CHENANGO UNITED WAY, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEX

Darcy Aldous, CPA PC
CERTIFIED PUBLIC ACCOUNTANT

142 Autumn Ridge Circle
Ithaca, New York 14850
Web: darcyaldouscpa.com
Phone: 607-319-4847

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chenango United Way, Inc. and Subsidiary

Opinion

I have audited the accompanying consolidated financial statements of Chenango United Way, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chenango United Way, Inc. and Subsidiary as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
Chenango United Way, Inc. and Subsidiary

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtaining 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 Chenango United Way, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chenango United Way, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Darcy Aldous CPA PC

Darcy Aldous CPA, P.C.

Ithaca, New York
July 19, 2022

CHENANGO UNITED WAY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets		
Cash and Cash Equivalents	$	387,057
Pledges Receivable, Net of Allowances for Uncollectible Pledges of $15,000 as of December 31, 2021		288,655
Designated Pledges Receivable		6,078
Grant Receivable		35,596
Micro-Loan Notes Receivable		5,716
Prepaid Expenses		2,483
Total Current Assets		725,585
Other Assets		
Investments at Fair Value		1,366,711
Beneficial Interest in Perpetual Trusts		721,629
Fixed Assets - Net		6,275
Operating Lease, Right-of-Use Asset		27,728
Total Other Assets		2,122,343
TOTAL ASSETS	$	2,847,928

LIABILITIES AND NET ASSETS

Current Liabilities		
Directed Contributions Payable	$	6,150
Accounts Payable and Contribution Payable		4,340
Current Portion of Operating Lease		13,589
Current Portion of Finance Lease		1,669
Accrued Wages and Payroll Taxes		4,368
Total Current Liabilities		30,116
Long-Term Liabilities		
Long-Term Operating Lease Less Current Portion		14,139
Long-Term Finance Lease Less Current Portion		4,632
Total Long-Term Liabilities		18,771
Total Liabilities		48,887
Net Assets		
Undesignated		83,779
Board Designated for Endowment		1,404,337
Total Net Assets Without Donor Restrictions		1,488,116
With Donor Restrictions		1,310,925
Total Net Assets		2,799,041
TOTAL LIABILITIES AND NET ASSETS	$	2,847,928

See the accompanying notes to consolidated financial statements.

CHENANGO UNITED WAY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue:			
Public Support:			
Annual Fund Raising Campaign Results	$ 6,078	$ 477,193	$ 483,271
Less: Donor Designations	(6,078)	-	(6,078)
Net: Current Year Campaign	-	477,193	477,193
Inkind Donations	1,850	-	1,850
Community Initiatives	17,415	3,163	20,578
Special Events, Net	6,067	-	6,067
Less: Provision for Collection (Losses) Recovery	(7,836)	(15,000)	(22,836)
Total Public Support	17,496	465,356	482,852
Other Revenue:			
Investment Return, Net	152,047	32,408	184,455
Designations From Other United Ways	-	23,632	23,632
Other Income	3,230	-	3,230
Net Assets Released From Restriction	456,515	(456,515)	-
Total Other Revenue	611,792	(400,475)	211,317
Total Public Support and Other Revenue	629,288	64,881	694,169
Allocations and Other Funded Expenses:			
Funds Allocated to Member and Non-Member Agencies	321,193	-	321,193
Less: Allocations Funded Through Designations	(8,031)	-	(8,031)
Community Initiatives	64,626	-	64,626
Total Allocations and Other Funded Expenses	377,788	-	377,788
Expenses:			
Allocations and Agency Relations	57,688	-	57,688
Supporting Services:			
Management and General	86,721	-	86,721
Fundraising	62,567	-	62,567
Total Supporting Services	149,288	-	149,288
Total Expenses	584,764	-	584,764
CHANGE IN NET ASSETS	44,524	64,881	109,405
Net Assets, Beginning of Year	1,443,592	1,246,044	2,689,636
Net Assets, End of Year	$ 1,488,116	$ 1,310,925	$ 2,799,041

See the accompanying notes to consolidated financial statements.

CHENANGO UNITED WAY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Allocations and Agency Relations	Management and General	Fundraising	Total
Salaries and Wages	$ 37,435	$ 37,435	$ 37,434	$ 112,304
Payroll Taxes	2,796	2,796	2,796	8,388
Employee Benefits	3,815	3,814	3,814	11,443
Campaign Costs	1,332	-	1,999	3,331
Computer Expenses	2,992	2,992	2,991	8,975
Dues and Subscriptions	4,267	4,266	4,266	12,799
Insurance	525	4,637	-	5,162
Interest Expense	94	93	93	280
Office Supplies	69	554	69	692
Postage	106	105	105	316
Professional Fees	-	24,721	-	24,721
Rent	1,583	2,637	6,330	10,550
Repairs and Maintenance	66	65	65	196
Telephone	1,719	1,719	1,718	5,156
Miscellaneous	218	216	217	651
Depreciation and Amortization	671	671	670	2,012
Total Functional Expenses	**$ 57,688**	**$ 86,721**	**$ 62,567**	**$ 206,976**

See the accompanying notes to consolidated financial statements.

CHENANGO UNITED WAY, INC. AND SUBSIDARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities:		
Change in Net Assets	$	109,405
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided By (Used In) Operating Activities:		
Depreciation and Amortization		2,012
Gain on Beneficial Interest in Perpetual Trusts		(32,408)
Realized and Unrealized Gain on Long-Term Investments		(116,911)
Change In Assets and Liabilities:		
Pledges Receivable		30,328
Designated Pledges Receivable		(1,643)
Grant Receivable		(13,356)
Micro-Loan Notes Receivable		(3,106)
Prepaid Expenses		(1,708)
Directed Contributions Payable		(1,954)
Accounts Payable and Contribution Payable		(26,961)
Accrued Wages and Payroll Taxes		2,659
Net Cash Used In Operating Activities		(53,643)
Cash Flows Provided By (Used In) Investing Activities:		
Proceeds from Sale of Investments		245,029
Purchase of Investments		(139,002)
Net Cash Provided By Investing Activities		106,027
Cash Flows Used In Financing Activities:		
Payments on Finance Lease		(1,541)
Net Cash Used In Financing Activities		(1,541)
Change In Cash and Cash Equivalents		50,843
Cash and Cash Equivalents, Beginning of Year		336,214
Cash and Cash Equivalents, End of Year	$	**387,057**

Interest Paid	$	280
Taxes Paid	$	-

See the accompanying notes to consolidated financial statements.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Chenango United Way, Inc. (CUW) is a not-for-profit corporation whose purpose is to support social agencies of Chenango County and their constituencies. CUW's primary source of revenue is contributions from individuals and corporations within the county. CUW is governed by a Board of Directors and is managed by a professional staff of employees.

United Way of Delaware and Otsego Counties, Inc. (UWDO) is a not-for-profit corporation with CUW as its sole Member. UWDO's primary source of revenue is contributions from individuals and corporations within the counties. CUW became the sole Member of UWDO, thus creating a parent-subsidiary relationship, effective July 19, 2021.

Principles of Consolidation – The consolidated financial statements include the accounts of Chenango United Way, Inc. and United Way of Delaware and Otsego Counties, Inc. because Chenango United Way, Inc. has both control and economic interest in United Way of Delaware and Otsego Counties, Inc. As of July 19, 2021, UWDO became a wholly owned subsidiary and the activity since that date is included in the consolidation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization".

Basis of Accounting – The consolidated financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recognized as earned and expenses are recognized as they are incurred. Grants, allocations and special allocations to members and nonmembers are approved by the Board of Directors. Expenses that can be specifically identified are charged to the appropriate program support expense category and indirect expenses are allocated to the appropriate program support expense category based on management's estimates of time spent or expenses incurred.

Financial Statement Presentation – In accordance with generally accepted accounting principles, the Organization is presenting transfers of assets that were raised by the Organization and designated by donors to other United Way Organizations. Designated pledges receivable are shown separately on the Consolidated Statement of Financial Position. A liability has been recorded for directed donations, which is shown separately on the Consolidated Statement of Financial Position.

The Organization is required to report information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a consolidated statement of cash flows.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Beneficial Interest in Perpetual Trusts – The Organization has been named as a 5% and 8.33% irrevocable beneficiary of two perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trust to the Organization; however, the Organization will never receive the assets of the trusts. At the date the organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statement of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interest in the trusts are reported at the fair value of the trust's assets in the consolidated statement of financial position, with trust distributions and changes in fair value recognized in the consolidated statement of activities.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges, and Contributions – Pledges receivable are stated at the amount management expects to collect from outstanding pledge balances. Amounts are expected to be collected within one year. Management provides for probable uncollectible amounts through a charge to revenue and a credit to an allowance for uncollectible accounts based on prior years' expense and management's analysis of specific promises made. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to pledges receivable. At December 31, 2021, management has deemed an allowance of $15,000 to be adequate.

Pledges and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and 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 pledges or contributions are recognized. All other donor-restricted pledges, and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions.

Micro-Loan Notes Receivable – Through community initiatives loans are provided to community members who need financial assistance. The loans have a term of two years and require payments every two weeks. There are five loans outstanding as of December 31, 2021 in the amounts of $555, $789, $1,152, $1,500 and $1,720. Amounts are expected to be collected within one year and are classified as current on the consolidate statement of financial position. Management believes the balances are fully collectible and no allowance is needed.

Fixed Assets – Purchased fixed assets are recorded at cost. The Organization capitalizes purchased items over $2,500 with an expected useful life greater than one year. Donated fixed assets are similarly capitalized and recorded at fair value at the date of donation. Depreciation is recorded using the straight-line method over estimated useful lives. Depreciation expense was $301 for the year ending December 31 2021. Fixed assets consist of furniture, fixtures and equipment of $29,127 and accumulated depreciation of $28,938 and right of use asset for a finance lease of $8,554 and accumulated amortization of $2,423. Amortization expense was $1,711 for the year ending December 31, 2021.

Investments – The Organization record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments in equity securities and debt securities are reported at their fair values in the statements of financial position. Net investment return/loss is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses.

Leases – On January 1, 2021, Auditing Standards Update (ASU) 2016-02 Leases was adopted using the cumulative catch-up application. The Organization adopted the package of practical expedients that allows organizations to not reassess historical conclusions related to contracts that contain leases, existing lease classification, and initial direct costs. The adoption of the new standard resulted in the recording of additional lease assets and lease liabilities which totaled $7,842 and $7,905, respectively. The standard did not materially affect the Organization's consolidated financial position, results of activities or cash flows.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued) - The Organization leases a building and a copier from lessors. The Organization determines if a lease is present at the inception of an agreement. The Organization recognizes a Right-of-Use asset (ROU) representing its right to use the underlying asset for the lease term and a lease liability for the obligation to make lease payments. The ROU and lease liabilities are recognized at lease commencement base on the present value of the remaining lease payments using a discounted rate that represents the Organization's incremental borrowing rate at the lease commencement date.

Operating lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term and is recorded as rent in the consolidated statement of functional expenses. Finance lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the finance lease liability, is recognized on a straight-line basis over the lease term and is recorded in the consolidated statement of functional expenses as interest expense in the amount of $280 and amortization of $1,711 included in depreciation and amortization expense. Leases with a term of 12 months or less are recognized in the consolidated statement of activities on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For the leases there are non-lease components such as repair and maintenance, utilities and copy charges and are not included in the measurement of the lease liability since they are generally able to be segregated. The leases relate to a building and copier, and some contain options to renew the lease. These options to renew are generally not considered reasonably certain to exercise and are therefore not included in the lease term until such time that the option to renew is reasonably certain.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition – Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place. The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606) which is a comprehensive new revenue recognition standard that supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Analysis of the Standard resulted in no material impact on the consolidated financial statements.

Contributed Services and In-Kind Contributions – Contributed services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. Many volunteers provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. The Organization rents space which is donated and recorded in the consolidated financial statements based on estimated cost of equivalent office space.

Compensated Absences – Employees of the Organization are entitled to paid vacation, sick days and personal days off, depending on job classification, length of service, and other factors. The Organization's policy is if vacation time is earned during the year, it is eligible to be paid upon volunteer leave, no time is carried over from year to year. No liability exists as of December 31, 2021.

Advertising – The Organization expenses advertising expenses as incurred.

Functional Expense Allocation – The costs of program and supporting activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on square footage, estimates of time and effort.

Financial Instruments and Credit Risk – The Organization maintains its cash in bank deposit accounts that, at times, may exceed insured limits. The Federal Deposit Insurance Corporation insures cash accounts up to $250,000. The Organization has not experienced any losses in those accounts. Also, included in cash as of December 31, 2021 are federal funds in the amount of $49,009. These funds are not insured and are subject to the general credit worthiness and financial stability of the financial institutions. Investments are made by diversified investment managers whose performance is monitored by the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the finance committee believes that the investment policy and guidelines are prudent for the long-term welfare of the organization. Credit risk associated with pledges receivable is considered to be limited due to high historical collection rates.

Subsequent Events – The Organization has evaluated subsequent events through July 19, 2022, which is the date the consolidated financial statements were available to be issued.

Income Taxes and Uncertainty in Income Taxes – CUW and UWDO are organized as a New York State nonprofit corporations and recognized by the Internal Revenue Service as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(C)(3), qualifying for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and have been determined not to be a private foundation under IRC Section 509(a)(1) and (3), respectively. CUW and UWDO are required annually to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. In addition, CUW and UWDO are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. CUW and UWDO are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the Internal Revenue Service. CUW and UWDO are also exempt from federal unemployment insurance.

The Organization has not recognized any interest or penalties related to unrecognized tax benefits in the Consolidated Statement of Activities nor has it accrued any in the Consolidated Statement of Financial Position as of December 31, 2021. Years open to inspection are December 31, 2018 and forward.

Estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets:	
Cash and Cash Equivalents	$ 387,057
Pledges Receivable, Net	288,655
Designated Pledges Receivable	6,078
Grant Receivable	35,596
Micro-Loan Notes Receivable	5,716
Investments at Fair Value	1,366,711
Beneficial Interest in Perpetual Trusts	721,629
	2,811,442
Less Those Unavailable For General Expenditures Within One Year, Due To:	
Donor-Restricted to Maintain Loan Program	(5,716)
Board-Designed Endowment Less Approved Distribution	(1,366,711)
Beneficial Interest in Perpetual Trusts	(721,629)
Donor-Restricted Endowment	(56,876)
Financial Assets Available to Meet Cash Need For General Expenditure Within One Year	$ 660,510

NOTE 3 – INVESTMENTS

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments securities and the level of uncertainties related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization. Investments consisted of the following at December 31, 2021:

	Costs	Fair Value
Mutual Funds	$ 1,111,840	$ 1,355,328
Corporate Stock	12,308	11,383
	$ 1,124,148	$ 1,366,711

	Withour Donor Restriction	With Donor Restrictions
Net Gain on Investments	116,911	32,408
Annual Distribution From Beneficial Interest In Perpetual Trusts	16,663	-
Interest and Dividend	27,640	-
Investment Management Fees	(9,167)	-
Investment Return, Net	**$ 152,047**	**$ 32,408**

NOTE 4 – FAIR VALUE MEASUREMENT AND DISCLOSURE

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing that asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorized the inputs as follows:

Level 1: Quoted prices in active markets for identical assets

Level 2: Observable inputs other than the quoted prices included in Level 1

Level 3: Significant unobservable input

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021.

NOTE 4 – FAIR VALUE MEASUREMENT AND DISCLOSURE (Continued)

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are closed-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 the Organization are deemed to be actively traded.

Corporate Stock: Valued at the closing price reported in the active market in which the individual investment is traded.

Beneficial Interest in Perpetual Trust: Valued using the fair value of the trust assets.

	Fair Value	Level 1	Level 3
Investments			
Fixed Income Mutual Funds			
U.S. Taxable Funds	$ 376,180	$ 376,180	
High Yield Taxable Funds	75,970	75,970	
Inflation-Protected Taxable Funds	39,835	39,835	
Global Bond Funds	26,965	26,965	
Equity Mutual Funds			
U.S. Large Cap Funds	347,546	347,546	
U.S. Mid Cap Funds	42,188	42,188	
U.S. Small Cap Funds	42,177	42,177	
International Funds	223,319	223,319	
Emerging Market Funds	97,242	97,242	
Real Asset Funds			
Natural Resources ETFs	28,433	28,433	
REIT/MLP Funds	28,517	28,517	
Infrastructure Funds	26,956	26,956	
Corporate Stocks	11,383	11,383	
Investment Totals	**$ 1,366,711**	**$ 1,366,711**	
Beneficial Interest in Perpetual Trusts	**$ 721,629**		**$ 721,629**

The table below presents information about the changes in beneficial interest in perpetual trusts for the year ended December 31, 2021:

Beneficial Interest in Perpetual Trust - December 31, 2020	$ 83,385
Additional Beneficial Interest in Perpertual Trust - July 19, 2021	605,836
Change in Fair Value (Gain on Investment)	32,408
Beneficial Interest in Perpetual Trusts - December 31, 2021	**$ 721,629**

NOTE 5 – LEASES

The Organization has one operating lease and one financing lease which are for a building and copier, respectively. ROU asset for the finance lease is included with fixed assets on the consolidated statement of financial position in the amount of $6,131. Finance ROU asset is net of amortization of $2,423 as of December 31, 2021. The weighted-average remaining lease-term for operating and financial leases is 2 and 3.6, respectively. The weighted-average discount rate for operating and financing leases is 4%. ROU assets obtained in exchange for new operating lease liability for year ending December 31, 2021was $27,728. Operating cash flows from finance lease is $280 and finance cash flows from finance lease is $1,541 for the year ending December 31, 2021. Lease expense for the lease classified as a short-term lease was $8,700 for the year ended December 31, 2021.

Future minimum payments under the operating and finance leases with initial or remaining terms of one year or more consisted of the following:

	Operating Lease	Finance Lease
For The Year-Ending December 31,		
2022	$ 14,400	$ 1,884
2023	14,400	1,884
2024	-	1,884
2025	-	1,099
Total Minimum Lease Payments	28,800	6,751
Less Amount Representing Interest	1,072	450
Present Value of Minimum Lease Payments	$ 27,728	$ 6,301

NOTE 6 – BOARD DESIGNATED AND DONOR-RESTRICTED ENDOWMENT

The Organization recognizes that New York Prudent Management of Institutional Funds Act (NYPMIFA) creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of the donor-restricted endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. In accordance with NYPMIFA, earnings on endowments that are considered without donor restrictions are reflected as net assets with donor restrictions until appropriated by the Board of Directors.

The Board of the Organization has invested funds without donor restrictions with the intended purpose of creating an endowment that would provide enough earnings to completely cover the administrative overhead cost of the operating budget. Invasion of the principal of this fund would only be allowed by a three quarters vote of the Board, and only in the event of a significant financial shortfall in the annual campaign, under the current Board policy.

Return Objective – The Organization's investment policy is to invest any funds or other assets, in the judgement of the Board of Directors, which shall not immediately be required to affect the purposes of the Organization, and shall be administered by the Board of Directors in such a manner as they deem sound and proper and may be invested or reinvested in securities or any other form of investment. The investment program will seek long term capital appreciation while maintaining prudent, strategic and systematic risk controls.

NOTE 6 – BOARD DESIGNATED ENDOWMENT (Continued)

Investment Policy – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's objectives are expected to be achieved through a diversified portfolio. The preferred mix is 40-70% equity/real assets and 30-60% fixed income and cash.

Spending Policy – Annually the amount to be available for expenditure is 5% of market value of the fund at the prior year end. This amount is intended to be used to offset annual operating expense and not agency allocations.

Endowment Funds Activity – Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Donor-Restricted Endowment Funds	$ -	$ 778,505	$ 778,505
Board-Designated Endowment Funds	1,404,337	-	1,404,337
Total Endowment Funds	**$ 1,404,337**	**$ 778,505**	**$ 2,182,842**

Changes in endowment net assets as of December 31, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	$ 1,377,842	$ 83,385	$ 1,461,227
Added Endowment Assets - July 19, 2021	-	662,712	662,712
Investment Income	27,342	16,663	44,005
Fees	(8,992)	-	(8,992)
Net Gain on Endowment	116,958	-	116,958
Net Gain on Perpetual Trust	-	32,408	32,408
Amounts Appropriated for Expenditure	(108,813)	(16,663)	(125,476)
Endowment Net Assets, End of Year	**$ 1,404,337**	**$ 778,505**	**$ 2,182,842**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes or periods for the year ending December 31, 2021.

Campaign Contributions	$ 509,978
Community Initiatives	
Building a Healthy Community	3,408
Foster Bags	1,156
Dental Task Force	1,501
Micro-Loan Program	9,777
Disaster Relief Program	740
Dolly Parton Program	5,860
Donor-Restriced Endowment	56,876
Beneficial Interest in Perpetual Trust	721,629
	$ 1,310,925

Campaign contributions are restricted for 2022 operating expenses and allocation funding to member and non-member agencies and include returned allocations from prior campaigns to be reallocated in future allocations. Community initiatives funds are restricted for the specified purpose of the donation. Donor-Restricted Endowment and Beneficial interest of perpetual trust funds are restricted in perpetuity.

NOTE 8 – RETIREMENT PLAN

The Organization sponsors a Simple IRA plan covering all employees with at least one year of service. Employees may contribute to the plan. The Organization matches employee contributions, up to 3% of annual compensation for eligible participants. Contributions by the Organization to the plan totaled $3,752 for the year ended December 31, 2021.

NOTE 9 – AFFLIATED ORGANIZATION

The Organization is affiliated with the United Way of America and the United Way of New York State. Annually, the Organization remits as dues a certain percentage of its prior year's campaign to the United Way of America and the United Way of New York State. During the year ended December 31, 2021 dues remitted totaled $10,647. For these dues, the United Way of America and the United Way of New York State provide national and statewide advertising, literature and other support services.

NOTE 10 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2021, members of the Board of Directors and management pledged support for the annual campaign.

NOTE 11 – CONCENTRATIONS

The Organization's revenue is dependent upon the economy of the counties and support from the businesses within the counties.

NOTE 12 – RISKS AND UNCERTAINTIES

In early 2020, an outbreak of a novel stain of coronavirus (COVID-19) emerged globally. As a result, events have occurred, including mandates from federal, state and local authorities, significantly constraining the Organization's ability to operate. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact.

NOTE 13 – SUBSEQUENT EVENT

The Organization is in the early stages of completing their due diligence regarding potential merger with a neighboring United Way. The Organization signed a shared services memorandum of understanding to assist the entity with bookkeeping and campaign tracking. The agreement can be cancelled by either party with 30 day written notice.