

**UNITED WAY OF  
SOUTHERN CHAUTAUQUA COUNTY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

**UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.**

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**SAXTON KOCUR**  
AND ASSOCIATES, LLP  
*Certified Public Accountants*

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**Independent Auditors' Report**

To the Board of Directors  
United Way of Southern Chautauqua County, Inc.  
Jamestown, New York

***Opinion***

We have audited the accompanying financial statements of United Way of Southern Chautauqua County, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 United Way of Southern Chautauqua County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of United Way of Southern Chautauqua County, 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.

***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 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 United Way of Southern Chautauqua County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibility 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 auditors' 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 United Way of Southern Chautauqua County, 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 United Way of Southern Chautauqua County, 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.

*Saxton, Kocur and Associates, LLP*

Saxton, Kocur and Associates, LLP  
September 27, 2023

**UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 617,312	\$ 644,301
Pledges receivable, net of allowance for uncollectible pledges of \$40,475 and \$45,000 at June 30, 2023 and 2022, respectively	245,857	214,359
Long-term pledge receivable - due within one year	3,000	6,000
Grants receivable	6,700	7,952
Other receivables	2,650	-
Prepaid expenses and deposits	<u>2,524</u>	<u>6,818</u>
<b>Total current assets</b>	<b>878,043</b>	<b>879,430</b>
LONG-TERM PLEDGE RECEIVABLE, net of current portion	2,638	5,120
PROPERTY AND EQUIPMENT, net of accumulated depreciation	51,123	52,630
INVESTMENTS, at fair value	2,101,293	2,014,090
ASSET HELD BY ANOTHER	<u>162,178</u>	<u>139,617</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,195,275</u></b>	<b><u>\$ 3,090,887</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 2,743	\$ 981
Donor designations	25,437	22,009
Cash held for others	<u>4,910</u>	<u>7,824</u>
<b>Total current liabilities/Total liabilities</b>	<b><u>33,090</u></b>	<b><u>30,814</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	1,462,615	1,409,654
With donor restrictions	<u>1,699,570</u>	<u>1,650,419</u>
<b>Total net assets</b>	<b><u>3,162,185</u></b>	<b><u>3,060,073</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,195,275</u></b>	<b><u>\$ 3,090,887</u></b>

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

**UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Pledges from current year campaign	\$ -	\$ 1,357,541	\$ 1,357,541
New pledges from prior years' campaigns	11,607	-	11,607
Pledges received for future campaign	-	24,400	24,400
Centennial campaign contributions	-	5,518	5,518
Less donor choice designations and designations to other United Ways	-	(35,397)	(35,397)
Pledges available	11,607	1,352,062	1,363,669
Administrative fee income and other income	28,849	-	28,849
Empire St. Poverty Reduction Initiative (ESPRI)	-	-	-
Grants - foundations/others - special projects	8,586	28,500	37,086
Interest income - bank	6,752	-	6,752
Investment income	47,337	-	47,337
Net assets released from restrictions	1,331,411	(1,331,411)	-
Total revenue and other support	<u>1,434,542</u>	<u>49,151</u>	<u>1,483,693</u>
<b>EXPENSES</b>			
Program:			
Allocations to agencies	1,045,000	-	1,045,000
Community Impact	239,299	-	239,299
Total program expenses	<u>1,284,299</u>	<u>-</u>	<u>1,284,299</u>
Supporting Services:			
Management and general	156,183	-	156,183
Fund-raising	92,981	-	92,981
Total supporting services expenses	<u>249,164</u>	<u>-</u>	<u>249,164</u>
Total expenses	<u>1,533,463</u>	<u>-</u>	<u>1,533,463</u>
Change in net assets from operations	(98,921)	49,151	(49,770)
<b>OTHER CHANGES IN NET ASSETS</b>			
Unrealized gain (loss) on investments	140,321	-	140,321
Change in value of asset held by another	11,561	-	11,561
Gain on forgiveness of debt - PPP loan	-	-	-
Change in net assets	52,961	49,151	102,112
NET ASSETS, beginning	<u>1,409,654</u>	<u>1,650,419</u>	<u>3,060,073</u>
NET ASSETS, ending	<u>\$ 1,462,615</u>	<u>\$ 1,699,570</u>	<u>\$ 3,162,185</u>

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 1,291,725	\$ 1,291,725
17,603	-	17,603
-	28,050	28,050
-	35,000	35,000
-	(29,613)	(29,613)
17,603	1,325,162	1,342,765
12,102	-	12,102
31,558	-	31,558
12,020	66,519	78,539
402	-	402
117,570	-	117,570
1,243,490	(1,243,490)	-
<u>1,434,745</u>	<u>148,191</u>	<u>1,582,936</u>
1,026,000	-	1,026,000
237,999	-	237,999
<u>1,263,999</u>	<u>-</u>	<u>1,263,999</u>
122,693	-	122,693
89,314	-	89,314
<u>212,007</u>	<u>-</u>	<u>212,007</u>
<u>1,476,006</u>	<u>-</u>	<u>1,476,006</u>
(41,261)	148,191	106,930
(450,484)	-	(450,484)
(21,229)	-	(21,229)
42,141	-	42,141
<u>(470,833)</u>	<u>148,191</u>	<u>(322,642)</u>
<u>1,880,487</u>	<u>1,502,228</u>	<u>3,382,715</u>
<u>\$ 1,409,654</u>	<u>\$ 1,650,419</u>	<u>\$ 3,060,073</u>

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

**UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			Total
	Program Allocations & Community Impact	Supporting Services		
		Management and General	Fund-raising	
Allocations to agencies	\$ 1,045,000	\$ -	\$ -	\$ 1,045,000
Salaries	102,044	93,053	57,727	252,824
Payroll taxes	7,448	6,792	4,214	18,454
Employee health insurance	4,575	4,172	2,588	11,335
Other employee insurances	1,279	1,167	724	3,170
Retirement	5,573	5,081	3,152	13,806
Program and project expense	74,937	-	-	74,937
Grants to ESPRI subcontractors	-	-	-	-
Building rent	4,843	4,417	2,740	12,000
Equipment repairs, maintenance, and technology	5,677	5,177	3,211	14,065
Supplies	1,125	1,026	637	2,788
Professional fees	1,662	7,816	940	10,418
Postage	717	654	406	1,777
Insurance	1,762	1,606	997	4,365
Telephone	2,016	1,838	1,141	4,995
Conferences	1,836	1,674	1,039	4,549
Printing	5,909	5,388	3,342	14,639
Dues	7,986	7,284	4,517	19,787
Meetings	2,656	2,422	1,502	6,580
Travel	833	760	471	2,064
Miscellaneous	972	886	550	2,408
Total expenses before depreciation	<u>1,278,850</u>	<u>151,213</u>	<u>89,898</u>	<u>1,519,961</u>
Depreciation expense	<u>5,449</u>	<u>4,970</u>	<u>3,083</u>	<u>13,502</u>
	<u>\$ 1,284,299</u>	<u>\$ 156,183</u>	<u>\$ 92,981</u>	<u>\$ 1,533,463</u>



2022

	Program		Supporting Services		Total
	Allocations & Community Impact	Management and General	Fund-raising		
Allocations to agencies	\$ 1,026,000	\$ -	\$ -	\$ 1,026,000	
Salaries	91,416	70,358	51,713	213,487	
Payroll taxes	6,678	5,140	3,778	15,596	
Employee health insurance	1,939	1,493	1,097	4,529	
Other employee insurances	1,147	882	649	2,678	
Retirement	4,728	3,639	2,675	11,042	
Program and project expense	24,359	-	-	24,359	
Grants to ESPRI subcontractors *	64,235	-	-	64,235	
Building rent	5,138	3,955	2,907	12,000	
Equipment repairs, maintenance, and technology	7,566	5,824	4,280	17,670	
Supplies	1,697	1,306	960	3,963	
Professional fees	1,582	7,517	895	9,994	
Postage	469	361	265	1,095	
Insurance	1,141	1,924	646	3,711	
Telephone	2,073	1,595	1,173	4,841	
Conferences	1,163	895	658	2,716	
Printing	3,500	-	6,776	10,276	
Dues	11,542	8,883	6,529	26,954	
Meetings	1,811	1,394	1,025	4,230	
Travel	629	484	355	1,468	
Miscellaneous	-	3,052	-	3,052	
Total expenses before depreciation	1,258,813	118,702	86,381	1,463,896	
Depreciation expense	5,186	3,991	2,933	12,110	
	<u>\$ 1,263,999</u>	<u>\$ 122,693</u>	<u>\$ 89,314</u>	<u>\$ 1,476,006</u>	

\* Grants to ESPRI subcontractors from:

Governmental funding	\$ 27,338
Foundation funding	-
United Way funding	36,897
	<u>\$ 64,235</u>

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

**UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 102,112	\$ (322,642)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13,502	12,110
Discount on long-term pledge receivable	(518)	-
Change in allowance for uncollectible pledges	(4,525)	-
Change in value of asset held by another - Century Society	(11,561)	21,229
Net investment (return)/loss	(187,658)	332,914
Gain on forgiveness of debt - PPP loan	-	(42,141)
(Increase) decrease in:		
Pledges receivable - campaign	(26,973)	(2,330)
Long-term pledge receivable - Centennial Campaign	6,000	-
Grants receivable	1,252	(7,952)
Other receivables	(2,650)	29,101
Prepaid expenses and deposits	4,294	(3,030)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,762	(5,766)
ESPRI payable - subcontractors	-	(36,995)
Donor designations	3,428	6,414
Cash held for others	(2,914)	3,812
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(104,449)</b>	<b>(15,276)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distribution from investments	100,456	96,160
Purchases of property and equipment	(11,996)	(2,900)
Transfer of cash to community foundation - Century Society	(11,000)	(35,000)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>77,460</b>	<b>58,260</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(26,989)</b>	<b>42,984</b>
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<b>644,301</b>	<b>601,317</b>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<b>\$ 617,312</b>	<b>\$ 644,301</b>

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

## UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.

### NOTES TO FINANCIAL STATEMENTS

**AGENCY BACKGROUND** - United Way of Southern Chautauqua County, Inc. (the Agency) is a nonprofit fund-raising organization. Substantially all of the support and revenue received by the Agency is derived from individuals, businesses and foundations in the southern Chautauqua County, New York area. The support received is allocated to Community Partners who deliver programming in southern Chautauqua County and for administrative expenses of the Agency.

**COMMUNITY IMPACT** - Includes the Agency's annual allocations process which grants funding to Community Partners to deliver programs aligned with the following Strategic Objectives:

- \* Increase the number of families with the necessary life skills to be self-sufficient.
- \* Increase the ready workforce by addressing soft and hard skill gaps among young people and adults.
- \* Improve academic success by working directly with youth from cradle to career.
- \* Improve the health and independence of vulnerable populations.

It also includes administering the Emergency Food & Shelter Program, Volunteer Income Tax Assistance Program, and the Empire State Poverty Reduction Initiative (ESPRI). The Agency also serves as the backbone agency of a county-wide coalition whose mission is to promote racial and social justice through Inclusion, Diversity, Equity, and Access (I.D.E.A). Direct financial support maintains the 2-1-1 Helpline for southern Chautauqua County. Agency staff continually provide technical assistance to its Community Partners to strengthen programs and the ability to measure impact. Agency staff also mobilizes stakeholders around emerging community needs.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The Agency maintains its records on the accrual basis of accounting. Campaigns are conducted annually to raise support which is allocated to participating agencies and administrative expenses in the subsequent year. Allocations to participating agencies and appropriations for administrative expenses are approved by the Board of Directors prior to the allocation year and are reported as net assets with donor restrictions (Note 7). All current year pledges are considered available for use for the campaign year pledged and are recorded as net assets with donor restrictions until the following year.

**BASIS OF PRESENTATION** - The Agency has adopted FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. As such, information regarding its financial position and activities are reported according to two classes of net assets that are based upon the existence or absence of donor restrictions: net assets without donor restrictions and net assets with donor restrictions.

**ESTIMATES** - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**CASH AND CASH EQUIVALENTS** - For the purposes of the statements of cash flows, the Agency considers all highly liquid instruments with maturities of three months or less at the time of purchase to be cash equivalents. Cash held as investments (Note 3) is excluded.

**FUNCTIONAL ALLOCATION OF EXPENSES** - Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that function. Expenses attributable to more than one program or supporting service are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy expenses, which are allocated based on estimated usage or square footage. Employment related expenses are allocated based on estimates of time and effort.

**PROPERTY AND EQUIPMENT** - Acquisitions of property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Property and equipment over \$1,000 with an estimated useful life of five years or more are capitalized. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of existing property and equipment are also capitalized. Depreciation is computed using the straight-line method over estimated lives.

**INVESTMENTS** - Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair value as of the date of financial position. Investment return (loss) is reported in the statements of activities as an increase or decrease in net assets without donor restrictions unless such return (loss) is restricted by donor stipulation.

The Agency has adopted the provisions of FASB Accounting Standards Updates (ASU) No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU No. 2018-03, *Technical Corrections and Improvements to Financial Assets and Financial Liabilities - Overall (Subtopic 825-10)*. ASU No. 2016-01 provides guidance for the recognition, measurement, presentation, and disclosure of financial instruments. ASU 2018-03 clarifies certain aspects of the guidance in ASU No. 2016-01.

**REVENUE RECOGNITION** - The Agency has adopted the provisions of FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Unconditional contributions of cash, securities or other assets and unconditional promises to give, are recorded when received. Conditional contributions and promises to give (i.e. those with a measurable performance or other barrier and a right of return) are not recognized until the conditions are which they depend are substantially met or explicitly waived by the donor.

Support that is restricted by donors is reported as an increase in net assets without donor restriction if the restriction is satisfied during the reporting period in which that support is recognized. All other donor-restricted support is reported as net assets with donor restrictions. When a restriction is satisfied, 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*. Non-cash contributions are recognized as support based on estimated fair market value on the date received. It is the policy of the Agency to liquidate contributions of securities as soon as possible after receipt.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

REVENUE RECOGNITION, continued - Unconditional pledges to give expected to be collected within one year are recorded at original amounts less an estimated allowance for uncollectible pledges. Such allowance is based on management's review of the pledges receivables and prior collection experience. Unconditional pledges expected to be collected in more than one year (i.e. long-term pledges) are recorded at estimated fair value, which is measured as the present value of future cash flows. The discounts on such pledges are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included annually in contribution revenue. Based on management's evaluation of the long-term pledge receivable, no allowance for uncollectible pledges was considered necessary (Note 2).

Donated services are recognized as contributions 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 the Agency. In addition, numerous individuals volunteer their time to assist the Agency in meeting its annual financial campaign goals or serving on Agency boards and committees. Such services do not meet the revenue recognition criteria.

The Agency records grant awards considered to be for exchange transactions as refundable advances until related services are performed, at which time the advances are recognized as revenue.

LEASES - The Agency has adopted FASB ASC 842, *Leases*, with a date of initial application of July 1, 2022. The Agency currently has a month-to-month lease for office space, while the lease agreement is negotiated with the building's new owner. This standard will apply to the new lease agreement. For leases with a lease term greater than one year, the Agency will recognize a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Agency determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year will be included in operating lease right-of-use assets, current portion of operating lease liabilities, and operating lease liabilities, net of current portion in the Agency's statement of financial position. Operating lease liabilities will be recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Agency will use its incremental borrowing rate. The Agency considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Agency is reasonably certain to exercise the options, (2) terminate the lease if the Agency is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The operating lease right-of-use assets will also include any lease payments made and exclude lease incentive received or receivable. Lease expense will be recognized on a straight-line basis over the expected lease term.

INCOME TAX STATUS - The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law. Therefore, no provision has been made for federal or New York State income taxes in the accompanying financial statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and is not classified as a private foundation under Section 509(a)(2).

The Agency's annual exempt organization returns are generally subject to possible examination for three years after filing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**FORGIVEABLE LOAN - PAYCHECK PROTECTION PROGRAM (PPP)** - The Agency's policy is to account for a forgivable loan received through the Small Business Administration (SBA) under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act Payroll Protection Program (PPP)*, as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and other related accounting pronouncements. The forgiveness of debt, in whole or part, is recognized in the period when the debt is extinguished, which occurs when the Agency is legally released from the liability by the SBA. Any portion of debt forgiven is reflected as a gain on forgiveness of debt in the statement of activities. Interest on the loan and any related forgiveness, is not considered material and therefore, is not reflected in the financial statements.

**DATE OF MANAGEMENT'S REVIEW** - Management has evaluated events and transactions through September 27, 2023, the date the financial statements were available to be issued.

NOTE 2 - LONG-TERM PLEDGE RECEIVABLE - CENTENNIAL CAMPAIGN

An unconditional pledge to give of \$15,000, due in more than one year, has been recognized at fair value, using present value techniques and a discount rate of 4.25%, when the donor made the pledge to give.

	2023	2022
Due within one year	\$ 3,000	\$ 6,000
Due within two to five years	3,000	6,000
Total pledge amount remaining	6,000	12,000
Less: unamortized discount	(362)	(880)
Net unconditional pledge to give at June 30	<u>\$ 5,638</u>	<u>\$ 11,120</u>

NOTE 3 - INVESTMENTS

Fair value of investments at June 30:

	2023	2022
<b>Exchange Traded Funds (ETFs):</b>		
Bonds - inflation-protected	\$ 51,826	\$ 53,859
Bonds - short duration income	90,275	91,862
Equities - large capitalization - U.S. and international	459,899	445,746
Equities - mid-capitalization	176,550	111,847
Equities - small capitalization - U.S and international	191,118	188,075
<b>Fixed Income:</b>		
U.S. Treasury securities	182,789	-
<b>Mutual Funds:</b>		
Money market fund	22,846	6,826
Equities - large capitalization - U.S. and international	511,390	443,691
Equities - mid-capitalization	-	64,691
Equities - small capitalization	52,108	44,038
Equities - diversified emerging markets	49,284	48,449
Equities - alternative investment - global real estate	42,003	44,041
Bonds - inflation-protected	48,614	49,279
Bonds - intermediate-term	168,887	186,195
Bonds - short-term	53,704	235,491
	<u>\$ 2,101,293</u>	<u>\$ 2,014,090</u>

The investments had a cost basis of \$1,762,403 and \$1,812,207 at June 30, 2023 and 2022, respectively.

NOTE 3 - INVESTMENTS, continued

Net investment return (loss) as reflected on the statements of activities:

	2023	2022
Investment income:		
Interest, dividends and capital gain distributions	\$ 64,295	\$ 106,428
Realized gains (losses)	(6,057)	23,795
Investment fees	(10,901)	(12,653)
Total investment income	47,337	117,570
Unrealized gain (loss)	140,321	(450,484)
Net investment return (loss)	<u>\$ 187,658</u>	<u>\$ (332,914)</u>

All of the investments' fair values are based on Level 1 inputs. A Level 1 input is a quoted price in an active market for an identical asset or liability. The methods used to measure fair value may produce an amount that may be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Board of Directors had designated all of the investments to provide a resource for current and future operational expenses of the Agency. Since these investments resulted from an internal designation and any original donor restrictions have expired or have been waived, the investments are classified and reported as net assets without donor restrictions.

All uses of the investments are at the discretion of the Board of Directors. The annual spending distribution amount is calculated using a 20-quarter rolling average market value of the investment's total assets multiplied by 5%. Additional appropriations for expenditures in excess of this amount are based on the recommendation of the Agency's Finance Committee and are subject to approval by 2/3 majority of the Board of Directors. The investment value is not to be drawn below an amount equal to 12 months of operating expenses excluding agency allocation commitments.

The Agency's adopted investment policy provides that a total return (income and appreciation) approach will be used to preserve principal while providing opportunities for growth. To meet this objective of income and long-term growth, the target asset allocation is to be 65% equities, 30% fixed income, and 5% alternative investments, with a range of +/- 10%. Rebalancing to the target allocation is to occur no less than annually. At June 30, 2023, the investment allocation was 69.3% equities, 28.7% fixed income, and 2.0% alternative investments.

	2023	2022
Board-designated investments, beginning	\$ 2,014,090	\$ 2,443,164
Interest and dividends earned and reinvested	64,296	106,428
Realized gains (losses)	(6,057)	23,795
Investment fees	(10,901)	(12,653)
Net appreciation (depreciation)	140,321	(450,484)
Annual spending distribution	(100,456)	(96,160)
Board-designated investments, ending	<u>\$ 2,101,293</u>	<u>\$ 2,014,090</u>

NOTE 4 - PROPERTY AND EQUIPMENT

	2023	2022
Office equipment and furnishings	\$ 36,703	\$ 27,698
Leasehold improvements	74,189	71,199
	<u>110,892</u>	<u>98,897</u>
Less accumulated depreciation	<u>59,769</u>	<u>46,267</u>
	<u>\$ 51,123</u>	<u>\$ 52,630</u>

Depreciation expense was \$13,502 and \$12,110 for 2023 and 2022, respectively.

NOTE 5 - ASSET HELD BY ANOTHER

In November 2020, the Agency established the United Way Century Society Fund (the Fund) at the Chautauqua Region Community Foundation (CRCF). The Fund is to be used to support operational and administrative expenses of the Agency. The Fund was established with an initial \$100,000 of unrestricted funding from the Agency. Additional contributions of \$11,000 and \$35,000 from Century Society Fund donors were made to the Fund during the years ended June 30, 2023 and 2022, respectively. In accordance with the Fund agreement, all contributions to the Fund are irrevocable and CRCF maintains variance power over the Fund. The value of the Fund as reported by CRCF at June 30, 2023 and 2022, was \$162,178 and \$139,617, respectively. Distributions of \$1,658 and \$-0- were received from the Fund in the years ended June 30, 2023 and 2022, respectively.

Activity of the fund during the years ended June 30:

	2023	2022
Beginning value	\$ 139,617	\$ 125,846
Contributions to fund	11,000	35,000
Grant awards	(1,658)	-
Change in value reported in statement of activities	<u>13,219</u>	<u>(21,229)</u>
Ending value	<u>\$ 162,178</u>	<u>\$ 139,617</u>

NOTE 6 - LONG-TERM DEBT - PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, the Agency received an unsecured Paycheck Protection Program (PPP) loan of \$42,141. The note matured in May 2022, with interest at 1%, which approximates the effective interest rate. The loan terms provide that all or a portion of loan and deferred interest if forgivable to the extent loan proceeds are used for allowable payroll and other expenses during a designated 8-week covered period. SBA notification of forgiveness of the entire loan amount and accrued interest of \$494 was received July 7, 2021. In accordance with the Agency's accounting policy for the loan and its forgiveness, \$42,141 was reported as gain on forgiveness of debt in the fiscal year ending June 30, 2022.



## NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following periods or purposes at June 30:

	<u>2023</u>	<u>2022</u>
Current year campaign amounts to be used to fund operations in the subsequent year:		
Allocations to agencies	\$ 1,045,000	\$ 1,045,000
Community impact	164,091	168,735
I.D.E.A. Framework Implementation	74,924	66,519
Fund-raising and administrative expenses	407,808	356,872
Other reserves - equipment	5,109	8,173
	<u>1,696,932</u>	<u>1,645,299</u>
Centennial campaign - future years	2,638	5,120
	<u>\$ 1,699,570</u>	<u>\$ 1,650,419</u>

The composition of net assets without donor restrictions:

Board designated endowment (Note 2)	\$ 2,101,293	\$ 2,014,090
Property and equipment, net	51,123	52,630
Undesignated net assets (deficit)	(689,801)	(657,066)
	<u>\$ 1,462,615</u>	<u>\$ 1,409,654</u>

## NOTE 8 - EMPLOYEE BENEFIT PLAN

The Agency maintains a SEP/SARSEP plan in which substantially all employees participate. It is a discretionary non-integrated plan in which employer contributions are allocated to each participant in the same proportion as the participant's compensation bears to all participants for the year, with limits. The Agency contributed 6% of the total compensation for both 2023 and 2022. Plan expense for 2023 and 2022 was \$13,806 and \$11,043, respectively. The Agency also offers a 403(b) plan for its employees in which their contributions are immediately vested. The Agency does not contribute to this plan.

## NOTE 9 - FACILITIES LEASE

The Agency was leasing office space for an initial five year period ended April 30, 2023. The building was sold during the current year and management is in the process of negotiating a new agreement. Currently, the Agency is renting on a month to month basis. Monthly rent is \$1,000. Expense was \$12,000 for both fiscal years. The landlord is responsible for all property taxes, water, sewer, and electricity charges.

## NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency regularly reviews its financial position and operations, including liquidity required to meet general expenditures, liabilities, and other obligations that may come due. The Agency considers general expenditures to be those types of expenditures routinely incurred in operating its programs and supporting services.

Donor-restricted net assets (Note 7) expected to be met by conducting programs within one year are considered to be available for general expenditures. The Board-designated investments (Note 3) are not considered to be available within one year, except for the determined annual spending distribution amount from investments. If necessary, the Board could appropriate additional investments over this amount. Also considered not available are net assets designated by the Board for ESPRI Bridge funding. All or any of this amount could be made available for general expenditures by Board approval.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued

The following reflects the Agency's financial assets available within one year of June 30 to meet its general expenditures, liabilities, and other obligations, reduced by donor-restricted net assets not expected available within one year and Board-designated amounts not considered available:

	June 30	
	2023	2022
Cash and cash equivalents - interest bearing checking and a money market deposit account	\$ 617,312	\$ 644,301
Pledges, grants, and ESPRI contract receivables	260,327	233,431
Investments - Board-designated	2,101,293	2,014,090
Financial assets	<u>2,978,932</u>	<u>2,891,822</u>
Less financial assets unavailable for general expenditures:		
Donor-restricted net assets - future years (Note 7)	(2,120)	(5,120)
Cash held for others	-	(7,824)
Board-designated investments, net of spending distribution amounts of \$100,620 and \$101,000 for 2023-2024 and 2022-2023 operations, respectively	<u>(2,000,673)</u>	<u>(1,913,090)</u>
Financial assets available	<u>\$ 976,139</u>	<u>\$ 965,788</u>

NOTE 11 - RECLASSIFICATIONS

Certain accounts and amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2023 financial statements.

NOTE 12 - CONCENTRATIONS OF RISK

Geographic Concentration Support Risk

The Agency depends mainly on contributions and grants for support of its operations from individuals, businesses, and foundations located in Chautauqua County, NY. The ability these contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic and social conditions. While the Agency's management believes the Agency will have the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factor.

Credit Risk

The Agency's maintains its cash balances in one financial institution located in Jamestown, NY. Frequently during any year, the Agency's cash balances at the financial institution do exceed the FDIC deposit insurance amount. At June 30, 2023 and 2022, the Agency's uninsured cash balances, including the cash held as fiscal agent, were \$271,425 and \$397,137, respectively.