

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.

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Independent Auditors' Report

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

We have audited the accompanying financial statements of United Way of Southern Chautauqua County, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 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 under 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 involves 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 of Southern Chautauqua County, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Saxton, Kocur and Associates, LLP

Saxton, Kocur and Associates, LLP
September 16, 2021

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 601,317	\$ 741,481
Pledges receivable, net of allowance for uncollectible pledges of \$45,000 and \$35,000 at June 30, 2021 and 2020, respectively	212,029	233,808
Long-term pledge receivable - due within one year	3,000	3,000
ESPRI contract receivable	29,101	128,934
Prepaid expenses	3,788	1,969
Total current assets	<u>849,235</u>	<u>1,109,192</u>
LONG-TERM PLEDGE RECEIVABLE, net of current portion	8,120	10,826
OTHER ASSET - cash held as fiscal agent	1,261	139,772
PROPERTY AND EQUIPMENT, net of accumulated depreciation	61,840	72,475
INVESTMENTS, at fair value	2,443,164	1,838,507
ASSET HELD BY ANOTHER	<u>125,846</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 3,489,466</u></u>	<u><u>\$ 3,170,772</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 6,747	\$ 10,153
ESPRI payable - subcontractors	36,995	-
Donor designations	15,595	32,430
Refundable advances	4,012	5,106
Payroll Protection Program loan, current portion	42,141	-
Total current liabilities	<u>105,490</u>	<u>47,689</u>
OTHER LIABILITY - cash held as fiscal agent	1,261	139,772
LONG-TERM DEBT - Payroll Protection Program loan	<u>-</u>	<u>42,141</u>
Total liabilities	<u>106,751</u>	<u>229,602</u>
NET ASSETS		
Without donor restrictions	1,880,487	1,394,836
With donor restrictions	1,502,228	1,546,334
Total net assets	<u>3,382,715</u>	<u>2,941,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,489,466</u></u>	<u><u>\$ 3,170,772</u></u>

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Pledges from current year campaign	\$ -	\$ 1,327,482	\$ 1,327,482
New pledges from prior years' campaigns	11,018	-	11,018
Pledges received for future campaign	-	4,804	4,804
Centennial campaign contributions	-	294	294
Less donor choice designations and designations to other United Ways	-	(28,882)	(28,882)
Pledges available	11,018	1,303,698	1,314,716
Administrative fee income and other income	20,563	-	20,563
Empire State Poverty Reduction Initiative (ESPRI)	137,862	-	137,862
Grants from foundations - ESPRI Bridge funding	-	-	-
Interest income - bank	937	-	937
Investment income	133,111	-	133,111
In-kind support	-	-	-
Net assets released from restrictions	1,347,804	(1,347,804)	-
Total revenue and other support	1,651,295	(44,106)	1,607,189
EXPENSES			
Program:			
Allocations to agencies	1,034,000	-	1,034,000
Community Impact	329,644	-	329,644
Total program expenses	1,363,644	-	1,363,644
Supporting Services:			
Management and general	127,134	-	127,134
Fund-raising	100,535	-	100,535
Total supporting services expenses	227,669	-	227,669
Total expenses	1,591,313	-	1,591,313
CHANGE IN NET ASSETS FROM OPERATIONS	59,982	(44,106)	15,876
OTHER CHANGES IN NET ASSETS			
Unrealized gain (loss) on investments	412,833	-	412,833
Change in value of asset held by another	12,836	-	12,836
CHANGE IN NET ASSETS	485,651	(44,106)	441,545
NET ASSETS, BEGINNING	1,394,836	1,546,334	2,941,170
NET ASSETS, ENDING	\$ 1,880,487	\$ 1,502,228	\$ 3,382,715

2020		
Without Restrictions	With Donor Restrictions	Total
\$ -	\$ 1,296,194	\$ 1,296,194
5,368	-	5,368
-	1,000	1,000
13,010	10,826	23,836
-	(49,095)	(49,095)
18,378	1,258,925	1,277,303
3,333	-	3,333
349,688	-	349,688
30,351	26,649	57,000
7,245	-	7,245
45,355	-	45,355
127	-	127
1,211,465	(1,211,465)	-
1,665,942	74,109	1,740,051
1,020,000	-	1,020,000
638,499	-	638,499
1,658,499	-	1,658,499
117,010	-	117,010
96,662	-	96,662
213,672	-	213,672
1,872,171	-	1,872,171
(206,229)	74,109	(132,120)
(32,794)	-	(32,794)
-	-	-
(239,023)	74,109	(164,914)
1,633,859	1,472,225	3,106,084
\$ 1,394,836	\$ 1,546,334	\$ 2,941,170

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			
	Program	Supporting Services		
	Allocations & Community Impact	Management and General	Fund-raising	Total
Allocations to agencies	\$ 1,034,000	\$ -	\$ -	\$ 1,034,000
Donation to COVID-19 Crisis Relief	-	-	-	-
Salaries	69,998	69,989	53,621	193,608
Payroll taxes	5,019	5,018	3,845	13,882
Employee health insurance	6,018	6,018	4,610	16,646
Other employee insurances	823	824	631	2,278
Retirement	3,966	3,965	3,038	10,969
Program and project expense	30,317	-	-	30,317
Grants to ESPRI subcontractors *	177,567	-	-	177,567
Building rent	4,339	4,338	3,323	12,000
Equipment repairs, maintenance, and technology	5,665	5,665	4,340	15,670
Supplies	790	790	605	2,185
Professional fees	1,582	7,202	1,211	9,995
Postage	626	626	480	1,732
Insurance	872	1,664	668	3,204
Telephone	1,704	1,703	1,305	4,712
Conferences	642	641	491	1,774
Printing	3,500	-	9,944	13,444
Dues	11,318	11,317	8,670	31,305
Meetings	269	268	206	743
Travel	268	268	206	742
Miscellaneous	-	2,478	-	2,478
Total expenses before depreciation	1,359,283	122,774	97,194	1,579,251
Depreciation expense	4,361	4,360	3,341	12,062
	<u>\$ 1,363,644</u>	<u>\$ 127,134</u>	<u>\$ 100,535</u>	<u>\$ 1,591,313</u>

* Grants to ESPRI subcontractors from:

Governmental funding	\$ 127,686
Foundation funding	19,649
United Way funding	30,232
	<u>\$ 177,567</u>

2020				
	Program	Supporting Services		
	Allocations & Community Impact	Management and General	Fund-raising	Total
Allocations to agencies	\$ 1,020,000	\$ -	\$ -	\$ 1,020,000
Donation to COVID-19 Crisis Relief	100,000	-	-	100,000
Salaries	91,785	67,265	46,151	205,201
Payroll taxes	6,599	4,837	3,318	14,754
Employee health insurance	3,451	5,249	6,742	15,442
Other employee insurances	1,111	815	559	2,485
Retirement	5,206	3,815	2,617	11,638
Program and project expense	32,533	-	-	32,533
Grants to ESPRI subcontractors	* 358,684	-	-	358,684
Building rent	5,367	3,934	2,699	12,000
Equipment repairs, maintenance, and technology	5,809	4,258	2,921	12,988
Supplies	1,887	1,383	948	4,218
Professional fees	1,556	6,875	783	9,214
Postage	586	429	294	1,309
Insurance	947	1,662	476	3,085
Telephone	2,159	1,582	1,085	4,826
Conferences	1,748	1,281	879	3,908
Printing	3,500	-	19,360	22,860
Dues	7,697	5,640	3,870	17,207
Meetings	1,631	1,195	820	3,646
Travel	844	619	425	1,888
Miscellaneous	-	2,215	-	2,215
Total expenses before depreciation	1,653,100	113,054	93,947	1,860,101
Depreciation expense	5,399	3,956	2,715	12,070
	<u>\$ 1,658,499</u>	<u>\$ 117,010</u>	<u>\$ 96,662</u>	<u>\$ 1,872,171</u>

* Grants to ESPRI subcontractors from:	
Governmental funding	\$ 328,333
Foundation funding	30,351
	<u>\$ 358,684</u>

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 441,545	\$ (164,914)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,062	12,070
Discount on long-term pledge receivable	(294)	1,174
Change in allowance for uncollectible pledges	10,000	-
Change in value of asset held by another - Century Society	(12,836)	-
Net investment return	(545,944)	(12,561)
(Increase) decrease in:		
Pledges receivable - campaign	11,779	(32,286)
Long-term pledge receivable - Centennial Campaign	3,000	(15,000)
Grants receivable - foundations and other	-	2,700
ESPRI contract receivable	99,833	3,145
Prepaid expenses	(1,819)	1,509
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,406)	7,505
ESPRI payable - subcontractors	36,995	(123,710)
Donor designations	(16,835)	(5,776)
Refundable advances	(1,094)	2,806
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	32,986	(323,338)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(150,000)	-
Distribution from investments	91,287	94,000
Purchases of property and equipment	(1,427)	(5,509)
Transfer of cash to community foundation - Century Society	(113,010)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(173,150)	88,491
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan	-	42,141
CHANGE IN CASH AND CASH EQUIVALENTS	(140,164)	(192,706)
CASH AND CASH EQUIVALENTS, beginning	741,481	934,187
CASH AND CASH EQUIVALENTS, ending	\$ 601,317	\$ 741,481

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

UNITED WAY OF SOUTHERN CHAUTAUQUA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

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

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

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

It also includes administering the Emergency Food & Shelter Program, Volunteer Income Tax Assistance Program, and the Empire State Poverty Reduction Initiative (ESPRI). Direct financial support maintains the 2-1-1 Helpline for southern Chautauqua County. Agency staff continually provide technical assistance to its Community Partners to strengthen programs and the ability to measure impact. Agency staff also mobilizes stakeholders around emerging community needs.

ESPRI PROGRAM

New York State selected the City of Jamestown as one of sixteen communities to participate in the Empire State Poverty Reduction Initiative (ESPRI). This initiative is an exciting opportunity to develop community driven solutions to the challenges of a growing poverty rate. The City of Jamestown selected the Agency as the non-profit lead to coordinate the effort and serve as co-convenor of the City of Jamestown ESPRI Taskforce. The New York State Office of Temporary and Disability Assistance (OTDA) has contracted with the Agency to administer the grant.

Through ESPRI, \$1,000,000 is to be invested by NYS in the City of Jamestown. These dollars must be used to get a better understanding of the challenges facing those struggling to make ends meet, and then implement transformational approaches to overcoming those challenges. All decision-making for how the money will be invested is at the discretion of the Taskforce. In September 2019, additional funding of \$180,195 for the initiative was made available. The contract with OTDA ends on September 30, 2021.

ESPRI PROGRAM, continued

Funding of the program provides for the reimbursement of Agency expenses in administering the program and for payments to program subcontractors. The following expenses of the program are included in the Allocations & Community Impact column on the statements of functional expenses:

	2021	2020
Reimbursed Agency expenses:		
Salaries, payroll taxes, and insurances	\$ 9,276	\$ 11,619
Program and project expense	-	8,580
Supplies	-	256
Building rent	900	900
Total reimbursed Agency expenses	10,176	21,355
Grants to ESPRI subcontractors	127,686	328,333
Total ESPRI funding for the year	<u>\$ 137,862</u>	<u>\$ 349,688</u>

In addition to the governmental funding noted above, the Agency received in fiscal year 2020, grants totaling \$50,000 from two local foundations to be used as ESPRI Bridge funding. The funds are to be used for making grants to local agencies participating in the ESPRI program. Such grants offset grant amounts that otherwise would be made using the governmental ESPRI program funding. As of June 30, 2021 and June 30, 2020, total grants of \$50,000, and \$30,351, respectively, had been made.

In February 2019, the Board approved the use of up to \$100,000 of Agency net assets without donor restrictions for ESPRI Bridge funding. Based on a total funding budget of \$103,288, after the foundation-provided funding of \$50,000 noted above, the Agency's anticipated and designated funding is \$53,288. In fiscal year 2020-21, \$30,232 of designated funding was used, leaving \$23,056 designated as of June 30, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - The Agency adopted FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*, effective with its 2019 fiscal year. As such, information regarding its financial position and activities are reported according to two classes of net assets that are based upon the existence or absence of donor restrictions: net assets without donor restrictions and net assets with donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

REVENUE RECOGNITION - Effective with its fiscal year beginning July 1, 2019, the Agency adopted the provisions of FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Unconditional contributions of cash, securities or other assets and unconditional promises to give, are recorded when received. Conditional contributions and promises to give (i.e. those with a measurable performance or other barrier and a right of return) are not recognized until the conditions are which they depend are substantially met or explicitly waived by the donor. The provisions of the ASU have been applied to contributions received in the accompanying financial statement under a modified prospective basis. Accordingly, there was no effect on net assets upon implementation.

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

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

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. In addition, numerous individuals volunteer their time to assist the Agency in meeting its annual financial campaign goals or serving on Agency boards and committees. Such services do not meet the revenue recognition criteria.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

CASH AND CASH EQUIVALENTS - For the purposes of the statements of cash flows, the Agency considers all highly liquid instruments with maturities of three months or less at the time of purchase to be cash equivalents. A certificate of deposit of \$257,531 at June 30, 2020, with a term of more than three months was also considered to be a cash and cash equivalents since there was no material penalty for early withdrawal. The certificate matured in February 2021, but was not renewed. Cash held as investments (NOTE 3) and cash held as fiscal agent (NOTE 5) are excluded.

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

Effective as of July 1, 2019, the Agency adopted the provisions of FASB Accounting Standards Updates (ASU) No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU No. 2018-03, *Technical Corrections and Improvements to Financial Assets and Financial Liabilities - Overall (Subtopic 825-10)*. ASU No. 2016-01 provides guidance for the recognition, measurement, presentation, and disclosure of financial instruments. ASU 2018-03 clarifies certain aspects of the guidance in ASU No. 2016-01. Adoption of the ASUs did not result in any cumulative effect adjustment as of July 1, 2019.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

NOTE 2 - LONG-TERM PLEDGE RECEIVABLE - CENTENNIAL CAMPAIGN

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

	2021	2020
Due within one year	\$ 3,000	\$ 3,000
Due within two to five years	9,000	12,000
Total pledge amount remaining	12,000	15,000
Less: unamortized discount	(880)	(1,174)
Net unconditional pledge to give at June 30	<u>\$ 11,120</u>	<u>\$ 13,826</u>

NOTE 3 - INVESTMENTS

Fair value of investments at June 30:

	2021	2020
Exchange Traded Funds (ETFs):		
Bonds - high yield corporate	\$ 41,993	\$ 85,804
Bonds - inflation-protected	56,451	54,369
Equities - large capitalization - U.S. and international	556,717	406,908
Equities - mid-capitalization	137,375	93,021
Equities - small capitalization - U.S. and international	251,914	154,692
Mutual Funds:		
Money market fund	6,037	5,297
Cash reserves - U.S. Treasury securities	37,968	37,964
Equities - large capitalization - U.S. and international	538,776	390,383
Equities - mid-capitalization	84,367	41,766
Equities - small capitalization	62,029	47,915
Equities - diversified emerging markets	73,107	45,941
Equities - alternative investment - global real estate	51,918	39,269
Bonds - inflation-protected	52,338	48,692
Bonds - intermediate-term	202,254	199,399
Bonds - short-term	289,920	187,087
	<u>\$ 2,443,164</u>	<u>\$ 1,838,507</u>

The investments had a cost basis of \$1,790,798 and \$1,598,973 at June 30, 2021 and 2020, respectively.

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

	2021	2020
Investment income:		
Interest and dividends	\$ 79,252	\$ 55,514
Realized gains (losses)	64,962	31
Investment fees	(11,103)	(10,190)
	<u>133,111</u>	<u>45,355</u>
Unrealized gain (loss)	<u>412,833</u>	<u>(32,794)</u>
Net investment return (loss)	<u>\$ 545,944</u>	<u>\$ 12,561</u>

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

NOTE 3 - INVESTMENTS, continued

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

All uses of the investments are at the discretion of the Board of Directors. The annual spending distribution amount is calculated using a 12-quarter rolling average market value (20 quarter rolling average, effective July 1, 2020) of the investment's total assets multiplied by 5%. Additional appropriations for expenditures in excess of this amount are based on the recommendation of the Agency's Finance Committee and are subject to approval by 2/3 majority of the Board of Directors. The investment value is not to be drawn below an amount equal to 12 months of operating expenses excluding agency allocation commitments.

The Agency's adopted investment policy provides that a total return (income and appreciation) approach will be used to preserve principal while providing opportunities for growth. To meet this objective of income and long-term growth, the target asset allocation is to be 65% equities, 30% fixed income, and 5% alternative investments, with a range of +/- 10%. Rebalancing to the target allocation is to occur no less than annually. At June 30, 2021, the investment allocation was 70% equities, 26% fixed income, 2% alternative equities, and 2% cash and cash equivalents.

	2021	2020
Board-designated investments, beginning	\$ 1,838,507	\$ 1,919,946
Deposit to account	150,000	-
Interest and dividends earned and reinvested	79,252	55,514
Realized gains (losses)	64,962	31
Investment fees	(11,103)	(10,190)
Net appreciation (depreciation)	412,833	(32,794)
Annual spending distribution	(91,287)	(94,000)
	<u>\$ 2,443,164</u>	<u>\$ 1,838,507</u>
Board-designated investments, ending		

NOTE 4 - PROPERTY AND EQUIPMENT

	2021	2020
Office equipment and furnishings	\$ 27,916	\$ 26,489
Leasehold improvements	71,199	71,199
	<u>99,115</u>	<u>97,688</u>
Less accumulated depreciation	<u>37,275</u>	<u>25,213</u>
	<u>\$ 61,840</u>	<u>\$ 72,475</u>

Depreciation expense was \$12,062 and \$12,070 for 2021 and 2020, respectively.

NOTE 5 - OTHER ASSET AND LIABILITY - CASH HELD AS FISCAL AGENT

Since March 2020, the Agency has been acting as the fiscal agent of the Chautauqua County Crisis Response Fund. This fund was created by a coalition of area philanthropy, government, and business partners to provide financial support to the numerous local organizations, groups, and programs adversely affected by the COVID-19 pandemic. In acting as the fiscal agent, the Agency established a separate checking account for receiving donations and disbursing approved grants. The Agency contributed \$100,000 to the fund. Grants to be made are determined upon recommendations of an advisory board, with final approval of such recommendations made by a decision committee of nine representatives of the fund's primary funders. The Agency has not received any financial benefit acting as the fiscal agent.

Activity of the fund during the years ended June 30:

	2021	2020
Beginning balance	\$ 139,772	\$ -
Donations received	76,625	970,219
Grants paid	(215,054)	(830,353)
Bank service charges	(82)	(94)
Ending balance	<u>\$ 1,261</u>	<u>\$ 139,772</u>

NOTE 6 - ASSET HELD BY ANOTHER

In November 2020, the Agency established the United Way Century Society Fund (the Fund) at the Chautauqua Region Community Foundation (CRCF). The Fund is to be used to support operational and administrative expenses of the Agency. The Fund was established with an initial \$100,000 of unrestricted funding from the Agency. An additional \$13,010 of contributions from Century Society Fund donors was made to the Fund during the year ended June 30, 2021. In accordance with the Fund agreement, all contributions to the Fund are irrevocable and CRCF maintains variance power over the Fund. The value of the Fund at June 30, 2021, as reported by CRCF, was \$125,846. A change in value of the fund of \$12,836 is reflected in the 2021 statement of activities. No distributions from the Fund were received during the year ended June 30, 2021.

NOTE 7 - LONG-TERM DEBT - PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, the Agency received an unsecured Paycheck Protection Program (PPP) loan of \$42,141. The note matures in May 2022, with interest at 1%, which approximates the effective interest rate. The loan terms provide that all or a portion of loan and deferred interest is forgivable to the extent loan proceeds are used for allowable payroll and other expenses during a designated 8-week covered period. Management expects all terms and conditions of the loan shall be met and thus, the entire loan and interest shall be entitled to forgiveness. Any portion of the loan and interest not approved for forgiveness, shall be repaid shall be in accordance with the terms of the PPP note.

NOTE 7 - LONG-TERM DEBT - PAYCHECK PROTECTION PROGRAM LOAN, continued

Under the terms of the note and program, loan payments are deferred until the Agency receives notification from the SBA as to the amount of loan forgiven. SBA notification has been received of forgiveness of the entire loan amount and accrued interest of \$494, as of July 7, 2021. As such, ten monthly principal and interest payments of \$4,233 beginning August 2021 would be required to repay the entire loan by the maturity date of May 2022. As such, the entire loan of \$42,141 is reflected as a current liability at June 30, 2021.

In accordance with the Agency's accounting policy for the loan and its forgiveness, the \$42,141 will be reported as gain on forgiveness of debt in the Agency's fiscal year ending June 30, 2022.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Current year campaign amounts to be used to fund operations in the subsequent year:		
Allocations to agencies	\$ 1,026,000	\$ 1,034,000
Community impact	124,909	148,408
ESPRI bridge funding	-	19,649
Fund-raising and administrative expenses	333,369	322,194
Other reserves - equipment	9,830	11,257
	<u>1,494,108</u>	<u>1,535,508</u>
Centennial campaign - future years	8,120	10,826
	<u>\$ 1,502,228</u>	<u>\$ 1,546,334</u>

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Agency maintains a SEP/SARSEP plan in which substantially all employees participate. It is a discretionary non-integrated plan in which employer contributions are allocated to each participant in the same proportion as the participant's compensation bears to all participants for the year, with limits. The Agency contributed 6% of the total compensation for both 2021 and 2020. Plan expense for 2021 and 2020 was \$10,969 and \$11,638, respectively. The Agency also offers a 403(b) plan for its employees in which their contributions are immediately vested. The Agency does not contribute to this plan.

NOTE 10 - FACILITIES LEASE

In May 2018, the Agency entered into a lease agreement of space located at 208 Pine Street, Jamestown, NY. The lease has an initial five year term ending April 30, 2023, and provides for one additional five-year renewal option. Monthly rent is \$1,000, including the renewal option period. Expense was \$12,000 for both 2021 and 2020. The landlord is responsible for all property taxes, water, sewer, and electricity charges.

NOTE 11 - RECLASSIFICATIONS

Certain accounts and amounts in the 2020 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2021 financial statements.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Donor-restricted net assets (NOTE 8) expected to be met by conducting programs within one year are considered to be available for general expenditures. The Board-designated investments (NOTE 3) are not considered to be available within one year, except for the determined annual spending distribution amount from investments. If necessary, the Board could appropriate additional investments over this amount. Also considered not available are net assets designated by the Board for ESPRI Bridge funding (see page 8). All or any of this amount could be made available for general expenditures by Board approval.

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

	June 30	
	2021	2020
Cash and cash equivalents - interest bearing checking, money market fund and certificate of deposit (2020 only)	\$ 601,317	\$ 741,481
Pledges, grants, and ESPRI contract receivables	252,250	376,568
Investments - Board-designated	2,443,164	1,838,507
Financial assets	<u>3,296,731</u>	<u>2,956,556</u>
Less financial assets unavailable for general expenditures:		
Donor-restricted net assets - future years (NOTE 8)	(8,120)	(10,826)
Board-designated for ESPRI Bridge funding	(23,056)	(53,288)
Board-designated investments, net of spending distribution amounts of \$96,000 and \$94,000 for 2021-2022 and 2020-2021 operations, respectively	<u>(2,347,164)</u>	<u>(1,744,507)</u>
Financial assets available	<u>\$ 918,391</u>	<u>\$ 1,147,935</u>

NOTE 13 - CONCENTRATIONS OF RISK

Geographic Concentration Support Risk

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

Credit Risk

The Agency's maintains its cash balances in one financial institution located in Jamestown, NY. Frequently during any year, the Agency's cash balances at the financial institution do exceed the FDIC deposit insurance amount. At June 30, 2021 and 2020, the Agency's uninsured cash balances, including the cash held as fiscal agent, were \$613,623 and \$1,228,467, respectively.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated events and transactions through September 16, 2021, which is the date the financial statements were available to be issued.

The short-term and long-term impact of the ongoing COVID-19 pandemic on the Agency's future financial position and operations cannot be presently determined, but it has the potential to result in a significant economic impact.