

**UNITED WAY OF BUFFALO
& ERIE COUNTY**

FINANCIAL STATEMENTS

March 31, 2020

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, 2020 and 2019, 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

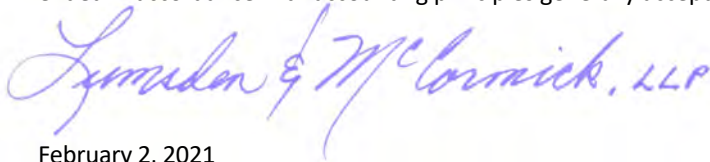
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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.



February 2, 2021

UNITED WAY OF BUFFALO & ERIE COUNTY

Balance Sheets

March 31,	2020	2019
Assets		
Cash	\$ 3,573,093	\$ 2,362,587
Annual campaign contributions receivable, net (Note 2)	6,663,439	6,837,173
Other contributions receivable, net (Note 3)	2,467,412	3,425,204
Investments (Note 4)	3,764,918	4,156,697
Beneficial interest in assets held by Community Foundation for Greater Buffalo (Note 5)	10,893,593	11,912,717
Property and equipment, net (Note 6)	2,174,867	2,265,285
Other assets	151,157	131,153
	\$ 29,688,479	\$ 31,090,816
Liabilities and Net Assets		
Liabilities:		
Designations payable	\$ 4,258,789	\$ 3,623,999
Allocations payable	1,484,652	1,793,385
Accounts payable and accrued expenses	1,454,724	1,107,456
Refundable advances	110,549	291,632
Accrued pension liability (Note 7)	2,164,791	1,828,509
Accrued postretirement benefit obligation (Note 7)	170,000	190,000
	9,643,505	8,834,981
Net assets:		
Without donor restrictions	12,490,825	13,364,734
With donor restrictions (Note 9)	7,554,149	8,891,101
	20,044,974	22,255,835
	\$ 29,688,479	\$ 31,090,816

UNITED WAY OF BUFFALO & ERIE COUNTY

Statements of Activities

For the years ended March 31,

2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Campaign results:			
Contributions:			
Annual campaign	\$ 197,333	\$ 13,085,568	\$ 13,282,901
Endowment campaign	19,025	36,750	55,775
	<u>216,358</u>	<u>13,122,318</u>	<u>13,338,676</u>
Less: donor designations	-	(4,250,206)	(4,250,206)
Estimated uncollectible pledges	-	(350,000)	(350,000)
Net assets released from restrictions	9,317,180	(9,317,180)	-
	<u>9,533,538</u>	<u>(795,068)</u>	<u>8,738,470</u>
Other revenues:			
Contributions:			
Government awards	4,243,792	-	4,243,792
Foundation and other	280,712	218,592	499,304
Other program income	78,671	-	78,671
Investment income	108,221	-	108,221
Net appreciation (depreciation) of beneficial interest in assets held by Community Foundation for Greater Buffalo	(852,070)	(394,329)	(1,246,399)
Net assets released from restrictions	366,147	(366,147)	-
	<u>4,225,473</u>	<u>(541,884)</u>	<u>3,683,589</u>
Total revenue, gains and other support	<u>13,759,011</u>	<u>(1,336,952)</u>	<u>12,422,059</u>
Expenses:			
Program services:			
Gross funds awarded, granted or designated to agencies	12,607,266	-	12,607,266
Other program services	3,087,362	-	3,087,362
Total program services including designations	<u>15,694,628</u>	<u>-</u>	<u>15,694,628</u>
Less: donor designations	(4,250,206)	-	(4,250,206)
Total program services	<u>11,444,422</u>	<u>-</u>	<u>11,444,422</u>
Supporting services:			
Management and general	1,273,337	-	1,273,337
Fundraising	1,706,333	-	1,706,333
	<u>2,979,670</u>	<u>-</u>	<u>2,979,670</u>
Total expenses	<u>14,424,092</u>	<u>-</u>	<u>14,424,092</u>
Change in net assets before adjustments	(665,081)	(1,336,952)	(2,002,033)
Pension liability adjustment (Note 7)	(208,828)	-	(208,828)
Change in net assets	(873,909)	(1,336,952)	(2,210,861)
Net assets - beginning	13,364,734	8,891,101	22,255,835
Net assets - ending	<u>\$ 12,490,825</u>	<u>\$ 7,554,149</u>	<u>\$ 20,044,974</u>

See accompanying notes.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 163,267	\$ 13,609,042	\$ 13,772,309
20,701	248,500	269,201
183,968	13,857,542	14,041,510
-	(4,853,167)	(4,853,167)
-	(200,000)	(200,000)
8,748,394	(8,748,394)	-
8,932,362	55,981	8,988,343
3,339,915	-	3,339,915
419,720	207,099	626,819
79,877	-	79,877
84,671	-	84,671
163,321	76,693	240,014
243,288	(243,288)	-
4,330,792	40,504	4,371,296
13,263,154	96,485	13,359,639
12,351,158	-	12,351,158
2,970,768	-	2,970,768
15,321,926	-	15,321,926
(4,853,167)	-	(4,853,167)
10,468,759	-	10,468,759
1,164,679	-	1,164,679
1,594,304	-	1,594,304
2,758,983	-	2,758,983
13,227,742	-	13,227,742
35,412	96,485	131,897
(354,163)	-	(354,163)
(318,751)	96,485	(222,266)
13,683,485	8,794,616	22,478,101
\$ 13,364,734	\$ 8,891,101	\$ 22,255,835

UNITED WAY OF BUFFALO & ERIE COUNTY

Statements of Functional Expenses

For the years ended March 31,

2020

	Supporting Services				Total
	Program Services	Management and General	Fund-raising	Total Supporting Services	
Allocations and distributions	\$ 4,444,113	\$ -	\$ -	\$ -	\$ 4,444,113
Designations	4,250,206	-	-	-	4,250,206
Grants and other awards	3,912,947	-	-	-	3,912,947
	12,607,266	-	-	-	12,607,266
Salaries	1,715,703	746,887	931,581	1,678,468	3,394,171
Payroll taxes and employee benefits	538,022	236,723	290,495	527,218	1,065,240
Total salaries and related expenses	2,253,725	983,610	1,222,076	2,205,686	4,459,411
Professional fees	78,371	72,529	69,173	141,702	220,073
Supplies	54,468	3,120	16,387	19,507	73,975
Telephone and internet	20,907	6,161	14,523	20,684	41,591
Postage	4,577	1,522	12,511	14,033	18,610
Occupancy	133,326	55,537	76,315	131,852	265,178
Printing and public relations	35,900	1,718	70,172	71,890	107,790
Travel, conferences and meetings	114,587	26,067	25,305	51,372	165,959
Dues and subscriptions	34,919	13,757	14,419	28,176	63,095
Equipment rental and maintenance	128,214	32,396	55,064	87,460	215,674
Payments to State affiliate	21,838	7,380	12,510	19,890	41,728
Miscellaneous	2,655	637	1,080	1,717	4,372
Depreciation	98,490	33,286	56,424	89,710	188,200
Payments to National affiliate	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
Total program services including designations	15,694,628	1,273,337	1,706,333	2,979,670	18,674,298
Less: donor designations	(4,250,206)	-	-	-	(4,250,206)
	\$ 11,444,422	\$ 1,273,337	\$ 1,706,333	\$ 2,979,670	\$ 14,424,092

See accompanying notes.

2019				
Program Services	Supporting Services			Total
	Management and General	Fund-raising	Total Supporting Services	
\$ 4,500,000	\$ -	\$ -	\$ -	\$ 4,500,000
4,853,167	-	-	-	4,853,167
2,997,991	-	-	-	2,997,991
12,351,158	-	-	-	12,351,158
1,614,393	703,742	885,523	1,589,265	3,203,658
427,412	182,523	232,262	414,785	842,197
2,041,805	886,265	1,117,785	2,004,050	4,045,855
110,557	93,114	67,371	160,485	271,042
70,713	2,071	17,738	19,809	90,522
16,618	6,465	14,146	20,611	37,229
6,166	1,626	18,394	20,020	26,186
135,958	48,477	72,674	121,151	257,109
93,366	4,471	77,821	82,292	175,658
120,680	17,492	26,037	43,529	164,209
20,355	8,319	7,164	15,483	35,838
130,321	30,628	55,667	86,295	216,616
18,326	5,394	9,804	15,198	33,524
8,919	2,371	4,311	6,682	15,601
95,050	27,980	50,854	78,834	173,884
101,934	30,006	54,538	84,544	186,478
2,970,768	1,164,679	1,594,304	2,758,983	5,729,751
15,321,926	1,164,679	1,594,304	2,758,983	18,080,909
(4,853,167)	-	-	-	(4,853,167)
\$ 10,468,759	\$ 1,164,679	\$ 1,594,304	\$ 2,758,983	\$ 13,227,742

UNITED WAY OF BUFFALO & ERIE COUNTY

Statements of Cash Flows

For the years ended March 31,	2020	2019
Operating activities:		
Change in net assets:		
Change in net assets before adjustments	\$ (2,002,033)	\$ 131,897
Net assets adjustment - defined benefit pension plan (Note 7)	(208,828)	(354,163)
	<u>(2,210,861)</u>	<u>(222,266)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	188,200	173,884
Unrealized gain on investments	(31,106)	(23,045)
Net appreciation (depreciation) of beneficial interest in assets held by Community Foundation for Greater Buffalo	1,246,399	(240,014)
Changes in other operating assets and liabilities:		
Annual campaign contributions receivable	173,734	36,653
Other contributions receivable	957,792	201,624
Other assets	(20,004)	(23,350)
Designations payable	634,790	216,066
Allocations payable	(308,733)	(454,381)
Accounts payable and accrued expenses	347,268	304,513
Refundable advances	(181,083)	(33,788)
Accrued pension liability	336,282	291,579
Accrued postretirement benefit obligation	(20,000)	(30,000)
	<u>1,112,678</u>	<u>197,475</u>
Net operating activities	1,112,678	197,475
Investing activities:		
Purchase of investments	(82,385)	(166,730)
Proceeds from sale of investments	505,270	105,104
Transfers to beneficial interest in assets held by Community Foundation for Greater Buffalo	(227,275)	(521,799)
Purchase of property and equipment	(97,782)	(201,963)
	<u>97,828</u>	<u>(785,388)</u>
Net investing activities	97,828	(785,388)
Net change in cash	1,210,506	(587,913)
Cash - beginning	2,362,587	2,950,500
Cash - ending	<u>\$ 3,573,093</u>	<u>\$ 2,362,587</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.

The United Way also administers and/or participates 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 that we act as a Federated Fundraising Organization we honor designations made to each member organization 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 February 2, 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.

New Accounting Standards Adopted:

In 2020, United Way adopted two new comprehensive revenue recognition models under Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU).

ASU 2014-09, *Revenue from Contracts with Customers*, requires an organization to recognize revenue from exchange transactions to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, addresses the differences between contributions and exchange transactions including guidance on timing and revenue recognition.

The adoption of these standards did not impact United Way's recognition of revenue and related accounts.

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 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 receipt 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 \$137,000 and \$156,000 for 2020 and 2019, respectively.

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 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.

2. Annual Campaign Contributions Receivable:

	2020	2019
United Way:		
2019 – 2020	\$ 7,320,153	\$ -
2018 – 2019	649,258	7,711,085
2017 – 2018	369,246	576,826
2016 - 2017	-	223,004
	<u>8,338,657</u>	<u>8,510,915</u>
Less allowance for uncollectible pledges	<u>1,675,218</u>	<u>1,673,742</u>
	<u>\$ 6,663,439</u>	<u>\$ 6,837,173</u>

Campaign contributions receivable include donor designated amounts payable of \$4,258,789 and \$3,623,999 as of March 31, 2020 and 2019.

3. Other Contributions Receivable:

	2020	2019
Gross unconditional promises to give from:		
Endowment campaign	\$ 625,000	\$ 780,000
Government awards	1,347,034	1,712,838
Foundation and other	545,378	1,022,366
	<u>2,517,412</u>	<u>3,515,204</u>
Less allowances for:		
Uncollectible pledges	33,250	61,550
Unamortized discount	16,750	28,450
	<u>\$ 2,467,412</u>	<u>\$ 3,425,204</u>
Amounts due in:		
Less than one year	\$ 2,062,412	\$ 2,895,204
One to five years	317,000	424,000
Greater than five years	138,000	196,000
	<u>\$ 2,517,412</u>	<u>\$ 3,515,204</u>

4. Investments:

	2020	2019
Certificates of deposit	\$ 1,002,797	\$ 1,348,675
Money market	2,762,121	2,808,022
	<u>\$ 3,764,918</u>	<u>\$ 4,156,697</u>

Investment returns for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
Interest and dividends	\$ 77,115	\$ 61,626
Net unrealized gains	31,106	23,045
Total return on investments	<u>\$ 108,221</u>	<u>\$ 84,671</u>

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

	2020	2019
Beginning of year	\$ 11,912,717	\$ 11,150,904
Transfers	227,275	521,799
Net appreciation (depreciation)	(1,246,399)	240,014
End of year	<u>\$ 10,893,593</u>	<u>\$ 11,912,717</u>

6. Property and Equipment:

	2020	2019
Land	\$ 158,930	\$ 158,930
Building and improvements	3,693,604	3,693,604
Furniture and equipment	3,766,150	3,668,368
	<u>7,618,684</u>	<u>7,520,902</u>
Less accumulated depreciation	5,443,817	5,255,617
	<u>\$ 2,174,867</u>	<u>\$ 2,265,285</u>

7. 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, 2020 and 2019 is presented below. The measurement date used to determine the plan assets and benefit obligations is March 31st of each year.

	2020	2019
Projected benefit obligation	\$ 6,300,458	\$ 6,384,344
Fair value of plan assets	4,135,667	4,555,835
Funded status	<u>\$ (2,164,791)</u>	<u>\$ (1,828,509)</u>
Accumulated benefit obligation	<u>\$ 5,516,831</u>	<u>\$ 5,688,166</u>

Amounts recognized on the balance sheets:

	2020	2019
Accrued pension liability	<u>\$ (2,164,791)</u>	<u>\$ (1,828,509)</u>
Accumulated adjustment to net assets	<u>\$ (2,058,711)</u>	<u>\$ (1,849,883)</u>

Amounts recognized as the accumulated adjustment to net assets as of March 31, 2020 and 2019 consist of:

	2020	2019
Unrecognized actuarial loss	<u>\$ 2,058,711</u>	<u>\$ 1,849,883</u>

Amounts recognized as pension liability adjustment for the years ended March 31, 2020 and 2019 consist of:

	2020	2019
Unrecognized actuarial gain (loss)	<u>\$ (208,828)</u>	<u>\$ (354,163)</u>
Benefit cost		
Service cost	\$ 182,131	\$ 198,049
Interest cost	226,155	222,277
Recognized loss (gain)	<u>19,168</u>	<u>(182,910)</u>
	<u>\$ 427,454</u>	<u>\$ 237,416</u>
Employer contributions	\$ 300,000	\$ 300,000
Benefits paid	\$ 591,491	\$ 398,370

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

Discount rate	2.75%	3.45%
Expected future salary increase	3.00%	3.50%

Weighted average assumptions used to determine net periodic benefit cost:

Discount rate	3.45%	3.70%
Expected return on plan assets	6.75%	6.75%
Expected future salary increase	3.50%	4.00%

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, 2020, 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 6.62% - 9.36%.

No contributions are expected to be required by United Way for 2020.

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:

2021	\$ 1,862,000
2022	154,000
2023	41,000
2024	85,000
2025	416,000
2026-2030	<u>2,673,000</u>
	<u>\$ 5,231,000</u>

United Way’s pension plan weighted-average asset allocations at March 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Asset Category:		
Equity securities	45%	51%
Fixed income	55%	49%
	<u>100%</u>	<u>100%</u>

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:

- a. Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. 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, 2020 and 2019 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 2020 and 2019 is for the plan’s year-end at December 31, 2019 and December 31, 2018, 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
	2019	2018	2019	2018		2020	2019		
16-0908576/001	Red	Red	85%	83%	Yes	\$ 18,900	\$ 19,800	No	6/30/2020

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 2019 and 2018.

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, 2020 and 2019 were \$42,930 and \$36,255.

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 31st of each year.

The status of the postretirement health benefit plan at and for the years ended March 31, 2020 and 2019 is as follows:

	<u>2020</u>	2019
Accrued postretirement benefit obligation	\$ 170,000	\$ 190,000
Benefit cost (adjustment)	\$ -	\$ (10,000)
Benefits paid	\$ 20,000	\$ 20,000
Weighted average assumptions used:		
Discount rate	5.00%	6.00%

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:

2021	\$ 19,800
2022	19,800
2023	19,800
2024	19,800
2025	19,800
2026-2030	85,800
	<u>\$ 184,800</u>

8. Lease Commitments:

United Way leases certain equipment under the terms of operating leases. Rental expense for all operating leases amounted to approximately \$42,000 and \$64,000 for the years ended March 31, 2020 and 2019.

Future minimal annual rentals due under noncancelable leases are:

2021	\$ 22,000
2022	13,000
	<u>\$ 35,000</u>

9. Net Assets:

Net assets without donor restrictions include board-designated endowment funds amounting to \$7,804,382 and \$8,572,633 at March 31, 2020 and 2019 (see Note 10).

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

	<u>2020</u>	2019
Subject to expenditure for specific purpose:		
WNY Girls in Sports	\$ 1,163,643	\$ 1,326,512
Other programs	316,645	301,331
	<u>\$ 1,480,288</u>	\$ 1,627,843

Subject to passage of time:
Net campaign pledges outstanding

2,404,650	3,213,174
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Subject to United Way's spending policy and appropriation (see Note 10)

Endowment assets, which once appropriated, is expendable to support:		
WNY Girls in Sports	1,909,824	2,194,557
General programs and operations	1,759,387	1,855,527
	<u>3,669,211</u>	4,050,084

\$ 7,554,149	\$ 8,891,101
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United Way's endowment assets represent the accumulated principal of endowment gifts invested in perpetuity, which totaled \$3,854,612 and \$3,817,862 as of March 31, 2020 and 2019, and the related unappropriated net investment earnings. Net endowment campaign receivables included in endowment assets above amounted to \$575,000 and \$690,000 at March 31, 2020 and 2019 (Note 3). The endowment assets exceed the fair value of United Way's endowment investments by \$190,401 as of March 31, 2020. Appropriations from the endowment assets with deficiencies may continue upon the approval by the Board of Directors or based on donor requirements.

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 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 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. United Way's endowment assets below exclude outstanding endowment campaign receivables (see Note 9) as of March 31, 2020 and 2019 is as follows:

	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	<u>\$ 7,804,382</u>	<u>\$ 3,089,211</u>	<u>\$ 10,893,593</u>
2019			
Endowment assets – beginning of year	\$ 8,294,105	\$ 2,856,799	\$ 11,150,904
Net investment activity	163,321	76,693	240,014
Contributions	115,207	506,592	621,799
Appropriation	-	(100,000)	(100,000)
Endowment assets – end of year	<u>\$ 8,572,633</u>	<u>\$ 3,340,084</u>	<u>\$ 11,912,717</u>

Appropriations included above were required by donor request. United Way elected not to make any discretionary appropriations during 2020 or 2019 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. If necessary, United Way also has access to approximately \$11,569,000 at March 31, 2020 of investment funds not subject to donor restrictions. Although United Way does not intend to spend from these assets, the assets could be made available if necessary through approval by the Board of Directors.

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,573,093	\$ 2,362,587
Net annual campaign receivables	2,404,650	3,213,174
Other contributions receivable- current	2,062,412	2,895,204
Investments without donor restrictions	11,569,300	12,729,330
	<u>\$ 19,609,455</u>	<u>\$ 21,200,295</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.

In response, in March 2020, United Way transitioned to remote and virtual working environments, program events, and volunteer efforts for the remainder 2020. In April 2020, United Way received a loan of \$773,200 from the Small Business Administration under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Some or all of the loan may be forgiven if certain criteria is met. Otherwise, the loan is unsecured, bears interest at 1%, and is payable over a negotiable term.

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.