UNITED WAY OF THE MOHAWK VALLEY, INC.

Financial Statements as of
June 30, 2023 and 2022
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

UNITED WAY OF THE MOHAWK VALLEY, INC.

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 20, 2023

To the Board of Directors of
United Way of the Mohawk Valley, Inc.:

Opinion
We have audited the accompanying Waying financial statements of United Way of the Mohawk Valley, Inc. (a New York nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Mohawk Valley, Inc. as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way of the Mohawk Valley, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 2 to the consolidated financial statements, United Way of the Mohawk Valley, Inc. adopted Accounting Standards Codification 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of the Mohawk Valley, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Way of the Mohawk Valley, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of the Mohawk Valley, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bonadio & Co., LLP

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 495,291	$ 419,654
Promises to give, net of allowance	548,745	540,705
Grants receivable	200,692	726,376
Prepaid expenses	12,066	19,014
Total current assets	1,256,794	1,705,749
Right of use lease assets	163,501	-
Property and equipment, net	37,932	35,424
OTHER ASSETS:		
Custodial funds	55,738	55,738
Beneficial interest in agency funds held by third party	1,330,120	1,231,154
Total non current assets	1,587,291	1,322,316
Total assets	$ 2,844,085	$ 3,028,065
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Campaign designations payable	$ 161,558	$ 170,397
Accounts payable	188,608	80,931
Accrued expenses	45,412	227,021
Current portion of lease liabilities	80,587	-
Refundable advances	2,938	52,938
Total current liabilities	479,103	531,287
Lease liabiilites, net of current portion	82,527	-
Custodial funds	55,738	55,738
Total liabilities	617,368	587,025
NET ASSETS:		
Without donor restrictions	1,486,880	1,766,217
With donor restrictions	739,837	674,823
Total net assets	2,226,717	2,441,040
Total liabilities and net assets	$ 2,844,085	$ 3,028,065

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Promises to give from current year campaign	$ 1,174,250	$ -	$ 1,174,250
Gross campaign results	1,174,250	-	1,174,250
Less: Donor designations - funded partners	(51,632)	-	(51,632)
Less: Donor designations - other agencies	(115,422)	-	(115,422)
Less: Allowance for uncollectible pledges	(65,334)	-	(65,334)
Total campaign revenue, net	941,862	-	941,862
OTHER REVENUES, GAINS AND OTHER SUPPORT:			
Contributions of financial assets	2,830	-	2,830
Program income	43,600	-	43,600
Grants	1,196,684	-	1,196,684
Contributions of nonfinancial assets	12,164	-	12,164
Investment gain, net	86,497	65,014	151,511
Miscellaneous revenue	50,474	-	50,474
Collections and management service income	11,542	-	11,542
Special events, net of direct expenses of $16,075	20,607	-	20,607
Total other revenues, gains and other support	1,424,398	65,014	1,489,412
Total revenues, gains and other support	2,366,260	65,014	2,431,274
ALLOCATIONS, FUNCTIONAL, AND OTHER EXPENSES:			
Allocations to funded partners	601,591	-	601,591
Functional expenses:			
Program services:			
Community Impact	249,832	-	249,832
2-1-1	230,324	-	230,324
Academics First	279,655	-	279,655
Ride United	41,290	-	41,290
Housing	469,955	-	469,955
Supporting services:			
Management and general	283,386	-	283,386
Fundraising	451,158	-	451,158
Total functional expenses	2,005,600	-	2,005,600
Other expenses:			
National Organization membership fees	38,406	-	38,406
Total expenses	2,044,006	-	2,044,006
Total allocations, functional, and other expenses	2,645,597	-	2,645,597
CHANGE IN NET ASSETS	(279,337)	65,014	(214,323)
NET ASSETS - beginning of year	1,766,217	674,823	2,441,040
NET ASSETS - end of year	$ 1,486,880	$ 739,837	$ 2,226,717

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Promises to give from current year campaign	$ 1,268,496	$ -	$ 1,268,496
Gross campaign results	1,268,496	-	1,268,496
Less: Donor designations - funded partners	(59,807)	-	(59,807)
Less: Donor designations - other agencies	(121,160)	-	(121,160)
Less: Allowance for uncollectible pledges	(65,342)	-	(65,342)
Total campaign revenue, net	1,022,187	-	1,022,187
OTHER REVENUES, GAINS AND OTHER SUPPORT:			
Contributions of financial assets	77,099	-	77,099
Program income	77,600	-	77,600
Grants	1,817,053	-	1,817,053
Contributions of nonfinancial assets	56,545	-	56,545
Investment loss, net	(85,498)	(123,530)	(209,028)
Debt Forgiveness income- PPP loan	0	-	-
Miscellaneous revenue	8,938	-	8,938
Collections and management service income	11,616	-	11,616
Special events, net of direct expenses of $16,489	123,067	-	123,067
Total other revenues, gains and other support	2,086,420	(123,530)	1,962,890
Total revenues, gains and other support	3,108,607	(123,530)	2,985,077
ALLOCATIONS, FUNCTIONAL, AND OTHER EXPENSES:			
Allocations to funded partners	496,202	-	496,202
Functional expenses:			
Program services:			
Community Impact	281,663	-	281,663
2-1-1	145,033	-	145,033
R-4-K	233,215	-	233,215
Academics First	528,124	-	528,124
Housing	884,445	-	884,445
Supporting services:			
Management and general	264,081	-	264,081
Fundraising	423,276	-	423,276
Total functional expenses	2,759,837	-	2,759,837
Other expenses:			
National Organization membership fees	14,623	-	14,623
Total expenses	2,774,460	-	2,774,460
Total allocations, functional, and other expenses	3,270,662	-	3,270,662
CHANGE IN NET ASSETS	(162,055)	(123,530)	(285,585)
NET ASSETS - beginning of year	1,928,272	798,353	2,726,625
NET ASSETS - end of year	$ 1,766,217	$ 674,823	$ 2,441,040

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2022)

	Program Services						Supporting Services			
	Community Impact	2-1-1	Academics First	Ride United	Housing	Total	Management and General	Fundraising	Total 2023	Total 2022
Salaries	$ 133,545	$ 111,333	$ 63,600	$ -	$ 136,534	$ 445,012	$ 117,332	$ 269,227	$ 831,571	$ 1,129,166
Employee benefits	7,958	983	7,316	-	7,093	23,350	7,056	8,248	38,654	64,347
Payroll taxes	12,063	8,376	4,515	-	8,490	33,444	8,751	18,967	61,162	72,107
Retirement plan	4,991	3,365	3,180	-	1,783	13,319	7,651	8,295	29,265	42,057
Total salaries and related expenses	158,557	124,057	78,611	-	153,900	515,125	140,790	304,737	960,652	1,307,677
Professional fees	18,352	86,133	-	-	70	104,555	37,962	24,791	167,308	91,625
Rent	18,580	-	-	-	7,333	25,913	27,483	30,967	84,363	75,000
Supplies	1,970	2,472	-	-	-	4,442	2,220	2,467	9,129	17,227
Outside services		-	200,447	41,290	281,098	522,835	-		522,835	1,048,106
Campaign supplies and communications	6,232	16,132	-	-	-	22,364	8,630	15,323	46,317	34,407
Equipment expenses	31,894	-	597	-	26,289	58,780	47,572	52,857	159,209	78,426
Board and staff development	2,713	117	-	-	284	3,114	1,504	125	4,743	8,622
Insurance	2,963	-	-	-	-	2,963	4,445	4,939	12,347	9,441
Telephone and internet service	1,613	304	-	-	-	1,917	2,416	2,684	7,017	7,156
Travel	250	524	-	-	898	1,672	301	1,087	3,060	5,275
Membership dues	851	585	-	-	-	1,436	1,277	1,419	4,132	7,445
Postage	1,026	-	-	-	-	1,026	1,539	1,710	4,275	4,258
Depreciation	1,861	-	-	-	83	1,944	2,792	3,102	7,838	8,503
Donated services	887	-	-	-	-	887	1,330	1,478	3,695	38,044
Donated materials	2,033	-	-	-	-	2,033	3,049	3,388	8,470	18,500
Repairs and maintenance	50	-	-	-	-	50	76	84	210	125
Total functional expenses	$ 249,832	$ 230,324	$ 279,655	$ 41,290	$ 469,955	$ 1,271,056	$ 283,386	$ 451,158	$ 2,005,600	$ 2,759,837

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services		
	Community Impact	2-1-1	R-4-K	Academics First	Housing	Total	Management and General	Fundraising	Total 2022
Salaries	$ 164,277	$ 81,377	$ 194,288	$ 62,446	$ 239,455	$ 741,843	$ 118,661	$ 268,662	$ 1,129,166
Employee benefits	8,034	745	12,306	7,032	20,559	48,676	2,730	12,941	64,347
Payroll taxes	11,362	7,382	13,689	4,480	17,331	54,244	9,078	21,456	84,778
Retirement plan	5,034	3,335	1,275	3,122	2,389	15,155	6,240	7,992	29,387
Total salaries and related expenses	188,707	92,839	221,558	77,080	279,734	859,918	136,709	311,051	1,307,678
Professional fees	7,807	42,527	305	-	-	50,639	27,974	13,012	91,625
Rent	16,080	-	-	-	8,000	24,080	24,120	26,800	75,000
Supplies	1,526	4,008	6,714	-	147	12,395	2,289	2,543	17,227
Outside services	25,550	-	-	451,044	561,512	1,038,106	10,000	-	1,048,106
Campaign supplies and communications	8,319	-	-	-	-	8,319	12,479	13,608	34,406
Equipment expenses	10,962	610	-	-	32,143	43,715	16,442	18,269	78,426
Board and staff development	327	4,108	1,025	-	2,125	7,585	491	546	8,622
Insurance	2,266	-	-	-	-	2,266	3,399	3,776	9,441
Telephone and internet service	1,654	264	-	-	-	1,918	2,481	2,757	7,156
Travel	149	117	3,613	-	784	4,663	223	389	5,275
Membership dues	1,652	560	-	-	-	2,212	2,479	2,754	7,445
Postage	1,022	-	-	-	-	1,022	1,533	1,703	4,258
Depreciation	2,041	-	-	-	-	2,041	3,061	3,401	8,503
Donated services	9,131	-	-	-	-	9,131	13,696	15,217	38,044
Donated materials	4,440	-	-	-	-	4,440	6,660	7,400	18,500
Repairs and maintenance	30	-	-	-	-	30	45	50	125
Total functional expenses	$ 281,663	$ 145,033	$ 233,215	$ 528,124	$ 884,445	$ 2,072,480	$ 264,081	$ 423,276	$ 2,759,837

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE MOHAWK VALLEY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (214,323)	$ (285,585)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	7,839	8,502
Bad debts	65,334	65,342
Realized loss on investments	(548)	36
Contributions of donated assets	(3,177)	(3,541)
Change in beneficial interest in agency funds	(98,966)	225,368
Changes in:		
Promises to give	(73,374)	(19,419)
Grants receivable	525,684	(234,280)
Prepaid expenses	6,948	5,052
Campaign designations payable	(8,839)	(26,598)
Accounts payable	107,677	34,896
Accrued expenses	(181,609)	122,462
Refundable advances	(50,000)	46,938
Net cash flow from operating activities	82,646	(60,826)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(10,347)	(11,058)
Proceeds from sales of investments	3,338	3,505
Net cash flow from investing activities	(7,009)	(7,553)
CHANGE IN CASH AND CASH EQUIVALENTS	75,637	(68,379)
CASH AND CASH EQUIVALENTS - beginning of year	419,654	488,033
CASH AND CASH EQUIVALENTS - end of year	$ 495,291	$ 419,654

The accompanying notes are an integral part of these statements.

1. NATURE OF ACTIVITIES

United Way of the Mohawk Valley, Inc. (United Way) is a local member of United Way Worldwide. United Way was formed to develop resources needed to address the health and human service needs of the community.

Annual workplace fundraising campaigns are conducted each year in partnership with local companies to raise money for strategic investment into critical local programs and initiatives in the key areas of health, education, and financial stability. These funds are allocated by United Way in the subsequent year. United Way also raises funds through a number of marketing sponsorships and events.

United Way continues to manage several federal and state grants in the areas of housing, childcare, early intervention, and information and referral (211) that support the key areas of focus mentioned above.

United Way staff in the Community Impact department, in partnership with a volunteer committee made up of members from the United Way Board of Directors and community at large, choose programs to invest in that seek to create positive, measurable impact. United Way's Community Impact team builds and convenes community partnerships and coalitions, assesses community needs driven by data, and oversees the strategic investment process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The United Way reports information regarding its financial position and activities using the following categories:

- **Net Assets Without Donor Restrictions**
  Net assets without donor restrictions include resources that are available for the support of the United Way's operating activities.

- **Net Assets With Donor Restrictions**
  Net assets with donor restrictions include resources that have been donated to the United Way subject to restrictions as defined by the donor. The satisfaction of the restrictions is reflected as net assets released from restrictions in the statements of activities and change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The United Way adopted the standard effective July 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The United Way elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the United Way recognized on January 1, 2022 an operating lease liability and a right-of-use operating asset of $241,826. The standard did not have an impact on the statements of income or cash flows.

Cash and Cash Equivalents

The United Way considers all short-term investments with an initial maturity of three months or less to be cash equivalents. For purposes of determining cash and cash equivalents, the United Way excludes cash and cash equivalents included in investments. There are no cash equivalents as of June 30, 2023 and 2022.

The United Way maintains cash accounts which at times exceed federally insured limits. The United Way does not require additional collateral, has not experienced any losses in these accounts and believes it is not exposed to any significant risks with respect to cash.

Investments

From time to time, the United Way receives donations of marketable securities in satisfaction of campaign pledges. The United Way's policy is to sell such securities immediately. There were no marketable securities held at June 30, 2023 and 2022.

Beneficial Interest in Agency Funds Held by Third Party

The United Way is the beneficiary under a Designated Agency Fund Agreement with The Community Foundation of Herkimer & Oneida Counties, Inc. The agency fund has been recorded in accordance with GAAP which states that if a community foundation receives assets from a nonprofit organization that specifies itself or its affiliate as the beneficiary, the transfer is not a contribution received by the community foundation even if the variance power is explicitly stated in the gift instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Agency Funds Held by Third Party (Continued)

The assets of the fund are included in the statements of financial position of the United Way as a beneficial interest in agency fund held by third party. Distributions are to be paid at least annually, or as the two organizations may from time to time agree upon. In addition, the fund is charged a .125% administrative fee quarterly on the fund's balance.

Property and Equipment

Property and equipment purchased is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Major additions and improvements to property and equipment which extend the lives or increase the value of the assets are capitalized to the respective asset accounts while replacements, maintenance and repairs which do not improve or extend the life of the assets are expensed as incurred. The United Way's capitalization policy is to capitalize only those expenditures in excess of $1,000. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The United Way reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Lease Policy

The United Way determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets represent the United Way's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the United Way is reasonably certain to exercise these options.

For all underlying classes of assets, the United Way has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the United Way is reasonably certain to exercise. The United Way recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The United Way elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

The United Way elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Variable lease costs paid to or on behalf of the lessor, consisting of maintenance, taxes, and insurance, are excluded from the measurement of the right-of-use asset and lease liability and are expensed in the period incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Funds

Custodial funds consist of funds held by the United Way to facilitate multi-organization events conducted in the area. These funds are received and disbursed on behalf of the event and are not part of any program operated by the United Way. Custodial funds held as of June 30, 2023 and 2022, were $55,738.

Donor Designations

Under GAAP, when a recipient organization accepts assets from a donor and agrees to use those assets on behalf of a specified beneficiary or disburse those assets or the return on investment on those assets to that beneficiary, the recipient organization has not received a contribution. In this instance, the United Way is required to recognize a liability to the specified beneficiary when it recognizes the assets received from the donor. The amounts are recorded in the statements of financial position as campaign designations payable and are measured at fair market value at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Payroll and benefits are allocated based on time spent in the various programs. Depreciation, maintenance and occupancy related costs are allocated based on management's estimates. Allocations to funded agencies are all considered program expenses.

Donated Materials and Services

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 United Way. Donated materials and services are recorded as contributions of nonfinancial assets in the statements of activities and a corresponding expense.

For the years ended June 30, contributed nonfinancial assets recognized within the statements of activities included:

	2023	2022
Event supplies	$ -	$ 33,530
Advertising	8,469	18,500
Supplies	3,695	4,515
Rent	-	-
	$ 12,164	$ 56,545

The United Way recognized contributed nonfinancial assets within revenue. In valuing event supplies, advertising and supplies, the United Way estimated the fair value at the date of donation. These items were utilized in the United Way's special events and programs. Contributed services are comprised of various professional services received. Contributed services are reported at the estimated fair value in the financial statements based on current rates for similar services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Grants and Contributions
Grants received from governments, agencies and others, which are conditioned upon the United Way incurring certain qualifying costs or meeting other conditions, are recognized as revenue when the qualifying costs are incurred. Funds received, but not yet earned are recorded as refundable advances. Funds for qualifying costs incurred and recognized as revenue, but not yet received, are recorded as grants and donations receivable.

Gifts of cash and other assets are reported as net assets without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets. Gifts with donor restrictions are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Because there is a new campaign every year, unconditional promises to give are treated as current year promises. Conditional promises to give are recognized only when the conditions on which they depend are met and the promises become unconditional. The United Way estimates an allowance for uncollectible promises to give based on historical collections data and current economic conditions. Although management has reviewed the collection history while projecting the allowance, it is reasonably possible that actual uncollectible pledges may differ from the estimated allowance. Open accounts are written off after all collection efforts have been exhausted and the pledge is determined to be uncollectible.

The United Way records promises to give when there is sufficient evidence in the form of verifiable documentation that a promise was made. Accordingly, as of June 30, 2023 and 2022, the United Way reflects those promises to give that meet such criteria.

Income Tax Status
The United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the United Way qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Use of Estimates
The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates and such differences may be significant.

3. LIQUIDITY

The United Way has a goal to maintain financial assets on hand to meet normal operating expenses. The United Way has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. LIQUIDITY(continued)

The United Way's financial assets available within one year of the statement of financial position date for general expenditure are as follows at June 30:

	2023	2022
Cash and cash equivalents	$ 495,291	$ 419,654
Promises to give, net of allowance	548,745	540,705
Grants receivable	200,692	726,376
Financial assets available to meet cash needs for general expenditures within one year	$ 1,244,728	$ 1,686,735

The United Way maintains sufficient cash that is readily available for general expenditures. Additionally, the United Way's ability to meet its cash needs is further dependent, in part, on timely collection of its promises to give and grants receivable. The United Way's promises to give and grants receivable are due primarily from organizations and individuals. The United Way employs procedures specifically designed to collect from these payers as quickly as possible. However, timeliness of payment from these payers varies and is sometimes difficult to predict.

4. PROMISES TO GIVE

All promises to give are expected to be received within one year. At June 30, promises to give consisted of the following:

	2023	2022
Promises to give:		
2020 – 2021 campaign	$ -	$ 113,251
2021 – 2022 campaign	78,989	606,047
2022 – 2023 campaign	614,079	-
Total promises to give	693,068	719,298
Less allowance for uncollectibles:		
2020 – 2021 campaign	-	(113,251)
2021 – 2022 campaign	(78,989)	(65,342)
2022 – 2023 campaign	(65,334)	-
Net promises to give	$ 548,745	$ 540,705

5. PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following:

	2023	2022
Furniture, fixtures and equipment	$ 63,102	$ 52,755
Less: Accumulated depreciation	(25,170)	(17,331)
Property and equipment, net	$ 37,932	$ 35,424

Depreciation expense for the years ended June 30, 2023 and 2022 was $7,839 and $8,502 respectively.

6. LEASES

The Organization leases their building under an operating lease that expires in 2025.

The components of total lease cost for the year ended June 30, 2023 are as follows:

Operating lease cost	$ 84,000

Supplemental cash flow information related to the lease for the year ended June 30, 2023 are as follows:

Right of use assets obtained in exchange for lease obligations:	
Operating leases	$ 241,826

Other information related to the lease as of June 30, 2023 is as follows:

Weighted-average remaining lease term:	
Operating lease	3 years
Weighted-average discount rate:	
Operating lease	2.85%

The following summarizes the lease line items in the statement of financial position as of June 30, 2023:

Operating leases:	
Operating lease right of use asset	$ 163,501
Current portion of operating lease liabilities	$ 80,587

6. LEASES (Continued)

Maturities of lease liabilities as of June 30, 2023 were as follows:

	Operating Leases
2024	$ 84,000
2025	84,000
Total lease payments	168,000
Less: Interest	4,499
Total present value of operating lease liability	163,501
Less: current portion	(80,587)
Long-term portion of operating lease liability	$ 82,914

Rental expense for the year ended June 30, 2023 was $84,750

Minimum future rental payments were as follows at June 30, 2023:

2024	84,000
2025	84,000
	$ 168,000

7. CAMPAIGN DESIGNATIONS PAYABLE

At June 30, campaign designations payable consisted of the following:

	2023	2022
Funded partners	$ 51,632	$ 59,807
Other United Way organizations	57,692	61,178
Other agencies	52,234	49,412
Campaign designations payable	$ 161,558	$ 170,397

8. BENEFICIAL INTEREST IN AGENCY FUNDS HELD BY THIRD PARTY

The components of the agency funds are as follows as of June 30:

	2023	2022
Operating funds (without donor restrictions)	$ 130,876	$ 137,617
Building fund (without donor restrictions)	459,409	418,714
Raymonda Scholarship (with donor restrictions)	287	262
Endowment earnings (with donor restrictions)	464,396	399,408
Endowment fund (with donor restrictions)	275,153	275,153
Total beneficial interest	$ 1,330,122	$ 1,231,154

9. FAIR VALUE MEASUREMENTS

GAAP states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. GAAP also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined 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.

Investments are classified in their entirety based on the lower level of input that is significant to the fair value measurements. The following table sets forth the United Way's investments that were accounted for at fair value at June 30, 2023 and 2022:

	Level 1	Level 2	Level 3	Total
June 30, 2023				
Beneficial interest in Community Foundation	$ -	$ 1,330,122	$ -	$ 1,330,122
June 30, 2022				
Beneficial interest in Community Foundation	$ -	$ 1,231,154	$ -	$ 1,231,154

9. FAIR VALUE MEASUREMENTS (Continued)

The fair value of the United Way's beneficial interest in the Community Foundation's investment pool was provided by the Community Foundation based on the fair value of the underlying assets using quoted market prices as well as observable inputs from the Community Foundation's investment custodian. There were no changes in the valuation methodology in 2023 and 2022.

10. NET ASSETS

Without Donor Restrictions
From time to time, the Board designates net assets without donor restrictions for specific purposes. Net assets without donor restrictions consisted of the following designated and undesignated amounts as of June 30:

	2023	2022
Designated by Board for:		
Building fund	$ 459,410	$ 418,714
Future allocations	448,238	368,537
Undesignated	579,232	978,966
Total net assets without donor restrictions	$ 1,486,880	$ 1,766,217

With Donor Restrictions
Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
Raymonda Scholarship	$ 287	$ 262
Endowment earnings	464,397	399,408
Total net assets with time and/or purpose restrictions	464,684	399,670
Net assets restricted in perpetuity	275,153	275,153
Total net assets with donor restrictions	$ 739,837	$ 674,823

Endowment Funds
The United Way's beneficial interest in endowment fund consists of funds held by The Community Foundation of Herkimer & Oneida Counties, Inc. The endowment consists of donor-restricted endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

10. NET ASSETS (Continued)

Endowment Funds (Continued)

As a result of this interpretation the United Way classifies as with donor restrictions net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with donor restrictions net assets is classified as with donor restrictions net assets and maintained as such for appropriation for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by NYPMIFA and donors' restrictions on use. In accordance with the NYPMIFA, the United Way considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the United Way and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the 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 the institution; and
- The investment policies of the United Way

Investment Return Objectives, Risk Parameters and Strategies

The United Way has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3.5%, while growing the funds if possible. Therefore, the United Way expects its endowment assets, over time, to produce an average rate of return in excess of the distribution rate. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The United Way has a policy of appropriating for distribution each year up to 3.5% of its endowment fund's average fair value of the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the United Way considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The United Way expects the current spending policy to allow its endowment funds to grow on an annual basis. This is consistent with the United Way's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

10. **NET ASSETS (Continued)**

Spending Policy (Continued)
Appropriations from the endowment fund were $0 for 2023 and 2022.

Endowment net asset composition by type of fund is as follows as of June 30, 2023:

	With Donor Restrictions
Donor-restricted endowment funds	$ 739,837

Endowment net asset composition by type of fund is as follows as of June 30, 2022:

	With Donor Restrictions
Donor-restricted endowment funds	$ 674,823

Spending Policy (Continued)
Changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	With Donor Restrictions
Endowment net assets, beginning of year, 2022	$ 798,042
2022 Changes in endowment:	
Investment return	(123,481)
Endowment net assets, end of year, 2022	$ 674,561
2023 Changes in endowment:	
Investment return	64,988
Endowment net assets, end of year, 2023	$ 739,549

11. **CONCENTRATION OF CREDIT RISK**

Promises to Give
The United Way solicits promises to give for its annual campaign within the Mohawk Valley and the greater Utica area and its surrounding suburbs. The vast majority of those promises received represent promises to pay at a later date either directly or through payroll deductions. Although the United Way has a diversified promise base, a substantial portion of its donors' ability to honor their promises is dependent upon general economic conditions of the governmental and commercial sectors within the Utica area.

12. RETIREMENT PLAN

The United Way has established a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the United Way who meet certain age, hours, and length of service requirements. Each plan year the United Way contributes 5% of gross salaries for qualified employees of the plan. Employees may make contributions to the plan which must be matched by the United Way equal to the lessor of 50% of the salary reduction amount during the plan year or 2.5% of compensation received during the plan year. Retirement plan expense was $29,265 and $29,387 for the years ended June 30, 2023 and 2022, respectively.

13. COMMITMENTS

Unemployment Insurance

The United Way is self-insured with respect to New York State Unemployment Benefits. Under the reimbursement option, the United Way is required to pay all approved unemployment claims as presented. Claims paid under this arrangement for the years ended June 30, 2023 and 2022 totaled $0. Management believes the self-funding arrangement will result in reduced unemployment costs for the United Way based on previous claims experience. The accompanying financial statements do not reflect any liability for future claims as management believes that there are no significant pending claims.

14. CONDITIONAL PROMISES TO GIVE

Conditional promises to give were received with the following conditions as of June 30:

	2023	2022
Cost reimbursement grants - conditioned upon meeting agreed-upon expenditures for reimbursement	$ 231,315	$ 301,908

15. SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through December 20, 2023 which is the date the financial statements were available to be issued.