



**United Way of the  
Dutchess – Orange Region, Inc.  
Financial Statements  
June 30, 2021 and 2020**

United Way of the Dutchess - Orange Region, Inc.

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June 30, 2021 and 2020

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## Independent Auditor's Report

To the Board of Directors of  
United Way of the Dutchess - Orange Region, Inc.

*Prager Metis CPAs, LLC*

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We have audited the accompanying financial statements of United Way of the Dutchess - Orange Region, Inc. (a nonprofit 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.

### Auditor's 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 audits 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 auditor's 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 of the Dutchess - Orange Region, 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.

*Prager Metis CPAs, LLC*

Prager Metis CPAs, LLC  
Poughkeepsie, New York  
November 4, 2021

United Way of the Dutchess - Orange Region, Inc.  
 Statements of Financial Position  
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 393,639	\$ 165,918
Pledges receivable, less provision for uncollectible pledges of \$59,038 and \$69,639, respectively	471,168	520,556
Grants receivable	106,476	145,723
Other receivables	20,292	15,229
Prepaid expenses	20,614	19,038
Other assets	12,416	42,267
Investments, broker held	1,721,183	1,387,538
Pooled endowment investments	2,727,226	2,129,480
Property and equipment, net of accumulated depreciation	<u>315,358</u>	<u>337,278</u>
<b>Total assets</b>	<u>\$ 5,788,372</u>	<u>\$ 4,763,027</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 36,311	\$ 9,262
Accrued expenses	171,855	132,485
Donor designated organizations payable	93,443	101,358
Refundable advance	31,132	113,153
Other liabilities	13,131	3,381
Capital lease obligations	<u>3,262</u>	<u>11,214</u>
<b>Total liabilities</b>	<u>349,134</u>	<u>370,853</u>
<b>Net assets</b>		
Without donor restrictions		
Operating	2,655,654	2,146,211
Board designated	<u>1,238,187</u>	<u>941,427</u>
Total net assets without donor restrictions	<u>3,893,841</u>	<u>3,087,638</u>
With donor restrictions	<u>1,545,397</u>	<u>1,304,536</u>
<b>Total net assets</b>	<u>5,439,238</u>	<u>4,392,174</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,788,372</u>	<u>\$ 4,763,027</u>

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

United Way of the Dutchess - Orange Region, Inc.  
Statement of Activities  
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating revenue, gains and other support</b>			
Annual campaign contributions including donor designated amounts	\$ 1,164,484	\$ -	\$ 1,164,484
In kind contributions	349,373	-	349,373
Contract, grant and contribution income	871,840	10,456	882,296
Investment return, net of fees	334,769	-	334,769
Special events income	118,445	-	118,445
Paycheck Protection Program grant	265,152	-	265,152
Other income	7,440	-	7,440
Endowment appropriation to operations	71,193	-	71,193
Net assets released from restriction	87,294	(87,294)	-
Total operating revenue, gains and other support including donor designated amounts	3,269,990	(76,838)	3,193,152
Less: provision for uncollectible pledges	(66,481)	-	(66,481)
Less: donor designated amounts	(148,985)	-	(148,985)
Net operating revenue, gains and other support	<u>3,054,524</u>	<u>(76,838)</u>	<u>2,977,686</u>
Expenses and losses			
<b>Grants and program services</b>			
Community fund grants and program expenses	1,170,429	-	1,170,429
Community building services	804,026	-	804,026
Total grants and program services	<u>1,974,455</u>	<u>-</u>	<u>1,974,455</u>
<b>Supporting services</b>			
Management and general	182,216	-	182,216
Fundraising	357,874	-	357,874
Total supporting services	<u>540,090</u>	<u>-</u>	<u>540,090</u>
Total expenses	2,514,545	-	2,514,545
Loss on disposal of fixed assets	685	-	685
Total expenses and losses	<u>2,515,230</u>	<u>-</u>	<u>2,515,230</u>
<b>Change in net assets from operations</b>	<u>539,294</u>	<u>(76,838)</u>	<u>462,456</u>
<b>Non-operating activities</b>			
Endowment realized and unrealized gains on investments	276,787	340,766	617,553
Endowment investment returns, net of fees	17,024	21,224	38,248
Endowment appropriation to operations	(26,902)	(44,291)	(71,193)
Total non-operating activities	<u>266,909</u>	<u>317,699</u>	<u>584,608</u>
<b>Change in net assets</b>	<u>806,203</u>	<u>240,861</u>	<u>1,047,064</u>
Net assets – beginning of year	<u>3,087,638</u>	<u>1,304,536</u>	<u>4,392,174</u>
<b>Net assets – ending of year</b>	<u>\$ 3,893,841</u>	<u>\$ 1,545,397</u>	<u>\$ 5,439,238</u>

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

United Way of the Dutchess - Orange Region, Inc.  
Statement of Activities  
Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating revenue, gains and other support</b>			
Annual campaign contributions including donor designated amounts	\$ 1,333,319	\$ -	\$ 1,333,319
In kind contributions	229,335	-	229,335
Contract, grant and contribution income	900,624	107,045	1,007,669
Investment return, net of fees	106,665	-	106,665
Special events income	93,680	-	93,680
Paycheck Protection Program grant	43,347	-	43,347
Other income	16,474	-	16,474
Endowment appropriation to operations	73,029	-	73,029
Net assets released from restriction	35,997	(35,997)	-
Total operating revenue, gains and other support including donor designated amounts	2,832,470	71,048	2,903,518
Less: provision for uncollectible pledges	(70,427)	-	(70,427)
Less: donor designated amounts	(180,511)	-	(180,511)
Net operating revenue, gains and other support	2,581,532	71,048	2,652,580
<b>Expenses and losses</b>			
<b>Grants and program services</b>			
Community fund grants and program expenses	1,378,507	-	1,378,507
Community building services	892,618	-	892,618
Total grants and program services	2,271,125	-	2,271,125
<b>Supporting services</b>			
Management and general	196,723	-	196,723
Fundraising	341,779	-	341,779
Total supporting services	538,502	-	538,502
Total expenses and losses	2,809,627	-	2,809,627
<b>Change in net assets from operations</b>	(228,095)	71,048	(157,047)
<b>Non-operating activities</b>			
Endowment realized and unrealized losses on investments	(53,878)	(69,328)	(123,206)
Endowment investment returns, net of fees	12,826	16,505	29,331
Endowment appropriation to operations	(26,353)	(46,676)	(73,029)
Total non-operating activities	(67,405)	(99,499)	(166,904)
<b>Change in net assets</b>	(295,500)	(28,451)	(323,951)
Net assets – beginning of year	3,383,138	1,332,987	4,716,125
<b>Net assets – ending of year</b>	<b>\$ 3,087,638</b>	<b>\$ 1,304,536</b>	<b>\$ 4,392,174</b>

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

United Way of the Dutchess - Orange Region, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2021

	<u>Program</u>	<u>Administrative</u>		
	<u>Community Building Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
<b>Staff compensation</b>				
Salaries	\$ 472,983	\$ 120,059	\$ 165,016	\$ 758,058
Payroll taxes	42,475	11,497	16,673	70,645
Employee benefits	95,204	21,798	21,435	138,437
Total staff compensation	<u>610,662</u>	<u>153,354</u>	<u>203,124</u>	<u>967,140</u>
<b>Direct divisional expenses</b>				
Advertising and marketing	40,724	-	25	40,749
Supplies	4,468	89	144	4,701
Printing	3,752	254	8,322	12,328
Professional development	688	56	114	858
Meetings and dues	4,790	409	2,097	7,296
Transportation	1,401	40	174	1,615
Special events	-	-	54,401	54,401
Postage	1,776	108	3,625	5,509
Campaign administrative fees	-	-	7,700	7,700
Total direct divisional expenses	<u>57,599</u>	<u>956</u>	<u>76,602</u>	<u>135,157</u>
<b>Central operating services</b>				
Service contracts	28,486	2,834	27,284	58,604
Telephone	9,640	1,777	3,546	14,963
Occupancy and depreciation	41,951	9,677	19,469	71,097
Organizational dues	18,082	4,446	9,091	31,619
Insurance	7,296	1,793	3,667	12,756
Interest	270	66	136	472
Payroll, pension and bank fees	8,051	1,973	4,035	14,059
Professional fees	21,989	5,340	10,920	38,249
Total central operating services	<u>135,765</u>	<u>27,906</u>	<u>78,148</u>	<u>241,819</u>
Subtotal	<u>804,026</u>	<u>182,216</u>	<u>357,874</u>	<u>1,344,116</u>
<b>Program expenses</b>				
Community fund grants and program expenses	<u>1,170,429</u>	<u>-</u>	<u>-</u>	<u>1,170,429</u>
<b>Total operating expenses</b>	<u>\$ 1,974,455</u>	<u>\$ 182,216</u>	<u>\$ 357,874</u>	<u>\$ 2,514,545</u>

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

United Way of the Dutchess - Orange Region, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program	Administrative		Total
	Community Building Services	Management & General	Fund- Raising	
<b>Staff compensation</b>				
Salaries	\$ 496,948	\$ 125,330	\$ 180,967	\$ 803,245
Payroll taxes	43,768	11,549	17,087	72,404
Temporary staffing	3,500	-	-	3,500
Employee benefits	120,637	28,424	27,066	176,127
Total staff compensation	664,853	165,303	225,120	1,055,276
<b>Direct divisional expenses</b>				
Advertising and marketing	34,895	-	3,991	38,886
Supplies	17,278	418	853	18,549
Printing	3,787	447	7,996	12,230
Professional development	2,629	87	280	2,996
Meetings and dues	9,416	689	4,458	14,563
Transportation	5,424	214	2,791	8,429
Special events	8,805	-	19,435	28,240
Postage	2,235	112	3,236	5,583
Campaign administrative fees	-	-	9,089	9,089
Total direct divisional expenses	84,469	1,967	52,129	138,565
<b>Central operating services</b>				
Service contracts	27,481	2,541	16,496	46,518
Telephone	9,449	2,022	3,891	15,362
Occupancy and depreciation	55,589	11,373	19,865	86,827
Organizational dues	13,759	3,683	6,616	24,058
Insurance	10,833	2,900	5,209	18,942
Interest	512	137	246	895
Payroll, pension and bank fees	8,955	2,371	4,258	15,584
Professional fees	16,718	4,426	7,949	29,093
Total central operating services	143,296	29,453	64,530	237,279
Subtotal	892,618	196,723	341,779	1,431,120
<b>Program expenses</b>				
Community fund grants and program expenses	1,378,507	-	-	1,378,507
<b>Total operating expenses</b>	\$ 2,271,125	\$ 196,723	\$ 341,779	\$ 2,809,627

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

United Way of the Dutchess - Orange Region, Inc.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,047,064	\$ (323,951)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	36,396	37,928
Realized and unrealized (gains) losses on investments	(980,326)	30,809
Donated investments	(11,226)	(10,053)
Proceeds from sale of donated investments	10,836	10,141
Provision for losses on pledges receivable	66,481	70,427
Loss on disposal of fixed assets	685	-
Changes in operating assets and liabilities		
Pledges receivable	(17,093)	(2,895)
Grants receivable	39,247	74,207
Other receivables	(5,063)	53,177
Prepaid expenses	(1,576)	11,611
Other assets	-	749
Accounts payable	27,049	(119,946)
Accrued expenses	39,370	757
Donor designated organizations payable	(7,915)	(14,001)
Refundable advances	(82,021)	113,153
Other liabilities	9,750	3,381
<b>Net cash provided by (used in) operating activities</b>	<u>171,658</u>	<u>(64,506)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(15,827)	-
Proceeds from sale of pooled endowment investments	87,906	83,353
Proceeds from sale of investments	492,860	287,502
Purchases of investments	(501,590)	(313,769)
<b>Net cash provided by investing activities</b>	<u>63,349</u>	<u>57,086</u>
<b>Cash flows from financing activities</b>		
Repayments on capital lease obligations	(7,286)	(6,863)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>227,721</b>	<b>(14,283)</b>
Cash and cash equivalents – beginning of year	<u>165,918</u>	<u>180,201</u>
<b>Cash and cash equivalents – end of year</b>	<u>\$ 393,639</u>	<u>\$ 165,918</u>
<b>Supplemental disclosure of cash flows information</b>		
Cash paid during the years for interest	<u>\$ 472</u>	<u>\$ 895</u>

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

**Note 1 Nature of Organization**

United Way of the Dutchess - Orange Region, Inc.'s ("United Way") mission is to fight for the health, education, and financial stability of every person in our community. United Way's support comes primarily from campaign contributions from individuals and corporations who reside in or conduct business in Dutchess and Orange Counties, in New York State along with contributions from individuals and private foundations; government grants and contracts; and special events.

Effective September 2017, the Organization's legal name was changed from United Way of the Mid-Hudson Valley, Inc. to United Way of the Dutchess - Orange Region, Inc.

**Note 2 Summary of Significant Accounting Policies**

**Net Asset Classification**

Net assets are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and are available to support and fund United Way programs and other organizations through the granting of amounts raised during the annual campaigns. Donor-restricted contributions are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. The Board of Directors has designated from net assets without donor restrictions, net assets for a board designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that are available to fund programs and organizations in Dutchess and Orange Counties where grant recipients and amounts are specified by the donor. Additionally, net assets with donor restrictions include net assets subject to donor-imposed stipulations that require that they be maintained permanently. Generally, the donors of these permanent assets permit United Way to use all or part of the income earned on these investments for general or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the determination of the allowance for pledges receivable and the allocation of functional expenses.

**Cash and Cash Equivalents**

United Way considers all investments in money market accounts absent of withdrawal restrictions and demand deposits at banks to be cash and cash equivalents.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Investments**

United Way holds investments in brokerage accounts which are reported at fair value based quoted market prices. In addition, United Way holds investments in pooled investment accounts at the Community Foundations of the Hudson Valley (“CFHV”) and the Community Foundation of Orange and Sullivan (“CFOS”). The assets held in the pooled accounts are presented at fair value using United Way’s share of the CFHV and CFOS investment pool at the measurement date. CFHV and CFOS value securities and other financial instruments on a fair value basis of accounting. The estimated fair value of investments of the CFHV and CFOS are determined by the management of CFHV and CFOS and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ from the values that would have been used had a ready market existed for those investments.

**Property and Equipment**

Property and equipment are recorded at acquisition cost if purchased and at estimated fair value if donated. United Way’s policy is to expense the purchase of property and equipment under \$1,000. Buildings, furniture and equipment are being depreciated over estimated useful lives of three to thirty years using a straight-line method. Depreciation expense amounted to \$36,396 and \$37,928 for the years ended June 30, 2021 and 2020, respectively.

**Endowment Classification, Investment and Spending Policies**

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the related disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. United Way is subject to the New York State enacted version of UPMIFA.

Under the terms of the directives, the Board of Directors can be given the ability to distribute so much of the corpus of any endowment or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Net assets with donor restrictions consist of restricted contributions receivable, and endowment funds with donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Certain endowment funds with donor restrictions are restricted by donors in perpetuity. These amounts are recorded at the fair value of the original gift as of the gift date.

**Note 2 Summary of Significant Accounting Policies (continued)**

United Way has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth. United Way's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to achieve a growth rate of 5% real growth over inflation per year. Actual returns in any given year may vary from this amount. The target payout rate is 5% of the prior three years' moving average market value of the portfolio and will be available for expenditure consistent with the terms of the gifts. To achieve long-term capital appreciation with a moderate level of risk, United Way has deposited its endowment funds with the CFHV and CFOS for investment management. The CFHV investment pool has a target allocation of 70 percent equities and 30 percent fixed income. The CFOS investment pool consists mainly of equity and fixed income investments and the allocation between investment types is determined and managed by CFOS.

**Revenue Recognition**

Annual campaign contributions are generally available for unrestricted use in the campaign year unless specifically restricted by the donor. Unconditional pledges are recorded as earned when pledged. The majority of pledges are received from a broad base of Dutchess and Orange County contributors as a result of the annual campaign. Pledges receivable are stated at their net realizable value. At least annually, management reviews past due receivables and writes off those balances deemed uncollectible after all reasonable collection efforts have been exhausted. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable. Management uses various factors to determine the allowance including assessments of historical uncollectible rates and adjusting for current local economic conditions to arrive at the most likely loss rate.

Contributions are recognized when cash, securities or other assets; unconditional promise to give; or a notification of a beneficial interest is received. Contributions are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions met in the year received are reported as revenue without donor restrictions.

Conditional promises to give (that is those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. A portion of United Way's revenue is derived from federal and state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when United Way has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

**Note 2 Summary of Significant Accounting Policies (continued)**

Endowment funds are comprised of contributions and investments and are classified as net assets with donor restrictions or board-designated net assets without donor restrictions. Investment earnings on endowment funds with donor restrictions are classified as net assets with donor restrictions until appropriated for expenditure, at which point they are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All other earnings are classified as net assets without donor restrictions.

**Advertising and Marketing Costs**

Advertising and marketing costs are expensed when incurred. Amounts incurred for advertising and marketing were \$40,749 and \$38,886 for the years ended June 30, 2021 and 2020, respectively.

**Functional Allocation of Expenses**

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management that are consistently applied. All direct expenses related to a department or program are allocated fully to the appropriate program or supporting service as incurred. All indirect expenses are allocated among programs and supporting services based on full-time equivalent weighted salary percentages.

**Fair Value Measurements**

United Way determines the fair market value of its financial instruments based on the fair value hierarchy established by GAAP. United Way is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy requires that all financial instruments measured at fair value are classified as Level 1, Level 2, or Level 3.

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.
- Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable.

**Note 2 Summary of Significant Accounting Policies (continued)**

- Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Measure of Operations**

In its statements of activities, United Way includes in its definition of operations all revenue and expenses that are an integral part of its program and supporting activities. All endowment activity and other items that management considers not an integral part of its program and supporting activities are recognized as non-operating activities. Non-operating investment income is generated from United Way's endowments; operating investment income is generated from interest and dividends on cash reserves and brokerage account investments.

**Income Taxes**

United Way is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It is not classified as a private foundation under Section 170(b)(1)(A)(vi).

Management evaluates tax positions taken by United Way and recognizes a tax liability if United Way has taken uncertain tax positions that more likely than not will not be sustained upon examination by the Internal Revenue Service. Management has concluded that as of June 30, 2021, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. United Way is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. In the event that United Way incurs any interest and/or penalties, it will present interest as a component of interest expense and penalties as a component of office expense in the year incurred.

United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

**Note 3 Liquidity and Availability of Resources**

United Way meets cash needs for expenditures with grants and campaign contributions received throughout the year. Campaign pledges may be designated by donors and grants may be for specific programs. United Way has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations as of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 393,639	\$ 165,918
Pledges receivable, net	471,168	520,556
Grants receivable	106,476	145,723
Other receivables	20,292	15,229
Investments, broker held	1,721,183	1,387,538
Pooled endowment investments	2,727,226	2,129,480
Total financial assets	<u>5,439,984</u>	<u>4,364,444</u>
Less financial assets unavailable for general expenditure within one year due to:		
Donor designated funds	(93,443)	(101,358)
Restricted by donors for specified time period or purpose	(1,261,654)	(1,020,793)
Restricted by donors in perpetuity	(283,743)	(283,743)
Board designated endowment, net of board appropriation to next fiscal year	(1,179,492)	(871,374)
	<u>(2,818,332)</u>	<u>(2,277,268)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,621,652</u>	<u>\$ 2,087,176</u>

To help manage unanticipated liquidity needs, board designated net assets without donor restrictions could be made available for current operations, if necessary.

**Note 4 Cash and Cash Equivalents**

Cash and cash equivalents consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Cash in banks	\$ 350,937	\$ 134,838
Money market accounts	42,702	31,080
Total cash and cash equivalents	<u>\$ 393,639</u>	<u>\$ 165,918</u>

# United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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## Note 5 Investments, Broker Held

United Way holds investments in government and agency securities, corporate bonds, equities and mutual funds in its brokerage account that are recorded at fair value in the amounts of \$1,721,183 and \$1,387,538 at June 30, 2021 and 2020, respectively.

## Note 6 Pooled Investments and Endowment

United Way's endowment funds consist primarily of pooled mutual funds managed and held by the CFHV and CFOS. A portion of these investments are classified as with donor restrictions and the remainder represents amounts without donor restrictions. All amounts without donor restrictions have been designated by the Board for unspecified purposes.

Expenses relating to investment revenues include custodial fees and investment advisory fees; these amounted to \$21,260 and \$23,110 for the years ended June 30, 2021 and 2020, respectively. These expenses are netted against investment revenues in the accompanying statements of activities.

The following represents the activity by net asset class in the endowment for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net of investment expenses	\$ 17,024	\$ 21,224	\$ 38,248
Realized gains on investments	66,459	81,500	147,959
Unrealized gains on investments	210,328	259,266	469,594
Reclassification of Marion S. Murphy fund	29,851	-	29,851
Grants paid	-	(16,713)	(16,713)
Endowment appropriation to operations	<u>(26,902)</u>	<u>(44,291)</u>	<u>(71,193)</u>
Change in endowment net assets	296,760	300,986	597,746
Endowment assets, beginning of year	<u>941,427</u>	<u>1,188,053</u>	<u>2,129,480</u>
Endowment assets, end of year	<u>\$ 1,238,187</u>	<u>\$ 1,489,039</u>	<u>\$ 2,727,226</u>

United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

**Note 6 Pooled Investments and Endowment (continued)**

The following represents the net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-designated endowment funds	\$ -	\$ 1,489,039	\$ 1,489,039
Board-designated endowment funds	<u>1,238,187</u>	<u>-</u>	<u>1,238,187</u>
	<u>\$ 1,238,187</u>	<u>\$ 1,489,039</u>	<u>\$ 2,727,226</u>

The following represents the activity by net asset class in the endowment for the year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends, net of investment expenses	\$ 12,826	\$ 16,505	\$ 29,331
Realized gains on investments	22,103	28,441	50,544
Unrealized losses on investments	(75,981)	(97,769)	(173,750)
Grants paid	-	(23,091)	(23,091)
Endowment appropriation to operations	<u>(26,353)</u>	<u>(33,909)</u>	<u>(60,262)</u>
Change in endowment net assets	(67,405)	(109,823)	(177,228)
Endowment assets – beginning of year	<u>1,008,832</u>	<u>1,297,876</u>	<u>2,306,708</u>
Endowment assets – end of year	<u>\$ 941,427</u>	<u>\$ 1,188,053</u>	<u>\$ 2,129,480</u>

The following represents the net asset composition by type of fund as of June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-designated endowment funds	\$ -	\$ 1,188,053	\$ 1,188,053
Board-designated endowment funds	<u>941,427</u>	<u>-</u>	<u>941,427</u>
	<u>\$ 941,427</u>	<u>\$ 1,188,053</u>	<u>\$ 2,129,480</u>

**Note 7 Investment Return**

The following is a detail of United Way’s investment return for the years ended June 30:

	<u>2021</u>	<u>2020</u>
<b>Operating investment return, net</b>		
Interest and dividends	\$ 31,504	\$ 34,094
Investment fees	(21,260)	(18,625)
Realized gains on brokerage investments	163,796	28,130
Unrealized gains on brokerage investments	<u>160,729</u>	<u>63,066</u>
Operating investment return – net	<u>334,769</u>	<u>106,665</u>
<b>Non-operating investment return, net</b>		
Interest and dividends on endowment	60,812	52,441
Realized gains on endowment	147,959	50,544
Unrealized gains (losses) on endowment	469,594	(173,750)
Investment fees on endowment	<u>(22,564)</u>	<u>(23,110)</u>
Total non-operating investment return – net	<u>655,801</u>	<u>(93,875)</u>
<b>Investment return – net</b>	<u>\$ 990,570</u>	<u>\$ 12,790</u>

**Note 8 Fair Value Measurements**

Fair value of assets measured on a recurring basis as of June 30, are as follows:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Pooled endowment investments</b>	\$ -	\$ -	\$ 2,727,226	\$ 2,727,226
<b>Investments, broker held</b>				
Government & agency securities	155,491	117,590	-	273,081
Corporate bonds	-	38,107	-	38,107
Equities	1,103,696	-	-	1,103,696
Mutual funds	304,723	-	-	304,723
Accrued interest	<u>1,576</u>	<u>-</u>	<u>-</u>	<u>1,576</u>
Total broker held funds	<u>1,565,486</u>	<u>155,697</u>	<u>-</u>	<u>1,721,183</u>
<b>Total</b>	<u>\$ 1,565,486</u>	<u>\$ 155,697</u>	<u>\$ 2,727,226</u>	<u>\$ 4,448,409</u>

United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

**Note 8 Fair Value Measurements (continued)**

	<b>2020</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Pooled endowment investments</b>	\$ -	\$ -	\$ 2,129,480	\$ 2,129,480
<b>Investments, broker held</b>				
Government & agency securities	96,115	112,181	-	208,296
Corporate bonds	-	31,232	-	31,232
Equities	897,412	-	-	897,412
Mutual funds	249,441	-	-	249,441
Accrued interest	1,157	-	-	1,157
Total broker held funds	<u>1,244,125</u>	<u>143,413</u>	<u>-</u>	<u>1,387,538</u>
<b>Total</b>	<u>\$ 1,244,125</u>	<u>\$ 143,413</u>	<u>\$ 2,129,480</u>	<u>\$ 3,517,018</u>

Level 2 assets are valued using pricing models maximizing the use of observable inputs for similar securities.

The fair value of the pooled endowment investments is based on the fair value of the fund investments as reported by CFHV and CFOS. These are considered Level 3 investments. The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30,

	<b>2021</b>	<b>2020</b>
Balance beginning of year	\$ 2,129,480	\$ 2,306,708
Reclassification of Marion S. Murphy fund	29,851	-
Distributions	(87,906)	(83,353)
Investment performance, net	655,801	(93,875)
Balance end of year	<u>\$ 2,727,226</u>	<u>\$ 2,129,480</u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided by CFHV and CFOS. Net investment performance includes realized and unrealized gains (losses) on investments, investment income and administrative fees and is included in non-operating activities in the statements of activities. Typically, distributions decrease United Way's respective financial assets and increases cash and cash equivalents at the time of distribution.

United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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**Note 9 Property and Equipment, Net**

Property and equipment, net consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 12,000	\$ 12,000
Building	80,000	80,000
Building improvements	615,235	791,888
Equipment and furniture	72,663	91,998
	<u>779,898</u>	<u>975,886</u>
Accumulated depreciation	<u>(464,540)</u>	<u>(638,608)</u>
Property and equipment, net	<u>\$ 315,358</u>	<u>\$ 337,278</u>

**Note 10 Paycheck Protection Program**

In response to the COVID-19 pandemic, the Paycheck Protection Program (“PPP”) was established under the CARES Act and administered by the Small Business Administration (“SBA”). Organizations who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization.

In April 2020, United Way received a loan of \$156,500 under the PPP. The loan bears interest at 1.0% with principal and interest payments deferred for the first six months of the loan. After that the loan and interest would be paid back over a period of 18 months, if the loan is not forgiven under the terms of the PPP.

In February 2021, United Way received a second loan under the PPP of \$183,131. The loan bears interest at 1.0% with principal and interest payments deferred for the first ten months of the loan. After that the loan and interest would be paid back over a period of 39 months, if the loan is not forgiven under the terms of the PPP.

**Note 10 Paycheck Protection Program (continued)**

When it applied for the PPP loans, United Way believed it would qualify to have the loans forgiven under the terms of the PPP, and therefore considered the funding to be conditional grants. United Way has accounted for both PPP loans in accordance with ASC 958-605, *Not-For-Profit Entities: Revenue Recognition* which indicates that the conditions of the contribution/grant should be “substantially met” by the entity before the receipt of assets is recognized as a contribution.

United Way has recognized \$265,152 and \$43,347 as Paycheck Protection Program grant income for the years ended June 30, 2021 and 2020, respectively, with the remaining balance of \$31,132 and \$113,153 of PPP loan proceeds included as a refundable advance on the statements of financial position at June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, United Way received notification that the first PPP loan was fully forgiven by the SBA. Subsequent to year end, United Way submitted an application for forgiveness of the second PPP loan to the SBA and is currently awaiting approval. Although United Way believes it is probable that the second PPP loan will be forgiven, its actions and information must be evaluated by the lender and the SBA before forgiveness is formally granted.

**Note 11 Capital Lease Obligations**

United Way leases office equipment under capital leases with total capitalized costs of \$21,942 and \$31,970 as of June 30, 2021 and 2020, respectively. Accumulated depreciation in the statements of financial position includes \$18,852 and \$21,316 in relation to the leased assets for the years ended June 30, 2021 and 2020, respectively. Amortization of capital leases in the amount of \$6,394 is included in occupancy and depreciation expense reported in the statements of functional expenses for each of the years presented.

The leases provide for minimum monthly payments totaling \$422 (including principal and interest) and expire in 2022. Future minimum lease payments for the year ended June 30, 2022 are \$3,335, which includes \$73 of interest expense.

# United Way of the Dutchess - Orange Region, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

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### Note 12 Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for specified purposes or time periods as follows as of June 30:

	<u>2021</u>	<u>2020</u>
<b>Subject to expenditure for donor-specified purpose or time period:</b>		
COVID-19	\$ 30,381	\$ 92,162
Crisis Fund	7,887	6,833
Diaper Drive	6,890	-
Not One More	6,439	6,439
Student Emergency Fund	2,249	8,049
Day of Sharing	2,000	-
Children's Corner	512	-
Heroes in Deed	-	3,000
	<u>56,358</u>	<u>116,483</u>
<b>Endowments to United Way's spending policy and appropriation:</b>		
Endowment funds to be held in perpetuity	283,743	283,743
Unappropriated endowment earnings	1,205,296	904,310
	<u>1,489,039</u>	<u>1,188,053</u>
Total endowments subject to United Way's spending policy and appropriation	<u>1,489,039</u>	<u>1,188,053</u>
Total net assets with donor restrictions	<u>\$ 1,545,397</u>	<u>\$ 1,304,536</u>

### Note 13 Pension Plan

United Way has a defined contribution pension plan covering substantially all employees. Employees who are age 21 or older and have completed one year of service are eligible to participate in the plan. Employees who were previously employed at another nonprofit organization for at least three years are immediately eligible to participate in the plan. United Way's contributions to the plan are equal to 8% of compensation. The amounts are included in employee benefits in the statements of functional expenses and totaled \$49,232 and \$72,419 for the years ended June 30, 2021 and 2020, respectively.

### Note 14 Operating Leases

In May 2017, United Way entered into a lease agreement for office space in Orange County, New York under a one-year lease that expired in April 2018. The lease was not renewed and continued on a month-to-month basis. In March 2020, the original lease agreement was amended to reduce the amount of space for a period of six months, ending August 31, 2020. The amended lease called for monthly base rent of \$650. Rent expense amounted to \$1,300 and \$27,515 for the years ended June 30, 2021 and 2020, respectively, and is included in occupancy and depreciation in the statements of functional expenses.

United Way of the Dutchess - Orange Region, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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**Note 14 Operating Leases (continued)**

The United Way also has an office equipment lease classified as an operating lease. The operating lease was entered into in June 2021 and will expire in September 2025. Rent expense related to this lease was \$226 during the year ended June 30, 2021.

Future minimum rent payments under the office equipment lease are as follows:

Years Ending June 30,	
2022	\$ 2,717
2023	2,717
2024	2,717
2025	2,717
2026	<u>679</u>
Total	<u>\$ 11,547</u>

**Note 15 Donated Goods and Services**

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received, if sufficient information exists to establish the fair value. During the years ended June 30, 2021 and 2020, United Way received \$72,084 and \$33,430, respectively, in donated services for special events, advertising and marketing. These amounts have been reported as in kind contributions and expenses in their natural expense classification in the statements of activities.

In addition, United Way receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities because the criteria for recognition under generally accepted accounting principles has not been satisfied.

United Way receives donated clothing, household goods, books, and various other items for use in its program services which are recognized in the financial statements at their fair market value which is offset with a corresponding expense for the distribution. There is no effect on change in net assets. During the years ended June 30, 2021 and 2020, United Way received \$276,497 and \$186,045 in donated goods, respectively. These amounts have been reported as in kind contributions and expenses in their natural expense classification in the statements of activities.

**Note 16 Concentrations, Risks and Uncertainties**

United Way receives a substantial amount of donations from public support concentrated in Dutchess and Orange Counties in New York State. If a significant reduction in the level of this support were to occur, it may have a significant effect on the programs and activities of the United Way.

United Way maintains its bank and money market accounts with high credit worthy financial institutions, with funds in excess of limits set and insured by the FDIC and coverage provided by the SIPC. United Way's endowment accounts are pooled and maintained with other financial institutions with funds that are in excess of limits set and insured by the FDIC and coverage provided by the SIPC. United Way has not experienced any losses on such accounts. Management believes that United Way is not exposed to any significant credit risk related to those accounts.

United Way invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The COVID-19 pandemic has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally. As a result of the spread of COVID-19 economic uncertainties have arisen which have the potential to negatively impact United Way, the extent to which is uncertain at this time.

**Note 17 Contingencies**

Grants received by United Way are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures which are subsequently disallowed, United Way may be required to repay the revenue to the funding agency.

**Note 18 Related Party Transactions**

United Way conducts business with various vendors in Dutchess and Orange Counties. Several of these vendors have principals or employees serving on United Way's Board of Directors. Payments for these goods or services may not represent the amounts that would have been paid under an arms-length-transaction. Each member of the Board of Directors is required to sign a conflict of interest statement and all purchases go through United Way's regular purchasing processes. United Way has determined that none of these expenditures were material during the years presented. United Way also solicits and receives contributions from its employees, members of its board of directors and their employers.

**Note 19 COVID-19 Response**

United Way immediately responded to COVID in our community, creating a COVID relief fund and distributing food, basic essentials and PPE to families most affected. We mobilized donors, assessed the most dire needs in our community and began distributing funds weekly to those negatively impacted by COVID. As of the date of the financial statements, we have aided in numerous community projects resulting in community meals being distributed, front-line workers having access to life-saving PPE, and provided community members with hygiene and other basic needs. We also addressed food insecurity for college students, provided critical support for veterans, and delivered meals to front-line health workers. Finally, we offered around the clock human service referrals and advice to residents through our 211 helpline.

**Note 20 Subsequent Events**

Management has evaluated subsequent events through the date of the independent auditor's report, November 4, 2021, which is the date the financial statements were available for issuance.