

**UNITED WAY OF BUFFALO  
& ERIE COUNTY**

**FINANCIAL STATEMENTS**

**March 31, 2021**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
United Way of Buffalo & Erie County

We have audited the accompanying balance sheets of United Way of Buffalo & Erie County (United Way) as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility


Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way as of March 31, 2021 and 2020, and the 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.



October 25, 2021

UNITED WAY OF BUFFALO & ERIE COUNTY

**Balance Sheets**

March 31,	2021	2020
<b>Assets</b>		
Cash	\$ 3,642,101	\$ 3,573,093
Annual campaign contributions receivable, net (Note 2)	5,391,377	6,663,439
Other contributions receivable, net (Note 3)	1,792,663	2,467,412
Investments (Note 4)	3,796,024	3,764,918
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 5)	15,866,932	10,893,593
Property and equipment, net (Note 6)	2,067,915	2,174,867
Other assets	186,858	151,157
	<b>\$ 32,743,870</b>	<b>\$ 29,688,479</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Designations payable	\$ 3,480,285	\$ 4,258,789
Allocations payable	1,254,938	1,484,652
Accounts payable and accrued expenses	1,162,625	1,454,724
Refundable advances	60,788	110,549
Paycheck Protection Program loans (Note 7)	1,460,700	-
Accrued pension liability (Note 8)	2,324,567	2,164,791
Accrued postretirement benefit obligation (Note 8)	140,000	170,000
	<b>9,883,903</b>	<b>9,643,505</b>
<b>Net assets:</b>		
Without donor restrictions	14,809,894	12,490,825
With donor restrictions (Note 10)	8,050,073	7,554,149
	<b>22,859,967</b>	<b>20,044,974</b>
	<b>\$ 32,743,870</b>	<b>\$ 29,688,479</b>

See accompanying notes.

## UNITED WAY OF BUFFALO &amp; ERIE COUNTY

**Statements of Activities**

For the years ended March 31,

**2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue, gains and other support:			
Campaign results:			
Contributions:			
Annual campaign	\$ 151,457	\$ 10,364,551	\$ 10,516,008
Endowment and other campaigns	1,104,695	28,950	1,133,645
	1,256,152	10,393,501	11,649,653
Less: donor designations	-	(3,293,375)	(3,293,375)
Estimated uncollectible pledges	-	(350,000)	(350,000)
Net assets released from restrictions	7,481,750	(7,481,750)	-
	8,737,902	(731,624)	8,006,278
Other revenues:			
Contributions:			
Government awards	3,160,542	-	3,160,542
Foundation and other	319,342	127,837	447,179
Program service and other fees	449,134	-	449,134
Investment income	31,114	-	31,114
Net appreciation (depreciation) of beneficial interest in assets held by Community Foundation for Greater Buffalo	3,217,607	1,523,782	4,741,389
Net assets released from restrictions	424,071	(424,071)	-
	7,601,810	1,227,548	8,829,358
Total revenue, gains and other support	16,339,712	495,924	16,835,636
Expenses:			
Program services:			
Gross funds awarded, granted or designated to agencies	11,554,478	-	11,554,478
Other program services	2,927,300	-	2,927,300
Total program services including designations	14,481,778	-	14,481,778
Less: donor designations	(3,293,375)	-	(3,293,375)
Total program services	11,188,403	-	11,188,403
Supporting services:			
Management and general	1,283,608	-	1,283,608
Fundraising	1,360,325	-	1,360,325
	2,643,933	-	2,643,933
Total expenses	13,832,336	-	13,832,336
Change in net assets before adjustments	2,507,376	495,924	3,003,300
Pension liability adjustment (Note 8)	(188,307)	-	(188,307)
Change in net assets	2,319,069	495,924	2,814,993
Net assets - beginning	12,490,825	7,554,149	20,044,974
Net assets - ending	\$ 14,809,894	\$ 8,050,073	\$ 22,859,967

See accompanying notes.

2020					
Without Donor Restrictions		With Donor Restrictions		Total	
\$	197,333	\$	12,948,115	\$	13,145,448
	19,025		36,750		55,775
	216,358		12,984,865		13,201,223
	-		(4,250,206)		(4,250,206)
	-		(350,000)		(350,000)
	9,179,727		(9,179,727)		-
	9,396,085		(795,068)		8,601,017
	4,243,792		-		4,243,792
	280,712		218,592		499,304
	216,124		-		216,124
	108,221		-		108,221
	(852,070)		(394,329)		(1,246,399)
	366,147		(366,147)		-
	4,362,926		(541,884)		3,821,042
	13,759,011		(1,336,952)		12,422,059
	12,607,266		-		12,607,266
	3,087,362		-		3,087,362
	15,694,628		-		15,694,628
	(4,250,206)		-		(4,250,206)
	11,444,422		-		11,444,422
	1,273,337		-		1,273,337
	1,706,333		-		1,706,333
	2,979,670		-		2,979,670
	14,424,092		-		14,424,092
	(665,081)		(1,336,952)		(2,002,033)
	(208,828)		-		(208,828)
	(873,909)		(1,336,952)		(2,210,861)
	13,364,734		8,891,101		22,255,835
\$	12,490,825	\$	7,554,149	\$	20,044,974

## UNITED WAY OF BUFFALO &amp; ERIE COUNTY

**Statements of Functional Expenses**

For the years ended March 31,

**2021**

	Program Services	Supporting Services			Total
		Management and General	Fund- raising	Total Supporting Services	
Allocations and distributions	\$ 5,043,266	\$ -	\$ -	\$ -	\$ 5,043,266
Designations	3,293,375	-	-	-	3,293,375
Grants and other awards	3,217,837	-	-	-	3,217,837
	<b>11,554,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,554,478</b>
Salaries	1,794,039	806,566	798,431	1,604,997	3,399,036
Payroll taxes and employee benefits	466,904	209,652	207,464	417,116	884,020
Total salaries and related expenses	<b>2,260,943</b>	<b>1,016,218</b>	<b>1,005,895</b>	<b>2,022,113</b>	<b>4,283,056</b>
Professional fees	50,958	53,216	33,145	86,361	137,319
Supplies	9,715	4,307	11,846	16,153	25,868
Telephone and internet	21,199	6,600	10,843	17,443	38,642
Postage	3,069	964	18,710	19,674	22,743
Occupancy	117,530	48,222	55,177	103,399	220,929
Printing and public relations	25,353	870	29,196	30,066	55,419
Travel, conferences and meetings	3,560	9,775	2,692	12,467	16,027
Dues and subscriptions	51,814	15,444	14,035	29,479	81,293
Equipment rental and maintenance	87,194	29,400	41,068	70,468	157,662
Payments to State affiliate	23,015	7,760	10,840	18,600	41,615
Miscellaneous	16,837	4,476	6,252	10,728	27,565
Depreciation	112,246	37,847	52,866	90,713	202,959
Payments to National affiliate	143,867	48,509	67,760	116,269	260,136
	<b>2,927,300</b>	<b>1,283,608</b>	<b>1,360,325</b>	<b>2,643,933</b>	<b>5,571,233</b>
Total program services including designations	<b>14,481,778</b>	<b>1,283,608</b>	<b>1,360,325</b>	<b>2,643,933</b>	<b>17,125,711</b>
Less: donor designations	<b>(3,293,375)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,293,375)</b>
	<b>\$ 11,188,403</b>	<b>\$ 1,283,608</b>	<b>\$ 1,360,325</b>	<b>\$ 2,643,933</b>	<b>\$ 13,832,336</b>

See accompanying notes.

2020				
Program Services	Supporting Services		Total Supporting Services	Total
	Management and General	Fund- raising		
\$ 4,444,113	\$ -	\$ -	\$ -	\$ 4,444,113
4,250,206	-	-	-	4,250,206
3,912,947	-	-	-	3,912,947
12,607,266	-	-	-	12,607,266
1,715,703	746,887	931,581	1,678,468	3,394,171
538,022	236,723	290,495	527,218	1,065,240
2,253,725	983,610	1,222,076	2,205,686	4,459,411
78,371	72,529	69,173	141,702	220,073
54,468	3,120	16,387	19,507	73,975
20,907	6,161	14,523	20,684	41,591
4,577	1,522	12,511	14,033	18,610
133,326	55,537	76,315	131,852	265,178
35,900	1,718	70,172	71,890	107,790
114,587	26,067	25,305	51,372	165,959
34,919	13,757	14,419	28,176	63,095
128,214	32,396	55,064	87,460	215,674
21,838	7,380	12,510	19,890	41,728
2,655	637	1,080	1,717	4,372
98,490	33,286	56,424	89,710	188,200
105,385	35,617	60,374	95,991	201,376
3,087,362	1,273,337	1,706,333	2,979,670	6,067,032
15,694,628	1,273,337	1,706,333	2,979,670	18,674,298
(4,250,206)	-	-	-	(4,250,206)
\$ 11,444,422	\$ 1,273,337	\$ 1,706,333	\$ 2,979,670	\$ 14,424,092

UNITED WAY OF BUFFALO & ERIE COUNTY

**Statements of Cash Flows**

For the years ended March 31,	2021	2020
<b>Operating activities:</b>		
Change in net assets:		
Change in net assets before adjustments	\$ 3,003,300	\$ (2,002,033)
Net assets adjustment - defined benefit pension plan (Note 8)	(188,307)	(208,828)
	<u>2,814,993</u>	<u>(2,210,861)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	202,959	188,200
Unrealized loss (gain) on investments	17,553	(31,106)
Net appreciation (depreciation) of beneficial interest in assets held by Community Foundation for Greater Buffalo	(4,741,389)	1,246,399
Changes in other operating assets and liabilities:		
Annual campaign contributions receivable	1,272,062	173,734
Other contributions receivable	674,749	957,792
Other assets	(35,701)	(20,004)
Designations payable	(778,504)	634,790
Allocations payable	(229,714)	(308,733)
Accounts payable and accrued expenses	(292,099)	347,268
Refundable advances	(49,761)	(181,083)
Accrued pension liability	159,776	336,282
Accrued postretirement benefit obligation	(30,000)	(20,000)
	<u>(1,015,076)</u>	<u>1,112,678</u>
<b>Net operating activities</b>		
<b>Investing activities:</b>		
Purchase of investments	(54,337)	(82,385)
Proceeds from sale of investments	5,678	505,270
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(231,950)	(227,275)
Purchase of property and equipment	(96,007)	(97,782)
	<u>(376,616)</u>	<u>97,828</u>
<b>Net investing activities</b>		
<b>Financing activities:</b>		
Proceeds from Paycheck Protection Program loans	1,460,700	-
	<u>69,008</u>	<u>1,210,506</u>
<b>Net change in cash</b>		
Cash - beginning	3,573,093	2,362,587
Cash - ending	<u>\$ 3,642,101</u>	<u>\$ 3,573,093</u>

See accompanying notes.



## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Organization and Operations:

United Way of Buffalo & Erie County (United Way) is a nonprofit corporation whose mission is to bring people, organizations and resources together to improve community well-being. United Way raises, administers, and distributes funds to support programs for community needs. United Way's fund-raising efforts are concentrated in Erie County.

United Way's annual workplace campaign drive begins around September 1 of each year, and is substantially completed by March 31. Annual campaign funds generally support programs whose services are provided in the subsequent year. Donors may designate their pledges among several care programs. Pledges received without donor designations are pooled and allocated to the work of United Way which may include grants and other funding to various community services providers. The level of contributions can be affected by economic conditions, and a decrease in the level of undesignated contributions may adversely affect United Way's ability to fund community service providers.

Campaign contributions are used for the work of United Way, including allocations to agencies, payments to United Way of America, services provided directly by United Way, fund raising, fund distribution, management, and general expenses.

United Way also administers and/or participates in charitable campaigns for other organizations, including federal, state and local employee campaigns. These contributions are recorded as donor designated and are distributed to the appropriate organizations. In campaigns which United Way acts as a Federated Fundraising Organization, designations made to each member organization are honored by distributing a proportionate share of receipts based on donor designations to each member.

#### Subsequent Events:

United Way has evaluated events and transactions for potential recognition or disclosure through October 25, 2021, the date the financial statements were available to be issued.

#### Income Taxes:

United Way is a 501(c)(3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

#### Cash:

Cash at financial institutions may exceed insured limits at various times during the year, and subject United Way to concentrations of credit risk.

#### Investments:

Investments consist of marketable securities stated at fair value as determined by quoted prices in active markets.

United Way is the owner and beneficiary of six fully paid life insurance policies, each with death benefit coverage between \$100,000 and \$250,000. The value of these policies is not recorded in these financial statements.

#### Beneficial Interest in Assets Held by Community Foundation for Greater Buffalo:

United Way maintains a donor restricted and board-designated endowment fund with Community Foundation for Greater Buffalo (CFGB) to benefit from increased investment management opportunities.

United Way's investment fund is pooled with other actively managed CFGB investment assets, and includes money market funds, marketable securities and alternative investments. Values of amounts held by CFGB are based on United Way's contributions, plus its allocable share of the fund's net investment earnings, as defined, less any withdrawals or distributions.

Under the terms of an agreement with CFGB, United Way may receive a distribution based upon United Way's current spending policy (Note 11). Other withdrawals are subject to certain notification and approval requirements, and distributions in excess of \$2.5 million during any 12-month period are subject to additional notification and distribution restrictions.

### **Property and Equipment:**

Property and equipment is recorded at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is provided over estimated useful asset lives using the straight-line method. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

### **Net Assets:**

United Way's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period, purpose, or to be maintained by United Way in perpetuity.

### **Contributions:**

Contributions are reported at fair value at the date the contribution or pledge is made. Contributions are reported as restricted support if they are received with donor stipulations that limit their use. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as revenue without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when United Way meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate interest rate applicable to the year in which the promise is received. Amortization of the discount is included in campaign contributions.

Gross campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (donor designation) and by a provision for uncollectible pledges, which is recorded based on collection history, aging, and general economic conditions. The net campaign results are recorded as net assets with donor restrictions in the accompanying statements of activities since the amounts are generally collected over time. Campaign collections are reflected as net assets released from restrictions. Revenues received from certain special events related to the campaign are recorded as net assets without donor restrictions.

Net campaign results are allocated to providers approved to receive community funding at the completion of the campaign. Committed community allocations, including grants and other awards, are recognized upon the commitment to the recipient organization and included in allocations payable in the accompanying balance sheets. Designated care donations have been recorded as designations payable in the accompanying balance sheets at the date the designation is made.

United Way also administers the local campaign for state employees. The State Employees Federated Appeal Steering Committee, representing the State Employees Federated Appeal, has designated United Way to conduct its annual campaigns in conjunction with the annual campaign of United Way. United Way combines the activities of the separate campaign with the activities of its own campaign in the accompanying financial statements, and presents the contributions as donor designations. The State Employee Federated Appeals campaign remits an administrative fee to United Way for campaign management services. The fees for the State Employee Federated Appeal (SEFA) campaign were \$138,000 and \$137,000 for 2021 and 2020, respectively, and are included in program service and other fees on the statements of activities.

### **Program Service Fees:**

Program service fees represents fees charged to administer certain programs and initiatives conducted by United Way. Revenue is recognized as the services are performed. Amounts are generally billed monthly and due immediately.

### **Contributed Volunteer Services:**

No amounts have been reflected in the financial statements for contributed volunteer services. United Way pays for substantially all services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way in its program services and fundraising campaigns.

### Fund Raising Expenses:

Fund raising activities in connection with the annual campaign and other campaigns are conducted throughout the year and are reported as expenses when incurred.

### Functional Expense Allocation:

The financial statements report certain categories of expenses that are attributable to program and supporting functions. Some expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include certain salaries and related benefits, occupancy, equipment, rental, and payments to national/state affiliates, which are allocated based on management's estimate of function benefited.

### Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Reclassification:

The 2020 financial statements have been reclassified to conform with the presentation adopted in 2021.

## 2. Annual Campaign Contributions Receivable:

	2021	2020
United Way:		
2020 – 2021	\$ 5,628,953	\$ -
2019 – 2020	595,219	7,320,153
2018 – 2019	431,029	649,258
2017 – 2018	-	369,246
	<u>6,655,201</u>	<u>8,338,657</u>
Less allowance for uncollectible pledges	<u>1,263,824</u>	<u>1,675,218</u>
	<u>\$ 5,391,377</u>	<u>\$ 6,663,439</u>

Campaign contributions receivable include donor designated amounts payable of \$3,480,285 and \$4,258,789 as of March 31, 2021 and 2020.

## 3. Other Contributions Receivable:

	2021	2020
Gross unconditional promises to give from:		
Endowment campaign	\$ 495,175	\$ 625,000
Government awards	1,027,947	1,347,034
Foundation and other	294,541	545,378
	<u>1,817,663</u>	<u>2,517,412</u>
Less allowances for:		
Uncollectible pledges	15,750	33,250
Unamortized discount	9,250	16,750
	<u>\$ 1,792,663</u>	<u>\$ 2,467,412</u>
Amounts due in:		
Less than one year	\$ 1,538,663	\$ 2,062,412
One to five years	209,000	317,000
Greater than five years	70,000	138,000
	<u>\$ 1,817,663</u>	<u>\$ 2,517,412</u>

## 4. Investments:

	2021	2020
Certificates of deposit	\$ 2,894,943	\$ 1,002,797
Money market	901,081	2,762,121
	<u>\$ 3,796,024</u>	<u>\$ 3,764,918</u>

Investment returns for the years ended March 31, 2021 and 2020 are as follows:

	2021	2020
Interest and dividends	\$ 48,667	\$ 77,115
Net unrealized (losses) gains	(17,553)	31,106
Total return on investments	<u>\$ 31,114</u>	<u>\$ 108,221</u>

## 5. Beneficial Interest in Assets Held by Community Foundation for Greater Buffalo:

	2021	2020
Beginning of year	\$ 10,893,593	\$11,912,717
Transfers	231,950	227,275
Net appreciation (depreciation)	4,741,389	(1,246,399)
End of year	<u>\$ 15,866,932</u>	<u>\$10,893,593</u>

## 6. Property and Equipment:

	2021	2020
Land	\$ 158,930	\$ 158,930
Building and improvements	3,730,509	3,693,604
Furniture and equipment	3,825,252	3,766,150
	<u>7,714,691</u>	<u>7,618,684</u>
Less accumulated depreciation	5,646,776	5,443,817
	<u>\$ 2,067,915</u>	<u>\$ 2,174,867</u>

## 7. Paycheck Protection Program Loans:

In fiscal 2021, United Way received two loans totaling \$1,460,700 from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the pandemic described in Note 13. Some or all of the loans may be forgiven if certain criteria are met. Otherwise, the loans are unsecured, bear interest at 1%, and are payable over a negotiated period of time.

In July 2021, United Way received notification all required criteria were met to forgive one of the loans in the amount of \$773,200.

## 8. Employee Benefit Plans:

### Defined Benefit Pension Plan:

United Way maintains a defined benefit pension plan covering all nonunion employees hired prior to 2016. United Way's policy is to fund at least the minimum amount required by the Employee Retirement Income Security Act (ERISA). United Way no longer allows new participants to the Plan effective 2016.

The status of the defined benefit pension plan at and for the years ended March 31, 2021 and 2020 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31<sup>st</sup> of each year.

	2021	2020
Projected benefit obligation	\$ 7,635,373	\$ 6,300,458
Fair value of plan assets	5,310,806	4,135,667
Funded status	\$ (2,324,567)	\$ (2,164,791)
Accumulated benefit obligation	\$ 6,840,297	\$ 5,516,831

Amounts recognized on the balance sheets:

	2021	2020
Accrued pension liability	\$ (2,324,567)	\$ (2,164,791)
Accumulated adjustment to net assets	\$ (2,247,018)	\$ (2,058,711)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2021 and 2020 consist of:

	2021	2020
Unrecognized actuarial loss	\$ 2,247,018	\$ 2,058,711

Amounts recognized as pension liability adjustment for the years ended March 31, 2021 and 2020 consist of:

	2021	2020
Unrecognized actuarial gain (loss)	\$ (188,307)	\$ (208,828)
Benefit cost		
Service cost	\$ 182,094	\$ 182,131
Interest cost	172,878	226,155
Recognized loss (gain)	(83,503)	19,168
	\$ 271,469	\$ 427,454
Employer contributions	\$ 300,000	\$ 300,000
Benefits paid	\$ 370,793	\$ 591,491

Weighted average assumptions used to determine benefit obligations at March 31:

Discount rate	2.65%	2.75%
Expected future salary increase	3.50%	3.00%

Weighted average assumptions used to determine net periodic benefit cost:

Discount rate	2.75%	3.45%
Expected return on plan assets	6.75%	6.75%
Expected future salary increase	3.00%	3.50%

The expected long-term rate of return on plan assets assumption of 6.75% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on United Way's investment policy for the pension plan in effect as of the beginning of the fiscal year ended March 31, 2021, an estimated range was determined for both the real rate of return (net of inflation) and for inflation based on a historical 30 year rolling average. An average inflation rate within the range equal to 3.50% was selected and added to the real rate of return range to arrive at a range of 6.61% - 9.44%.

No contributions are expected to be required by United Way for 2021.

Assuming all eligible participants elect to receive benefits upon reaching retirement age, benefit payments for the next five years, and subsequent five year period, are:

2022	\$ 1,951,000
2023	62,000
2024	111,000
2025	498,000
2026	560,000
2027-2031	3,341,000
	\$ 6,523,000

United Way's pension plan weighted-average asset allocations at March 31, 2021 and 2020 are as follows:

	2021	2020
Asset Category:		
Equity securities	50%	45%
Fixed income	50%	55%
	100%	100%

The plan's overall portfolio mix of equity securities and fixed income securities was based upon asset allocation modeling taking into consideration historical return patterns and risk factors. The plan believes that the current mix of assets under a balanced growth concept provides an appropriate level of return to achieve current assumed return plan assumptions. The plan has a target asset allocation of 50% equity securities and 50% fixed income securities. The plan essentially invests only in securities for which there is an active market.

#### Union Employee Pension Plan:

United Way contributes to the Service Employees Pension Fund of Upstate New York, a multiemployer defined benefit pension plan, under the terms of collective-bargaining agreements that cover its union-represented employees.

The risks of participating in this multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If United Way chooses to stop participating in a multiemployer plan, United Way may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

United Way's participation in the plan for the years ended March 31, 2021 and 2020 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available in 2021 and 2020 is for the plan's year-end at December 31, 2020 and December 31, 2019, respectively. The zone status is based on information that United Way received from the plan and is certified by the plan's actuary. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. Among other factors, including the plan's FIP/RP status, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

EIN/Pension Plan Number	PPA Zone Status		Funded Percentage		FIP/RP Status Pending/ Implemented	Company Contributions		Surcharge Imposed	Expiration Date of Collective- Bargaining Agreement
	2020	2019	2020	2019		2021	2020		
16-0908576/001	Red	Red	85%	85%	Yes	\$ 21,300	\$ 18,900	No	6/30/2022

United Way was not listed in the Plan's Form 5500 as providing more than 5 percent of the total contributions for the plan years ended in 2020 and 2019.

### Defined Contribution Pension Plan:

United Way maintains a 403(b)-defined contribution plan covering essentially all employees (as defined). The plan requires certain minimum employer contributions based on salaries and employee deferrals. Expenses related to this plan for the years ended March 31, 2021 and 2020 were \$46,528 and \$42,930.

### Post-Retirement Health Care Benefits:

United Way provides postretirement health care benefits for certain eligible employees. United Way's practice is to fund these benefits as paid. The measurement date used to determine the benefit obligation is March 31<sup>st</sup> of each year.

The status of the postretirement health benefit plan at and for the years ended March 31, 2021 and 2020 is as follows:

	2021	2020
Accrued postretirement benefit obligation	\$ 140,000	\$ 170,000
Cost (benefit)	\$ (17,000)	\$ -
Benefits paid	\$ 13,000	\$ 20,000

Weighted average assumptions used:		
Discount rate	5.00%	5.00%

United Way's postretirement health care benefits plan provides for a limit on the amount of health care premiums paid for by United Way. United Way assumes the maximum annual premium per participant to determine the benefit.

Expected future annual benefit payments:

2022	\$ 13,200
2023	13,200
2024	13,200
2025	13,200
2026	13,200
2027-2031	56,100
	<u>\$ 122,100</u>

### 9. Lease Commitments:

United Way leases certain equipment under the terms of operating leases. Rental expense for all operating leases amounted to approximately \$20,000 and \$42,000 for the years ended March 31, 2021 and 2020.

Future minimal annual rentals due under noncancelable leases are:

2022	\$ 14,000
2023	1,000
	<u>\$ 15,000</u>

### 10. Net Assets:

Net assets without donor restrictions include board-designated endowment funds amounting to \$11,171,467 and \$7,804,382 at March 31, 2021 and 2020 (see Note 11). Net endowment campaign receivables included in board designated endowment funds amounted to \$68,175 as of March 31, 2021 (Note 3).

Net assets with donor restrictions are for the following purposes or periods:

	2021	2020
Subject to expenditure for specific purpose:		
WNY Girls in Sports	\$ 922,843	\$ 1,163,643
Other programs	261,211	316,645
	<u>1,184,054</u>	<u>1,480,288</u>
Subject to passage of time:		
Net campaign pledges outstanding	1,911,092	2,404,650
Subject to United Way's spending policy and appropriation (see Note 11)		
Endowment assets, which once appropriated, are expendable to support:		
WNY Girls in Sports	2,435,820	1,909,824
General programs and operations	2,519,107	1,759,387
	<u>4,954,927</u>	<u>3,669,211</u>
	<u>\$ 8,050,073</u>	<u>\$ 7,554,149</u>

United Way's endowment assets represent the accumulated principal of endowment gifts invested in perpetuity, which totaled \$3,883,562 and \$3,854,612 as of March 31, 2021 and 2020, and the related unappropriated net investment earnings. Net endowment campaign receivables included in endowment assets above amounted to \$402,000 and \$575,000 at March 31, 2021 and 2020 (Note 3).



## 11. Endowment Assets:

United Way's endowment assets are comprised of a board-designated endowment and a donor-restricted endowment. The board-designated endowment serves to enhance the sustainability of United Way and is included in net assets without donor restrictions. The donor-restricted endowment consists of endowment gifts that are to be invested in perpetuity and are reported as net assets with donor restrictions. United Way has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term. United Way intends to distribute approximately 5.25% of the total market value annually, net of fees, while maintaining the purchasing power of the endowment assets over the long-term.

United Way's Board has interpreted the New York State Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts donated to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of a donor gift instrument at the time the accumulation is added to the fund.

United Way's endowment assets below exclude outstanding endowment campaign receivables (see Note 10) as of March 31, 2021 and 2020 is as follows:

In accordance with NYPMIFA, United Way considers the following factors to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of United Way and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and appreciation of investments
- Other resources of United Way
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on United Way
- Investment policy of United Way

Investment earnings are allocated among the endowment assets based upon their proportionate share of the investment portfolio. Investment earnings related to the board-designated endowment are shown as increases (decreases) in net assets without donor restrictions. Investment gains related to the donor-restricted endowment are reported as increases (decreases) to net assets with donor restrictions until appropriated and expended in accordance with United Way's spending policy.

	Without Donor Restrictions (Board-designated)		With Donor Restrictions	Total
2021				
Endowment assets – beginning of year	\$	7,804,382	\$ 3,089,211	\$ 10,893,593
Net investment activity		3,217,607	1,523,782	4,741,389
Contributions		292,016	231,950	523,966
Appropriation		-	(292,016)	(292,016)
Endowment assets – end of year	\$	11,314,005	\$ 4,552,927	\$ 15,866,932

	Without Donor Restrictions (Board-designated)		With Donor Restrictions	Total
2020				
Endowment assets – beginning of year	\$	8,572,633	\$ 3,340,084	\$ 11,912,717
Net investment activity		(852,070)	(394,329)	(1,246,399)
Contributions		83,819	206,750	290,569
Appropriation		-	(63,294)	(63,294)
Endowment assets – end of year	\$	7,804,382	\$ 3,089,211	\$ 10,893,593

Appropriations included above were required by donor request. United Way elected not to make any discretionary appropriations during 2021 or 2020 to allow the endowment balance to continue to grow.

## 12. Financial Resources Available for Operations:

United Way obtains financial assets generally through contributions and investment income. The financial assets are acquired throughout the year to help meet United Way's cash needs for general expenditures.

United Way's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at March 31, 2021 and 2020:

	2021	2020
Cash	\$ 3,642,101	\$ 3,573,093
Net annual campaign receivables	1,911,092	2,404,650
Other contributions receivable – due in less than one year	1,538,633	2,062,412
Investments without donor restrictions, if necessary	14,899,316	11,569,300
	<u>\$ 21,991,142</u>	<u>\$ 19,609,455</u>

## 13. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. Financial markets also experienced significant fluctuations in value.

In response, United Way transitioned to remote and virtual working environments, program events, and volunteer efforts for fiscal year 2021. Additionally, United Way obtained two loans through the SBA under the Paycheck Protection Program (Note 7).

The extent of the impact of COVID-19 on United Way's financial performance will depend on further developments, including the duration and spread of the outbreak, as well as the impact on financial markets, businesses, employees, and donors, all of which cannot be predicted.