

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.
AND
STATE EMPLOYEES FEDERATED APPEAL**

**Combined Financial Statements as of
June 30, 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 20, 2022

To the Board of Directors of
United Way of the Greater Capital Region, Inc. and State Employees Federated
Appeal:

Qualified Opinion

We have audited the accompanying combined financial statements of United Way of the Greater Capital Region, Inc. (a New York State not-for-profit corporation) and State Employees Federated Appeal (collectively referred to as the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating all majority-owned subsidiaries, as described in the Basis for Qualified Opinion section of our report, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 2 to the combined financial statements, the accompanying combined financial statements were prepared to present the financial position, changes in net assets, and cash flows of the Organization, but these statements do not include the financial position, changes in net assets, and cash flows of one of the Organization's other affiliates. In our opinion, accounting principles generally accepted in the United States of America require that this related non-profit organization be consolidated into these financial statements due to the fact that United Way of the Greater Capital Region, Inc. is related through common control.

We conducted our audit 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of the Organization as a whole. The combining information presented in Schedules I and II is presented for the purposes of additional analysis of the combined financial statements rather than to present the financial position and results of activities of the individual companies and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
AFFILIATES**

**COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

| | | |
|--|----|-------------------|
| Cash and cash equivalents | \$ | 640,223 |
| Investments | | 7,998,239 |
| Pledges receivable, net | | 1,339,603 |
| Other receivables | | 2,941 |
| Loan receivable | | 209,196 |
| Due from affiliates | | 22,574 |
| Property and equipment, net | | 162,693 |
| Beneficial interest in perpetual trust | | <u>535,468</u> |
| | \$ | <u>10,910,937</u> |

LIABILITIES AND NET ASSETS

LIABILITIES:

| | | |
|---------------------------------------|----|------------------|
| Accounts payable and accrued expenses | \$ | 397,684 |
| Grants and investments payable | | 713,897 |
| Due to designated agencies | | <u>424,680</u> |
| Total liabilities | | <u>1,536,261</u> |

NET ASSETS:

| | | |
|----------------------------------|----|-------------------|
| Without donor restrictions - | | |
| Undesignated | | 571,247 |
| Board designated | | <u>8,091,971</u> |
| Total without donor restrictions | | 8,663,218 |
| With donor restrictions - | | <u>711,458</u> |
| Total net assets | | <u>9,374,676</u> |
| | \$ | <u>10,910,937</u> |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---|---|--|---------------------|
| SUPPORT, REVENUE AND GAINS: | | | |
| Support - | | | |
| Contributions received | \$ 3,567,366 | \$ - | \$ 3,567,366 |
| Less: Donor designations | (1,335,346) | - | (1,335,346) |
| Allowance for uncollectible pledges | <u>(301,957)</u> | <u>-</u> | <u>(301,957)</u> |
| Subtotal | 1,930,063 | - | 1,930,063 |
| Grants | 323,953 | - | 323,953 |
| Paycheck Protection Program | 287,954 | - | 287,954 |
| Contributed goods and services | 296,103 | - | 296,103 |
| Legacies and bequests | 12,057 | - | 12,057 |
| Sponsorships | 107,867 | - | 107,867 |
| Events | <u>223,104</u> | <u>-</u> | <u>223,104</u> |
| Total support | <u>3,181,101</u> | <u>-</u> | <u>3,181,101</u> |
| Revenue and gains - | | | |
| Federated campaign income | 121,897 | - | 121,897 |
| Contract revenue | 224,807 | - | 224,807 |
| Donor designated service fees | 18,558 | - | 18,558 |
| Interest and dividends | 191,950 | - | 191,950 |
| Rental revenue | 31,453 | - | 31,453 |
| Gain (loss) on investments | (1,445,689) | - | (1,445,689) |
| Miscellaneous | 54,764 | - | 54,764 |
| Gain (loss) on beneficial interest in trust | <u>-</u> | <u>(137,963)</u> | <u>(137,963)</u> |
| Total revenue and gains | <u>(802,260)</u> | <u>(137,963)</u> | <u>(940,223)</u> |
| Total support, revenue, and gains | <u>2,378,841</u> | <u>(137,963)</u> | <u>2,240,878</u> |
| EXPENSES: | | | |
| Program services: | | | |
| Community impact | 2,612,888 | - | 2,612,888 |
| SEFA | <u>220,410</u> | <u>-</u> | <u>220,410</u> |
| Total program services | <u>2,833,298</u> | <u>-</u> | <u>2,833,298</u> |
| Supporting services: | | | |
| Management and general | 272,213 | - | 272,213 |
| Fundraising | <u>1,219,840</u> | <u>-</u> | <u>1,219,840</u> |
| Total supporting services | <u>1,492,053</u> | <u>-</u> | <u>1,492,053</u> |
| Total expenses | <u>4,325,351</u> | <u>-</u> | <u>4,325,351</u> |
| CHANGE IN NET ASSETS | (1,946,510) | (137,963) | (2,084,473) |
| NET ASSETS - beginning of year | <u>10,609,728</u> | <u>849,421</u> | <u>11,459,149</u> |
| NET ASSETS - end of year | <u>\$ 8,663,218</u> | <u>\$ 711,458</u> | <u>\$ 9,374,676</u> |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
AFFILIATES**

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

| | Community Impact | SEFA | Management and General | Fundraising | Total |
|--|---------------------|-------------------|------------------------------|---------------------|---------------------|
| Salaries and payroll taxes | \$ 324,769 | \$ - | \$ 145,737 | \$ 561,537 | \$ 1,032,043 |
| Retirement expenses | 12,398 | - | 4,811 | 8,971 | 26,180 |
| Other employee benefits | 20,857 | - | 8,374 | 45,720 | 74,951 |
| Contract and grant funded payroll expenses | <u>288,328</u> | <u>74,588</u> | <u>-</u> | <u>22,218</u> | <u>385,134</u> |
| Total salaries and related expenses | 646,352 | 74,588 | 158,922 | 638,446 | 1,518,308 |
| Community Care Fund allocations | 1,146,860 | - | - | - | 1,146,860 |
| Contributed goods and services | 196,160 | - | - | 100,231 | 296,391 |
| Professional fees and services | 117,105 | - | 32,647 | 121,351 | 271,103 |
| Federated Campaign expenses | - | 145,822 | - | - | 145,822 |
| Advertising, publicity, and special events | 53,749 | - | 10,508 | 194,395 | 258,652 |
| Other community distributions | 94,464 | - | - | - | 94,464 |
| Subscriptions and dues | 43,667 | - | 36,080 | 45,186 | 124,933 |
| Depreciation | 13,307 | - | 6,808 | 27,232 | 47,347 |
| Equipment, software, and hardware | 18,676 | - | 4,766 | 18,477 | 41,919 |
| Occupancy | 15,250 | - | 5,930 | 21,905 | 43,085 |
| Telephone and postage | 13,296 | - | 2,912 | 18,271 | 34,479 |
| Employee expenses | 15,754 | - | 7,980 | 16,486 | 40,220 |
| General office supplies and printing | 1,855 | - | 2,163 | 2,871 | 6,889 |
| Insurance | 3,876 | - | 2,000 | 4,947 | 10,823 |
| Travel and related costs | 6,435 | - | 1,319 | 1,741 | 9,495 |
| Interest expense | - | - | 178 | - | 178 |
| Contract and grant funded expenses | 226,082 | - | - | 7,500 | 233,582 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>801</u> | <u>801</u> |
| | <u>\$ 2,612,888</u> | <u>\$ 220,410</u> | <u>\$ 272,213</u> | <u>\$ 1,219,840</u> | <u>\$ 4,325,351</u> |

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

| | |
|---|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$ (2,084,473) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Depreciation | 47,347 |
| Provision for bad debts | (301,957) |
| (Gain) loss on investments | 1,445,689 |
| (Gain) loss on beneficial interest in trust | 137,963 |
| Changes in: | |
| Pledges receivable | 263,972 |
| Other receivables | 208,296 |
| Due from affiliates | (22,574) |
| Accounts payable and accrued expenses | 205,052 |
| Grants and investments payable | 66,961 |
| Due to designated agencies | (259,252) |
| Paycheck Protection Program | <u>(287,954)</u> |
| | . |
| Net cash flow from operating activities | <u>(580,930)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | |
| Issuance of loan receivable | (250,000) |
| Collections from loan receivable | 40,804 |
| Purchases of investments | (216,366) |
| Proceeds from sales of investments | 1,020,785 |
| Purchases of property and equipment | <u>(21,171)</u> |
| | |
| Net cash flow from investing activities | <u>574,052</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | (6,878) |
| CASH AND CASH EQUIVALENTS - beginning of year | <u>647,101</u> |
| CASH AND CASH EQUIVALENTS - end of year | <u>\$ 640,223</u> |

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND STATE EMPLOYEES FEDERATED APPEAL

NOTES TO COMBINED FINANCIAL STATEMENTS JUNE 30, 2022

1. ORGANIZATION AND HISTORY

United Way of the Greater Capital Region, Inc. (UWGCR), a New York not-for-profit corporation, provides services to individuals and corporations in the Capital Region. Our mission is to improve lives and advance the common good in the Capital Region by mobilizing the caring power of donors, volunteers, and community partners to give, volunteer, and advocate for people in need within our region.

Our vision is to be a recognized leader in the development and investment of philanthropic and volunteer resources in programs and initiatives that fight for the health, education, and financial stability of every person in every community.

UWGCR is a member of the United Way Worldwide. To maintain membership within this organization, UWGCR must make a membership investment to United Way Worldwide based on a percentage of annual contributions received. This membership fee paid to United Way Worldwide was \$78,185 for the year ended June 30, 2022.

During 2022, UWGCR issued grants to 55 local programs and special initiatives representing 47 agencies. More than 100,000 Greater Capital Region residents benefited from United Way funded programs in 2021-2022.

UWGCR also helped mobilize more than 2,000 volunteers who contributed their time and expertise to community projects, organizational leadership and planning, fundraising, and more.

State Employees Federated Appeal (SEFA)

Workplace fund-raising campaigns – UWGCR is responsible for developing, implementing, and evaluating fund-raising programs with respective volunteer committees for 12 county areas in New York State.

SEFA is an annual fund-raising campaign that occurs during the fall season. The program was established to accommodate the wishes of New York State employees who wanted a single fund-raising campaign that would reduce multiple charitable solicitations.

New York State regulations assign the responsibility of campaign oversight to the Capital Region SEFA Committee whose members include state employees and representatives of charitable agencies. Campaign administrative and fiscal management services are performed by personnel of UWGCR.

Principles of Combination

The amounts in the combined financial statements include the accounts of the United Way of the Greater Capital Region, Inc. (UWGCR) and State Employees Federated Appeal (SEFA). All significant intercompany balances and transactions have been eliminated in the combination. The financial statements have been combined because of common control and interrelated operating activities.

These organizations are hereafter referred to as “the Organization”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Qualification

The Organization is related to a nonprofit organization providing coworking sites, educational opportunities, advancement, and support to individuals and companies in the not-for-profit and tax-exempt sectors. The Organization is related through common board control. The accompanying financial statements do not include the affiliated organization described above. This is a departure from generally accepted accounting principles.

If the financial statements of the related organization had been consolidated with the Organization, total assets would be increased by approximately \$313,165 as of June 30, 2022; total liabilities would be increased by approximately \$49,568; total operating revenue would be increased by approximately \$276,798; and total operating expenses would be increased by approximately \$481,016 for the year then ended.

Basis of Accounting

Except for not including the affiliated nonprofit organization in the financial statements, as described above, the accompanying combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed by the Organization, are described below to enhance the usefulness of the combined financial statements.

Change in Accounting Principles

The Organization has adopted ASU 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets" for the year ended June 30, 2022. This ASU enhances presentation and disclosures relating to nonfinancial assets. The standard is effective for annual periods beginning after June 15, 2021 and must be applied on a retrospective basis to all periods presented. The adoption of this guidance had no impact on the combined financial statement amounts reported.

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposit accounts, money market accounts, and all highly liquid debt instruments purchased with a maturity of three months or less. The Organization's cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Investments

All investments in publicly traded equity and fixed income mutual funds are stated at fair value. Fair value is determined using quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying combined statement of activities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

The Organization provides an allowance for uncollectible pledges based upon collection history and a review open accounts by management. Open accounts are written off after all collection efforts have been exhausted and the pledge is determined to be uncollectible. The allowance for uncollectible pledge was \$304,000 as of June 30, 2022. 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.

Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at their fair market value at the date of the gift. The Organization does not imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are restricted as to their use by the donor. Accordingly, those donations are recorded as support, increasing net assets without donor restrictions.

Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is reported as a change in net assets.

Depreciation is computed on a straight-line basis using the estimated useful lives (2 to 40 years) of the various assets.

Long-Lived Assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2022.

Due to Affiliated Agencies/Pledge Income

Contributions which are designated to a specific third-party beneficiary are recorded as a liability at the time the contribution is received, net of campaign costs and allowance for uncollectible pledges. All pledges received by SEFA are considered donor restricted. These pledges are passed directly to the designated recipients and are excluded from the Organization's revenue and expenses, except for a small portion that is allocated to revenue to cover direct campaign costs.

Financial Reporting

To ensure observance of limitations of restrictions placed on the use of resources available to the Organization, the resources are classified for reporting purposes into groups of net assets established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group. Net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions – undesignated – This category of net assets includes resources that are available for the support of the Organization's operating activities.

Net assets without donor restrictions – board designated – This category of net assets includes resources that the Board of Directors has designated for specific purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

Net assets with donor restrictions – This category of net assets includes resources that have been donated to the Organization subject to restrictions as defined by the donor. The satisfaction of the restrictions is reflected as net assets released from restrictions in the combined statement of activities.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is received. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated and Contributed Services

The services donated require specialized skills and are reflected in the combined statement of activities at their estimated fair value. For the year ended June 30, 2022, the amount recognized was \$296,103.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statement of activities and in the combined statement of functional expenses. Salaries and related expenses 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.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$258,652 for the year ended June 30, 2022.

Financial Instruments Measured at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Organization's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

The fair value of the beneficial interest in perpetual trusts is determined to be a level 2 measurement using the market approach as the carrying amount of these investments approximates fair value based on the value of similar assets at which the Organization could invest in.

Income Taxes

The Organization is exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and have been classified as entities that are not private foundations.

3. LIQUIDITY

The Organization has a goal to maintain financial assets on hand to meet normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available within one year of the combined statement of financial position date for general expenditure are as follows:

| | <u>2022</u> |
|---|---------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 640,223 |
| Investments | 7,998,239 |
| Pledges receivable, net | 1,339,603 |
| Other receivables | 2,941 |
| Loan receivable | 209,196 |
| Due from affiliates | 22,574 |
| Beneficial Interest in perpetual trust | <u>535,468</u> |
| Total financial assets | 10,748,244 |
| Less: those unavailable for general expenditures within one year due to: | |
| Board designated | (3,736,333) |
| Restricted by donor for purpose or time restriction | <u>(711,458)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 6,300,453</u> |

The Organization maintains sufficient cash that is readily available for general expenditures. Additionally, the Organization's ability to meet its cash needs is further dependent, in part, on timely collection of its pledges receivable. The Organization's pledges receivable are due primarily from organizations and individuals. The Organization 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. Additionally, the Organization has a line-of-credit which can be drawn upon as necessary.

4. INVESTMENTS

Investments are managed in accordance with an investment policy that was approved by the Board of Directors. A summary of investments as of June 30, 2022 is as follows:

| | <u>2022</u> |
|----------------------------|---------------------|
| Mutual funds- equities | \$ 4,713,022 |
| Mutual funds- fixed income | <u>3,285,217</u> |
| | <u>\$ 7,998,239</u> |

5. FAIR VALUE MEASUREMENTS

The Organization's investments at fair value, within the fair value hierarchy, are as follows as of June 30, 2022:

| <u>Description</u> | <u>Level 1 Inputs</u> | <u>Level 2 Inputs</u> | <u>Level 3 Inputs</u> | <u>Total</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------|
| Mutual funds - equities | \$ 4,713,022 | \$ - | \$ - | \$ 4,713,022 |
| Mutual funds - fixed income | 3,285,217 | - | - | 3,285,217 |
| Beneficial interest in perpetual trust | - | 535,468 | - | 535,468 |
| | <u>\$ 7,998,239</u> | <u>\$ 535,468</u> | <u>\$ -</u> | <u>\$ 8,533,707</u> |

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2022:

| | <u>2022</u> |
|------------------------------------|--------------------|
| Land | \$ 102,300 |
| Building and building improvements | 878,384 |
| Office equipment | <u>282,389</u> |
| | 1,263,073 |
| Less: Accumulated depreciation | <u>(1,100,380)</u> |
| | <u>\$ 162,693</u> |

Depreciation expense for the years ended June 30, 2022 was approximately \$47,000.

7. LINE-OF-CREDITS

The Organization has a line-of-credit with KeyBank. Borrowings against the line are due on demand and interest is payable monthly at the Bank's prime rate plus one percent (3.75% at June 30, 2022), with a floor percentage of 3.75%. The balance is secured by all assets of the Organization. At June 30, 2022, there was no balance outstanding.

8. NET ASSETS

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

| | <u>2022</u> |
|--|-------------------|
| Percy Waller Perpetual Charitable Trust | \$ 547,274 |
| Bequests from estates to be held in perpetuity | 113,061 |
| Capital City Fund | 50,646 |
| Other | <u>477</u> |
| | <u>\$ 711,458</u> |

Board designated net assets are available for the following purposes at June 30:

| | <u>2022</u> |
|--------------------------------|---------------------|
| Funds functioning as endowment | \$ 3,736,333 |
| Mackenzie Scott Grant Fund | <u>4,355,638</u> |
| | <u>\$ 8,091,971</u> |

Mackenzie Scott Grant Fund

In December of 2020, UWGCR was awarded a \$5 million donation from author and philanthropist MacKenzie Scott.

UWGCR was selected as one of 384 non-profits across the country recognized for their effective response and recovery work including both filling basic needs and addressing systemic inequities.

In her announcement on Medium, Scott said,

“These 384 carefully selected teams have dedicated their lives to helping others, working and volunteering and serving real people face-to-face at bedsides and tables, in prisons and courtrooms and classrooms, on streets and hospital wards and hotlines and frontlines of all types and sizes, day after day after day. They help by delivering vital services, and also through the profound encouragement felt each time a person is seen, valued, and trusted by another human being.”

8. NET ASSETS (Continued)

Changes in the Mackenzie Scott Grant Fund are as follows:

| <u>Description</u> | |
|------------------------------------|---------------------|
| Beginning balance - July 1, 2021 | \$ 5,100,829 |
| Additions | - |
| Community investment distributions | (36,600) |
| Grant expenditures | - |
| Fees | (54,889) |
| Investment gains/(losses) | <u>(653,702)</u> |
| Ending net assets - June 30, 2022 | <u>\$ 4,355,638</u> |

Beneficial Interest in Perpetual Trusts

The Organization is the beneficiary of the Percy Waller Perpetual Charitable Trust (Trust). The Trust provides for annual distributions of eleven percent of the income earned on the Trust's assets. The donor has placed no restrictions as to the use of the distributions. The Trust is administered by an independent third-party trustee.

The value of the beneficial interest in perpetual trust is recorded at eleven percent of the fair market value of the Trust's assets. The Organization recognized a gain (loss) in the value of this Trust in the amount of (\$137,963) for the year ended June 30, 2022.

Other Net Assets With Donor Restrictions

The Organization is the beneficiary of two bequests from estates for which the donor restricted the funds to be held in perpetuity. There are no restrictions placed on the income derived from these funds.

9. EMPLOYER RETIREMENT PLANS

The Organization established a 403(b) plan for its employees. Employer contributions to the Plan are determined annually by the Board of Directors. The Board of Directors approved a revision to the Plan, effective January 1, 2012, which includes an employer match of up to 4% of salary on employee contributions to the Plan. In addition, the Plan includes a service weighted automatic contribution of 3% of salary for employees with up to 10 years of service, and a 5% contribution for employees of over 10 years of service.

A one year waiting period is required for participation in the match and automatic contribution portions of the Plan. During the year ended June 30, 2022, the employer contribution was \$26,179.

The Organization had a noncontributory, combination pension and welfare plan available to all employees 21 years of age or older, who completed one year of service. The Plan was a defined benefit plan, which provided benefits that were generally based on years of service and final average salary. The plan was terminated as of June 30, 2016. There were no plan assets as of June 30, 2016 as the plan was terminated and all plan assets were paid to participants. The Board made a resolution to make 11 annual contributions of \$6,703 to one employee that had not been paid out. These contributions are the Organization's assets until the employment is terminated.

10. ENDOWMENT

The Organization's endowment consists of funds established to provide investment income to be used for fundraising and operating costs so that a higher percentage of donor contributions can be directed to the Community Care Fund. Its endowment includes donor-restricted and board designated endowments. As required by generally accepted accounting principles, 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 of donor-imposed restrictions.

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

| | <u>Board Designated</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------|-----------------------------|------------------------------------|---------------------|
| <u>June 30, 2022:</u> | | | |
| Endowment funds | <u>\$ 3,736,333</u> | <u>\$ 648,529</u> | <u>\$ 4,384,862</u> |

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

| <u>Description</u> | <u>Board Designated</u> | <u>With Restrictions</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|------------------------------|---------------------|
| Endowment net assets - July 1, 2021 | \$ 4,469,137 | \$ 786,492 | \$ 5,255,629 |
| Releases | - | - | - |
| Net appreciation | <u>(732,804)</u> | <u>(137,963)</u> | <u>(870,767)</u> |
| Endowment net assets - June 30, 2022 | <u>\$ 3,736,333</u> | <u>\$ 648,529</u> | <u>\$ 4,384,862</u> |

Return Objectives and Risk Parameters

Investments of the Board-designated funds are made for the purpose of providing supplemental funding of fundraising and operational activities. The net assets with restrictions are those donor restricted funds that the Organization must hold in perpetuity.

The Organization recognizes that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk is warranted in order to allow the investment manager the opportunity to achieve satisfactory long-term results consistent with the objectives of the fund.

Strategies Employed for Achieving Objectives

The Organization has adopted investment and spending policies for endowment assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide a resource for occasional funding to programs supported by its endowment. Endowment assets include funds without donor restrictions and those with donor restrictions as of June 30, 2022. Under this policy, as approved by the Board of Directors, the endowment assets are invested primarily in stocks (generally targeted at 40-60% of the fund), bonds (38-52%), and commodities (2-8%). No target growth rate is stated or implied by the Organization's investment objectives. Actual investment returns in any given year may vary.

10. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives (Continued)

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation (see information above) that places a greater emphasis on equity and bond-based investments to achieve its long-term return objectives with prudent risk constraints.

Management periodically presents system level initiatives that they feel worthy of Organization support. The Organization's Board reviews these suggestions and appropriates money on occasion for items they deem worthwhile. There is no annual target for expenditures.

The governing board has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on its restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends), and income is classified as restricted until appropriated for expenditure. As of June 30, 2022, all income related to net assets with restrictions have been expended consistent with donor intent.

11. CONTRIBUTED NONFINANCIAL ASSETS

The Organization recognized contributed nonfinancial assets within revenue, including but not limited to: household goods, food, medical supplies, clothing, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the year ended June 30, 2022, contributed nonfinancial assets recognized within the combined statement of activities include:

| | <u>2022</u> |
|-----------------|-------------------|
| Household Goods | \$ 13,618 |
| Food | 29,843 |
| Services | <u>252,642</u> |
| | <u>\$ 296,103</u> |

It is the Organization's policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles were received during the period.

Contributed food was utilized for events to raise funds for Organization's programs. Contributed household goods were distributed to our nonprofit partners to help support their programs. In valuing household goods, food, clothing, and medical supplies, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized comprise professional services from video production, audio, and visual services at events, United Way Worldwide negotiated in-kind advertising, volunteer time for income tax preparation, etc. Contributed services are valued and are reported at the estimated fair value in the combined financial statements based on current rates for similar services.

12. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. However, the impact of this situation on the Organization's future results and financial position is not presently determinable.

Paycheck Protection Program Arrangement

In April 2021, the Organization entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which the Organization received \$287,548. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Organization's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

The Organization elected to account for its PPP arrangements as conditional contributions, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. Through June 30, 2022, the Organization estimated that it has administered the full proceeds of its first PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness of \$287,548 received under the PPP arrangement. As such, this amount is recorded as Paycheck Protection Program loan forgiveness in the combined statement of activities for the year ended June 30, 2022.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2022, which is the date these consolidated financial statements were available to be issued.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
AFFILIATES**

**COMBINING SCHEDULE OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

| | | | | Schedule I |
|--|--|-------------------------------------|--------------------|----------------------|
| | United Way of the Greater Capital Region, Inc. | State Employees Federated Appeal | Eliminations | Total |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 547,075 | \$ 93,148 | \$ - | \$ 640,223 |
| Investments | 7,998,239 | - | - | 7,998,239 |
| Pledges receivable, net | 1,058,233 | 281,370 | - | 1,339,603 |
| Other receivables | 2,941 | - | - | 2,941 |
| Loan Receivable | 209,196 | - | - | 209,196 |
| Due from affiliates | 45,100 | - | (22,526) | 22,574 |
| Property and equipment, net | 162,693 | - | - | 162,693 |
| Beneficial interest in perpetual trust | 535,468 | - | - | 535,468 |
| | <u>\$ 10,558,945</u> | <u>\$ 374,518</u> | <u>\$ (22,526)</u> | <u>\$ 10,910,937</u> |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES: | | | | |
| Accounts payable and accrued expenses | \$ 397,684 | \$ - | \$ - | \$ 397,684 |
| Due to affiliated agencies | 713,897 | 22,526 | (22,526) | 713,897 |
| Due to designated agencies | 29,718 | 394,962 | - | 424,680 |
| | <u>1,141,299</u> | <u>417,488</u> | <u>(22,526)</u> | <u>1,536,261</u> |
| NET ASSETS: | | | | |
| Without donor restrictions - | | | | |
| Undesignated | 614,217 | (42,970) | - | 571,247 |
| Board designated | 8,091,971 | - | - | 8,091,971 |
| Total without donor restrictions | 8,706,188 | (42,970) | - | 8,663,218 |
| With donor restrictions - | 711,458 | - | - | 711,458 |
| | <u>9,417,646</u> | <u>(42,970)</u> | <u>-</u> | <u>9,374,676</u> |
| | <u>\$ 10,558,945</u> | <u>\$ 374,518</u> | <u>\$ (22,526)</u> | <u>\$ 10,910,937</u> |

The accompanying notes are an integral part of these schedules.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
AFFILIATES**

**COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule II

| | United Way of the Greater Capital Region, Inc. | | | State Employees Federated Appeal | Totals |
|---|--|----------------------------|--------------|-------------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | |
| SUPPORT, REVENUE, AND GAINS: | | | | | |
| Support: | | | | | |
| Contributions received | \$ 2,958,892 | \$ - | \$ 2,958,892 | \$ 608,474 | \$ 3,567,366 |
| Less: Donor designations | (808,765) | - | (808,765) | (526,581) | (1,335,346) |
| Allowance for uncollectible pledges | (280,934) | - | (280,934) | (21,023) | (301,957) |
| Subtotal | 1,869,193 | - | 1,869,193 | 60,870 | 1,930,063 |
| Grants | 323,953 | - | 323,953 | - | 323,953 |
| Payment protection loan forgiveness | 287,954 | - | 287,954 | - | 287,954 |
| Contributed goods and services | 296,103 | - | 296,103 | - | 296,103 |
| Legacies and bequests | 12,057 | - | 12,057 | - | 12,057 |
| Sponsorships | 107,867 | - | 107,867 | - | 107,867 |
| Events | 223,104 | - | 223,104 | - | 223,104 |
| Total support | 3,120,231 | - | 3,120,231 | 60,870 | 3,181,101 |
| Revenue and gains: | | | | | |
| Federated campaign income | 121,897 | - | 121,897 | - | 121,897 |
| Contract revenue | 224,807 | - | 224,807 | - | 224,807 |
| Donor designated service fees | 18,558 | - | 18,558 | - | 18,558 |
| Interest and dividends | 191,949 | - | 191,949 | 1 | 191,950 |
| Rental revenue | 31,453 | - | 31,453 | - | 31,453 |
| Gain (loss) on investments | (1,445,689) | - | (1,445,689) | - | (1,445,689) |
| Miscellaneous | 54,764 | - | 54,764 | - | 54,764 |
| Gain (loss) on beneficial interest in trust | - | (137,963) | (137,963) | - | (137,963) |
| Total revenue and gains | (802,261) | (137,963) | (940,224) | 1 | (940,223) |
| Total support, revenue, and gains | 2,317,970 | (137,963) | 2,180,007 | 60,871 | 2,240,878 |
| EXPENSES: | | | | | |
| Program services: | | | | | |
| Community impact | 2,612,888 | - | 2,612,888 | - | 2,612,888 |
| SEFA | 130,336 | - | 130,336 | 90,074 | 220,410 |
| Total program services | 2,743,224 | - | 2,743,224 | 90,074 | 2,833,298 |
| Supporting services: | | | | | |
| Management and general | 272,213 | - | 272,213 | - | 272,213 |
| Fundraising | 1,219,840 | - | 1,219,840 | - | 1,219,840 |
| Total supporting services | 1,492,053 | - | 1,492,053 | - | 1,492,053 |
| Total expenses | 4,235,277 | - | 4,235,277 | 90,074 | 4,325,351 |
| CHANGE IN NET ASSETS | (1,917,307) | (137,963) | (2,055,270) | (29,203) | (2,084,473) |
| NET ASSETS - beginning of year | 10,623,495 | 849,421 | 11,472,916 | (13,767) | 11,459,149 |
| NET ASSETS - end of year | \$ 8,706,188 | \$ 711,458 | \$ 9,417,646 | \$ (42,970) | \$ 9,374,676 |

The accompanying notes are an integral part of these schedules.