

**UNITED WAY OF BUFFALO
& ERIE COUNTY**

FINANCIAL STATEMENTS

March 31, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Buffalo & Erie County

Opinion

We have audited the accompanying balance sheets of United Way of Buffalo & Erie County (United Way) as of March 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of United Way as of March 31, 2023 and 2022, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way'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'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.

A handwritten signature in blue ink that reads "Symon & McCormick, LLP". The signature is written in a cursive, flowing style.

August 3, 2023

UNITED WAY OF BUFFALO & ERIE COUNTY

Balance Sheets

March 31,	2023	2022
Assets		
Cash	\$ 2,523,273	\$ 2,373,339
Annual campaign contributions receivable, net (Note 2)	4,794,374	5,420,064
Other contributions receivable, net (Note 3)	932,551	1,145,360
Investments (Note 4)	2,717,458	3,374,514
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 5)	16,511,687	17,143,369
Property and equipment, net (Note 6)	1,825,369	1,929,976
Other assets	132,562	169,015
	\$ 29,437,274	\$ 31,555,637
Liabilities and Net Assets		
Liabilities:		
Designations payable	\$ 2,284,561	\$ 2,611,534
Allocations payable	931,006	1,004,274
Accounts payable and accrued expenses	753,143	823,526
Refundable advances	28,035	28,759
Paycheck Protection Program loans (Note 7)	-	687,500
Accrued pension liability (Note 8)	2,215,209	2,140,104
Accrued postretirement benefit obligation (Note 8)	160,000	140,000
	6,371,954	7,435,697
Net assets:		
Without donor restrictions	14,792,584	15,081,804
With donor restrictions (Note 9)	8,272,736	9,038,136
	23,065,320	24,119,940
	\$ 29,437,274	\$ 31,555,637

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statement of Activities

For the year ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Campaign results:			
Contributions:			
Annual campaign	\$ 181,108	\$ 8,926,611	\$ 9,107,719
Community, endowment, and other campaigns	2,416,966	15,610	2,432,576
	2,598,074	8,942,221	11,540,295
Less: donor designations	-	(2,342,946)	(2,342,946)
Estimated uncollectible pledges	-	(300,000)	(300,000)
Net assets released from restrictions	6,658,510	(6,658,510)	-
	9,256,584	(359,235)	8,897,349
Other revenues:			
Contributions:			
Government awards	2,119,725	-	2,119,725
Foundation and other	283,529	192,563	476,092
Paycheck Protection Program loan forgiveness (Note 7)	687,500	-	687,500
Program service and other fees	380,199	-	380,199
Investment loss	(18,308)	-	(18,308)
Net depreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	(465,588)	(229,703)	(695,291)
Net assets released from restrictions	369,025	(369,025)	-
	3,356,082	(406,165)	2,949,917
Total revenue, gains and other support	12,612,666	(765,400)	11,847,266
Expenses:			
Program services:			
Gross funds awarded, granted or designated to agencies	10,006,831	-	10,006,831
Other program services	2,240,934	-	2,240,934
Total program services including designations	12,247,765	-	12,247,765
Less: donor designations	(2,342,946)	-	(2,342,946)
Total program services	9,904,819	-	9,904,819
Supporting services:			
Management and general	1,424,597	-	1,424,597
Fundraising	1,469,078	-	1,469,078
	2,893,675	-	2,893,675
Total expenses	12,798,494	-	12,798,494
Change in net assets before adjustments	(185,828)	(765,400)	(951,228)
Pension liability adjustment (Note 8)	(103,392)	-	(103,392)
Change in net assets	(289,220)	(765,400)	(1,054,620)
Net assets - beginning	15,081,804	9,038,136	24,119,940
Net assets - ending	\$ 14,792,584	\$ 8,272,736	\$ 23,065,320

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statement of Activities

For the year ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Campaign results:			
Contributions:			
Annual campaign	\$ 114,739	\$ 9,954,163	\$ 10,068,902
Community, endowment, and other campaigns	133,148	69,594	202,742
	247,887	10,023,757	10,271,644
Less: donor designations	-	(3,027,404)	(3,027,404)
Estimated uncollectible pledges	-	(275,000)	(275,000)
Net assets released from restrictions	5,840,410	(5,840,410)	-
	6,088,297	880,943	6,969,240
Other revenues:			
Contributions:			
Government awards	2,561,311	-	2,561,311
Foundation and other	209,839	32,088	241,927
Paycheck Protection Program loan forgiveness (Note 7)	773,200	-	773,200
Program service and other fees	434,709	-	434,709
Investment loss	(71,509)	-	(71,509)
Net appreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	711,769	348,527	1,060,296
Net assets released from restrictions	273,495	(273,495)	-
	4,892,814	107,120	4,999,934
Total revenue, gains and other support	10,981,111	988,063	11,969,174
Expenses:			
Program services:			
Gross funds awarded, granted or designated to agencies	8,941,187	-	8,941,187
Other program services	2,438,874	-	2,438,874
Total program services including designations	11,380,061	-	11,380,061
Less: donor designations	(3,027,404)	-	(3,027,404)
Total program services	8,352,657	-	8,352,657
Supporting services:			
Management and general	1,281,076	-	1,281,076
Fundraising	1,261,158	-	1,261,158
	2,542,234	-	2,542,234
Total expenses	10,894,891	-	10,894,891
Change in net assets before adjustments	86,220	988,063	1,074,283
Pension liability adjustment (Note 8)	185,690	-	185,690
Change in net assets	271,910	988,063	1,259,973
Net assets - beginning	14,809,894	8,050,073	22,859,967
Net assets - ending	\$ 15,081,804	\$ 9,038,136	\$ 24,119,940

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statement of Functional Expenses

For the year ended March 31, 2023

	Program Services	Supporting Services			Total
		Management and General	Fund- raising	Total Supporting Services	
Allocations and distributions	\$ 5,213,632	\$ -	\$ -	\$ -	\$ 5,213,632
Designations	2,342,946	-	-	-	2,342,946
Grants and other awards	2,450,253	-	-	-	2,450,253
	10,006,831	-	-	-	10,006,831
Salaries	1,292,831	814,848	805,874	1,620,722	2,913,553
Payroll taxes and employee benefits	405,124	254,957	252,150	507,107	912,231
Total salaries and related expenses	1,697,955	1,069,805	1,058,024	2,127,829	3,825,784
Professional fees	62,477	79,248	37,346	116,594	179,071
Supplies	26,552	3,958	16,561	20,519	47,071
Telephone and internet	20,308	13,359	18,389	31,748	52,056
Postage	3,918	2,356	17,041	19,397	23,315
Occupancy	101,111	78,691	84,984	163,675	264,786
Printing and public relations	7,524	1,038	38,588	39,626	47,150
Travel, conferences and meetings	73,212	21,279	8,047	29,326	102,538
Dues and subscriptions	18,002	17,340	13,235	30,575	48,577
Software and equipment maintenance	61,953	39,225	49,501	88,726	150,679
Payments to State affiliate	12,785	8,687	10,963	19,650	32,435
Miscellaneous	32,289	6,134	11,052	17,186	49,475
Depreciation	70,887	48,169	60,789	108,958	179,845
Payments to National affiliate	51,961	35,308	44,558	79,866	131,827
	2,240,934	1,424,597	1,469,078	2,893,675	5,134,609
Totals (including designations)	12,247,765	1,424,597	1,469,078	2,893,675	15,141,440
Less: donor designations	(2,342,946)	-	-	-	(2,342,946)
	\$ 9,904,819	\$ 1,424,597	\$ 1,469,078	\$ 2,893,675	\$ 12,798,494

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statement of Functional Expenses

For the year ended March 31, 2022

	Program Services	Supporting Services			Total
		Management and General	Fund- raising	Total Supporting Services	
Allocations and distributions	\$ 3,428,787	\$ -	\$ -	\$ -	\$ 3,428,787
Designations	3,027,404	-	-	-	3,027,404
Grants and other awards	2,484,996	-	-	-	2,484,996
	<u>8,941,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,941,187</u>
Salaries	1,409,300	726,635	669,958	1,396,593	2,805,893
Payroll taxes and employee benefits	411,255	214,590	195,630	410,220	821,475
Total salaries and related expenses	<u>1,820,555</u>	<u>941,225</u>	<u>865,588</u>	<u>1,806,813</u>	<u>3,627,368</u>
Professional fees	66,318	74,149	34,220	108,369	174,687
Supplies	9,011	2,636	11,503	14,139	23,150
Telephone and internet	17,317	8,481	12,388	20,869	38,186
Postage	7,446	3,463	18,877	22,340	29,786
Occupancy	113,491	63,343	63,366	126,709	240,200
Printing and public relations	35,798	988	52,424	53,412	89,210
Travel, conferences and meetings	6,235	11,164	3,353	14,517	20,752
Dues and subscriptions	31,026	18,990	14,294	33,284	64,310
Software and equipment maintenance	82,851	39,101	46,217	85,318	168,169
Payments to State affiliate	13,639	6,443	7,615	14,058	27,697
Miscellaneous	11,075	5,231	6,183	11,414	22,489
Depreciation	99,441	46,972	55,521	102,493	201,934
Payments to National affiliate	124,671	58,890	69,609	128,499	253,170
	<u>2,438,874</u>	<u>1,281,076</u>	<u>1,261,158</u>	<u>2,542,234</u>	<u>4,981,108</u>
Totals (including designations)	<u>11,380,061</u>	<u>1,281,076</u>	<u>1,261,158</u>	<u>2,542,234</u>	<u>13,922,295</u>
Less: donor designations	<u>(3,027,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,027,404)</u>
	<u>\$ 8,352,657</u>	<u>\$ 1,281,076</u>	<u>\$ 1,261,158</u>	<u>\$ 2,542,234</u>	<u>\$ 10,894,891</u>

See accompanying notes.

UNITED WAY OF BUFFALO & ERIE COUNTY

Statements of Cash Flows

For the years ended March 31,	2023	2022
Operating activities:		
Change in net assets:		
Change in net assets before adjustments	\$ (951,228)	\$ 1,074,283
Net assets adjustment - defined benefit pension plan (Note 8)	(103,392)	185,690
	<u>(1,054,620)</u>	<u>1,259,973</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	179,845	201,934
Paycheck Protection Program loan forgiveness	(687,500)	(773,200)
Net realized and unrealized losses on investments	37,377	84,114
Net (appreciation) depreciation of beneficial interest in assets held by Community Foundation for Greater Buffalo	695,291	(1,060,296)
Changes in other operating assets and liabilities:		
Annual campaign contributions receivable	625,690	(28,687)
Other contributions receivable	212,809	647,303
Other assets	36,453	17,843
Designations payable	(326,973)	(868,751)
Allocations payable	(73,268)	(250,664)
Accounts payable and accrued expenses	(70,383)	(339,099)
Refundable advances	(724)	(32,029)
Accrued pension liability	75,105	(184,463)
Accrued postretirement benefit obligation	20,000	-
	<u>(330,898)</u>	<u>(1,326,022)</u>
Net operating activities		
Investing activities:		
Purchase of investments	(390,412)	(18,274)
Proceeds from sale of investments	1,010,091	355,670
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(63,609)	(216,141)
Purchase of property and equipment	(75,238)	(63,995)
	<u>480,832</u>	<u>57,260</u>
Net investing activities		
Net change in cash	149,934	(1,268,762)
Cash - beginning	2,373,339	3,642,101
Cash - ending	<u>\$ 2,523,273</u>	<u>\$ 2,373,339</u>

See accompanying notes.

Notes to Financial Statements

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 August 3, 2023, 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 in 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 (see Note 10). 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 \$114,000 and \$133,000 for 2023 and 2022, 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, software, maintenance 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.

2. Annual Campaign Contributions Receivable:

	2023	2022
United Way:		
2022 – 2023	\$ 4,801,648	\$ -
2021 – 2022	465,163	5,678,085
2020 – 2021	364,918	511,931
2019 – 2020	-	484,760
	<u>5,631,729</u>	<u>6,674,776</u>
Less allowance for uncollectible pledges	<u>837,355</u>	<u>1,254,712</u>
	<u>\$ 4,794,374</u>	<u>\$ 5,420,064</u>

Campaign contributions receivable include donor designated amounts payable of \$2,284,561 and \$2,611,534 as of March 31, 2023 and 2022.

3. Other Contributions Receivable:

	2023	2022
Gross unconditional promises to give from:		
Endowment campaign	\$ 251,000	\$ 299,000
Government awards	576,619	781,715
Foundation and other	119,932	79,645
	<u>947,551</u>	<u>1,160,360</u>
Less allowances for:		
Uncollectible pledges	6,940	5,842
Unamortized discount	8,060	9,158
	<u>\$ 932,551</u>	<u>\$ 1,145,360</u>
Amounts due in:		
Less than one year	\$ 764,551	\$ 949,360
One to five years	163,000	166,000
Greater than five years	20,000	45,000
	<u>\$ 947,551</u>	<u>\$ 1,160,360</u>

4. Investments:

	2023	2022
Certificates of deposit	\$ 2,099,020	\$ 2,914,810
Money market	610,921	459,704
Mutual funds	7,517	-
	<u>\$ 2,717,458</u>	<u>\$ 3,374,514</u>

Investment returns for the years ended March 31, 2023 and 2022 are as follows:

	2023	2022
Interest and dividends	\$ 19,069	\$ 12,605
Net realized and unrealized losses	(37,377)	(84,114)
Total return on investments	<u>\$ (18,308)</u>	<u>\$ (71,509)</u>

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

	2023	2022
Beginning of year	\$ 17,143,369	\$ 15,866,932
Transfers	63,609	216,141
Net appreciation (depreciation)	(695,291)	1,060,296
End of year	<u>\$ 16,511,687</u>	<u>\$ 17,143,369</u>

6. Property and Equipment:

	2023	2022
Land	\$ 158,930	\$ 158,930
Building and improvements	3,767,570	3,767,570
Furniture and equipment	3,927,424	3,852,186
	<u>7,853,924</u>	<u>7,778,686</u>
Less accumulated depreciation	6,028,555	5,848,710
	<u>\$ 1,825,369</u>	<u>\$ 1,929,976</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 12. The loans were forgiven by the SBA and United Way recognized loan forgiveness of \$687,500 and \$773,200 in the accompanying 2023 and 2022 statement of activities, respectively.

8. Employee Benefit Plans:

Defined Benefit Pension Plan:

United Way maintains a defined benefit pension plan covering all nonunion employees hired before 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, 2023 and 2022 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2023	2022
Projected benefit obligation	\$ (7,203,393)	\$ (7,254,886)
Fair value of plan assets	4,988,184	5,114,782
Funded status	\$ (2,215,209)	\$ (2,140,104)
Accumulated benefit obligation	\$ (6,724,966)	\$ (6,718,412)

Amounts recognized on the balance sheets:

	2023	2022
Accrued pension liability	\$ (2,215,209)	\$ (2,140,104)
Accumulated adjustment to net assets	\$ (2,164,720)	\$ (2,061,328)

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2023 and 2022 consist of:

	2023	2022
Unrecognized actuarial loss	\$ (2,164,720)	\$ (2,061,328)

Amounts recognized as pension liability adjustment for the years ended March 31, 2023 and 2022 consist of:

	2023	2022
Unrecognized actuarial gain (loss)	\$ (103,392)	\$ 185,690

	2023	2022
Benefit cost:		
Service cost	\$ 183,800	\$ 190,097
Interest cost	239,441	200,924
Recognized loss (gain)	(151,528)	(164,794)
	\$ 271,713	\$ 226,227

Employer contributions	\$ 300,000	\$ 225,000
Benefits paid	\$ 124,043	\$ 473,611

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

Discount rate	4.50%	3.25%
Expected future salary increase	3.00%	3.00%

Weighted average assumptions used to determine net periodic benefit cost:

Discount rate	3.25%	2.65%
Expected return on plan assets	6.50%	7.00%
Expected future salary increase	3.00%	3.50%

The expected long-term rate of return on plan assets assumption of 6.50% was selected based on United Way's investment policy for the pension plan in effect as of the beginning of the fiscal year ended March 31, 2023. 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 6.50% was selected and a best estimate range was determined for both the real rate of return (net of inflation) and for inflation.

No contributions are expected to be required by United Way for 2024.

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:

2024	\$ 1,008,000
2025	562,000
2026	596,000
2027	478,000
2028	1,021,000
2029-2033	3,314,000
	\$ 6,979,000

United Way's pension plan weighted-average asset allocations at March 31, 2023 and 2022 are as follows:

Asset Category:	2023	2022
Equity securities	51%	54%
Fixed income	48%	36%
General account	1%	10%
	100%	100%

The plan's overall portfolio mix of assets 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 generally 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, 2023 and 2022 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 2023 and 2022 is for the plan's year-end at December 31, 2022 and December 31, 2021, 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
	2022	2021	2022	2021		2023	2022		
16-0908576/001	Green	Green	95%	90%	N/A	\$ 22,500	\$ 21,300	No	6/30/2026

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 2021 and 2020 (the most years available).

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, 2023 and 2022 were \$38,013 and \$42,219.

The status of the post-retirement health benefit plan at and for the years ended March 31, 2023 and 2022 is as follows:

	2023	2022
Accrued postretirement benefit obligation	\$ 160,000	\$ 140,000
Cost	\$ 33,000	\$ 13,000
Benefits paid	\$ 13,000	\$ 13,000

Post-Retirement Health Care Benefits:

United Way provides post-retirement 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 31st of each year.

Weighted average assumptions used:

Discount rate	5.00%	5.00%
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United Way's post-retirement 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:

2024	\$ 16,500
2025	16,500
2026	16,500
2027	16,500
2028	16,500
2029-2033	69,300
	<u>\$ 151,800</u>

9. Net Assets:

Net assets without donor restrictions include board-designated endowment funds amounting to \$11,750,950 and \$12,140,409 at March 31, 2023 and 2022 (see Note 10).

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

	2023	2022
Subject to expenditure for specific purpose:		
WNY Girls in Sports	\$ 564,152	\$ 765,983
Other programs	202,034	176,664
	<u>766,186</u>	942,647
Subject to passage of time:		
Net campaign pledges outstanding	2,509,813	2,808,529
Subject to United Way's spending policy and appropriation (see Note 10)		
Endowment assets, which once appropriated, are expendable to support:		
WNY Girls in Sports	2,371,770	2,555,283
General programs and operations	2,624,967	2,731,677
	<u>4,996,737</u>	5,286,960
	<u>\$ 8,272,736</u>	\$ 9,038,136

United Way's endowment assets represent the accumulated principal of endowment gifts invested in perpetuity, which totaled \$3,901,672 and \$3,886,062 as of March 31, 2023 and 2022, and the related unappropriated net investment earnings. Net endowment campaign receivables included in endowment assets above amounted to \$236,000 and \$284,000 at March 31, 2023 and 2022 (see Note 3).

10. 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 eventually 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.

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 earnings 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.

United Way's endowment assets below exclude outstanding endowment campaign receivables (see Note 3) as of March 31, 2023 and 2022 is as follows:

	Without Donor Restrictions		
	(Board-designated)	With Donor Restrictions	Total
2023			
Endowment assets – beginning of year	\$ 12,140,409	\$ 5,002,960	\$ 17,143,369
Net investment activity	(465,588)	(229,703)	(695,291)
Contributions	76,129	63,609	139,738
Appropriation	-	(76,129)	(76,129)
Endowment assets – end of year	\$ 11,750,950	\$ 4,760,737	\$ 16,511,687

	Without Donor Restrictions		
	(Board-designated)	With Donor Restrictions	Total
2022			
Endowment assets – beginning of year	\$ 11,314,005	\$ 4,552,927	\$ 15,866,932
Net investment activity	711,769	348,527	1,060,296
Contributions	114,635	145,500	260,135
Appropriation	-	(43,994)	(43,994)
Endowment assets – end of year	\$ 12,140,409	\$ 5,002,960	\$ 17,143,369

Appropriations included above were required by donor request. United Way elected not to make any discretionary appropriations during 2023 or 2022 to allow the endowment balance to continue to grow.

11. 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, 2023 and 2022:

	2023	2022
Cash	\$ 2,523,273	\$ 2,373,339
Net annual campaign receivables	2,509,813	2,808,530
Other contributions receivable – due in less than one year	764,551	949,360
Investments without donor restrictions, if necessary	14,468,408	15,514,923
	<u>\$ 20,266,045</u>	<u>\$ 21,646,152</u>

12. 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 years 2022 and 2021. Additionally, United Way obtained loans through the SBA under PPP in 2021 (see Note 7).

13. Contingencies:

United Way is involved in legal proceedings that in the opinion of management, will not have a material adverse effect upon the financial condition of United Way.