,990	\$ 1,507,990	\$ -	\$ -
Fixed income				
Corporate bonds	959,688	-	959,688	-
Exchange traded funds	30,166	-	30,166	-
Foreign government bonds	194,723	-	194,723	-
Total fixed income	<u>1,184,577</u>	<u>-</u>	<u>1,184,577</u>	<u>-</u>
Common stocks				
Construction	27,587	27,587	-	-
Consumer goods	13,036	13,036	-	-
Energy	352,769	352,769	-	-
Financial	61,576	61,576	-	-
Healthcare	195,901	195,901	-	-
Industrial goods	254,751	254,751	-	-
Services	26,784	26,784	-	-
Technology	414,400	414,400	-	-
Telecommunications	56,105	56,105	-	-
Total common stocks	<u>1,402,909</u>	<u>1,402,909</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	\$ 4,095,476	\$ 2,910,899	\$ 1,184,577	\$ -

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Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Equipment, furniture, and fixtures	\$ 130,435	\$ 127,865
Less, accumulated depreciation	(122,885)	(119,368)
Property and equipment - net	\$ 7,550	\$ 8,497

Note 6. Beneficial Interests in Perpetual Trust

Donor bequests and donors have established and funded trusts with the Community Foundation where the Organization is the beneficiary and the Community Foundation is the administrator and trustee of the trust. Under the terms of the trust agreements, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in the trust. The distributions received by the Organization are used for operations consistent with their mission statement.

Below is a schedule of market values and investment returns for Beneficial Interests in Perpetual Trust investments:

Fair Value - June 30, 2022	\$ 61,918
Net Decrease in Fair Value	(8,082)
Fair Value - June 30, 2023	53,836
Net increase in fair value	7,613
Fair Value - June 30, 2024	\$ 61,449

The trust was established in May 2000. Trustee is directed to pay the net income of the fund quarterly to the Organization. The payments are to be used for the general purposes of the Organization.

Note 7. Leases

The Organization leases office space under an operating lease and has elected the practical expedient not to separate lease and non-lease components for all of lease transactions. The original lease provided for monthly payments of \$1,826 and expires in June 30, 2025. The lease asset and liability was calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with the Organization's accounting policies. Additional information about the Organization's leases are as follows:

Lease expense:	<u>2024</u>	<u>2023</u>
Operating lease:		
Administrative and general	\$ 21,915	\$ 20,700
Weighted Averages:		
Remaining lease terms:		
Operating lease	1 year	2 years
Discount Rate:		
Operating lease	1.26%	1.26%
Lease liability:		
Operating Lease:	<u>2024</u>	<u>2023</u>
Current installments	\$ 21,766	\$ 20,302
Noncurrent installments	-	20,560
Total lease liability	\$ 21,766	\$ 40,862

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The aggregate maturity of the lease payments under ASC 840 for the five years following June 30, 2024 and thereafter is as follows:

2025		\$ 21,915
2026		-
2027		-
2028		-
2029		-
Total		21,915
Less: unamortized discount		(149)
Total lease liability		\$ 21,766

The Organization also leases a copier lease that expires during March 2026 and postage meter that expires during June 2026. The Organization has reviewed the requirements of ASC 842 related to these leases and determined that adoption of ASC 842 would be immaterial in total. Accordingly, for the two leases, the Organization has presented leases in the accompanying financial statements in accordance with the prior guidance (ASC 840).

Note 8. Endowment Fund

Net assets with donor restriction at June 30, 2024 and 2023, consist of an endowment fund established in the early 1990's to support UWST's operating expenses. The original contribution stipulates that the gift is to be held and invested by UWST indefinitely and income, which is considered without donor restriction, from the fund is to be expended on operating expenses of UWST. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UWST has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWST classifies as net assets with donor restriction (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with NYPMIFA, UWST considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of UWST, (7) alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives have on UWST, and (8) UWST's investment policies.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2024 and 2023, are as follows:

	<u>With Donor Restriction</u>
Endowment Net Assets, June 30, 2022	\$ 318,010
Investment income	5,862
Net appreciation	9,420
Amounts appropriated for net assets without donor restriction	(15,282)
Endowment Net Assets, June 30, 2023	318,010
Investment income	4,447
Net appreciation	11,786
Amounts appropriated for net assets without donor restriction	(16,233)
Endowment Net Assets, June 30, 2024	\$ 318,010

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires UWST to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, losses on the investment of a donor-restricted endowment fund shall reduce donor restricted net assets to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss shall reduce net assets without donor restriction. The losses of \$16,233 and \$15,282 for the years ended June 30, 2024 and 2023, respectively, decreased net assets without donor restriction for the years then ended, respectively.

Note 9. In-Kind Contributions

Contributions of non-cash assets are recorded at their fair value in the period received. In-kind contributions, which are reported as revenue and related expense in the financial statements, consisted of advertising expense of \$37,785 and \$32,576 for the years ended June 30, 2024 and 2023, respectively.

Note 10. Concentration of Revenue

UWST's campaign success is heavily dependent on pledges from a local corporation and its employees, a related Foundation and retirees of the Corporation. Pledges from this local corporation accounted for 50.33% and 49.54% of total campaign support for the fiscal years ended June 30, 2024 and 2023, respectively. Pledges receivable from the local corporation accounted for 43.69% and 45.95% of the gross pledges receivable at June 30, 2024 and 2023, respectively.

Note 11. Pension Plan

UWST participates in a nationally sponsored defined contribution pension plan for nonprofit organizations. The non-contributory plan is available to all full-time employees with at least one year of service who have reached the age of twenty-one. Contributions are calculated at 8% of the participants' compensation. Pension costs for the years ended June 30, 2024 and 2023, amounted to \$32,649 and \$31,883, respectively, and are included in UWST's employee benefits.

Note 12. Related Parties

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

Note 13. Net Assets

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

	<u>2024</u>	<u>2023</u>
Operating reserves	\$ 1,006,642	\$ 1,121,127
Fixed asset fund	7,550	8,497
Operating fund	951,426	539,257
Strategic investment fund	-	8,354
Allocations reserve	-	110,000
Emergency response fund	-	460
Total net assets without donor restriction	<u>\$ 1,965,618</u>	<u>\$ 1,787,695</u>

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

	<u>2024</u>	<u>2023</u>
Campaign support for subsequent years	\$ 134,538	\$ 150,000
Beneficial interests in perpetual trust	61,449	53,836
J Ullman Foundation	10,000	10,000
Track packs	3,657	3,657
Endowment fund	318,010	318,010
Community Foundation	25,000	-
Senior supports fund	471,295	643,000
Emergency response fund	62,936	66,276
Total net assets with donor restriction	<u>\$ 1,086,885</u>	<u>\$ 1,244,779</u>

Note 14. United Way Worldwide, Inc.

United Way Worldwide, Inc. (UWW) is a national trade association and owner of the United Way name and brand mark. On an annual basis, UWST is required to make a membership investment to continue using the United Way name and brand mark. This expense totaled \$43,255 and \$44,693 for the years ended June 30, 2024 and 2023, respectively. In addition to use of the name and brand mark, UWST receives many other benefits from UWW. UWST has access to UWW's knowledge and support on marketing, program outcomes, community impact, fundraising, national trends, campaign materials and a wide array of other tools and topics. UWW also represents all United Way organizations on important legislation or issues presented to Congress.

In an effort to increase accountability and transparency, UWW has developed standards of excellence for continued membership. Each year, UWST must submit a report on its compliance with each of the standards. UWST has committed to comply with all UWW membership standards.

Note 15. Supplemental Cash Flow Information

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in measurement of lease liabilities:		
Operating lease principal payments	<u>\$ 21,493</u>	<u>\$ 20,048</u>