

**UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC.
AND SUBSIDIARIES**

**Consolidated Financial Statements
as of March 31, 2024
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 11, 2024

To the Boards of Directors of
United Way of Greater Rochester and the Finger Lakes, Inc.
and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of United Way of Greater Rochester and the Finger Lakes, Inc. (a New York not-for-profit corporation) and Subsidiaries (collectively, the Organizations), which comprise the consolidated balance sheet as of March 31, 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Rochester and the Finger Lakes, Inc. and Subsidiaries as of March 31, 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 United Way of Greater Rochester and the Finger Lakes, Inc. and Subsidiaries 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 audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 United Way of Greater Rochester and the Finger Lakes, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater Rochester and the Finger Lakes, Inc. and Subsidiaries' 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

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information presented on pages 1, 2 and 4 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2024

(With Comparative Totals for 2023)

	Supplementary Information						Consolidated	
	United Way of Greater Rochester and the Finger Lakes, Inc.	UWGR Holding Company, Inc.	Supporting Foundations	The Systems Integration of Monroe County, LLC	Eliminations	2024	2023	
ASSETS								
Cash and cash equivalents	\$ 12,594,182	\$ 337,919	75,144	\$ 48,479	\$ -	\$ 13,055,724	\$ 14,518,319	
Pledges receivable, net	3,811,586	-	-	-	-	3,811,586	4,013,491	
Grants receivable	1,102,599	-	-	-	-	1,102,599	2,210,120	
Rent receivable - affiliate	-	36,431	-	-	(36,431)	-	-	
Bequests receivable	495,715	-	-	-	-	495,715	197,316	
Investments	159,792,979	-	51,372,528	-	-	211,165,507	196,232,703	
Property and equipment, net	147,743	1,607,160	-	-	-	1,754,903	1,680,012	
Beneficial interest in split-interest agreements	4,701,259	-	-	-	-	4,701,259	4,228,858	
Other assets	503,198	15,411	-	1,500	(100)	520,009	882,495	
	<u>\$ 183,149,261</u>	<u>\$ 1,996,921</u>	<u>\$ 51,447,672</u>	<u>\$ 49,979</u>	<u>\$ (36,531)</u>	<u>\$ 236,607,302</u>	<u>\$ 223,963,314</u>	
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 1,298,963	\$ 30,338	\$ -	\$ 10,468	\$ -	\$ 1,339,769	\$ 1,119,183	
Due to agencies	12,254,625	-	-	-	-	12,254,625	11,526,160	
Deferred revenue	972,878	1,068	-	-	-	973,946	2,450,752	
Rent payable - affiliate	36,431	-	-	-	(36,431)	-	-	
Charitable gift annuity reserve	128,334	-	-	-	-	128,334	135,038	
Long-term debt	5,016,172	-	-	-	-	5,016,172	5,041,494	
Pension and postretirement plan liability	1,541,833	-	-	-	-	1,541,833	2,059,515	
Total liabilities	<u>21,249,236</u>	<u>31,406</u>	<u>-</u>	<u>10,468</u>	<u>(36,431)</u>	<u>21,254,679</u>	<u>22,332,142</u>	
NET ASSETS:								
Without donor restrictions								
Undesignated	16,401,291	1,611,160	51,447,672	39,511	(100)	69,499,534	66,030,890	
Board designated	7,915,964	354,355	-	-	-	8,270,319	7,776,577	
Quasi-endowment	61,631,026	-	-	-	-	61,631,026	55,904,308	
Total without donor restrictions	85,948,281	1,965,515	51,447,672	39,511	(100)	139,400,879	129,711,775	
With donor restrictions	<u>75,951,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,951,744</u>	<u>71,919,397</u>	
Total net assets	<u>161,900,025</u>	<u>1,965,515</u>	<u>51,447,672</u>	<u>39,511</u>	<u>(100)</u>	<u>215,352,623</u>	<u>201,631,172</u>	
	<u>\$ 183,149,261</u>	<u>\$ 1,996,921</u>	<u>\$ 51,447,672</u>	<u>\$ 49,979</u>	<u>\$ (36,531)</u>	<u>\$ 236,607,302</u>	<u>\$ 223,963,314</u>	

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024**

(With Comparative Totals for 2023)

	Supplementary Information					Consolidated			
	United Way of Greater Rochester and the Finger Lakes, Inc.	UWGR Holding Company, Inc.	Supporting Foundations	The Systems Integration of Monroe County, LLC	Eliminations	Without donor restrictions	With donor restrictions	2024	2023
REVENUE, GAINS AND OTHER SUPPORT:									
Annual campaign	\$ 13,293,395	\$ -	\$ -	\$ -	\$ -	\$ 13,293,395	\$ 2,408,962	\$ 15,702,357	\$ 16,964,684
Less: Received as agent for other United Ways	(676,698)	-	-	-	-	(676,698)	-	(676,698)	(630,367)
Less: Provision for uncollectible pledges	(464,061)	-	-	-	-	(464,061)	(72)	(464,133)	(813,198)
Annual campaign, net	12,152,636	-	-	-	-	12,152,636	2,408,890	14,561,526	15,521,119
Investment income used in operations in accordance with the United Way's total return spending policy	5,507,792	-	-	-	-	5,507,792	-	5,507,792	5,309,530
Donor advised fund gifts received	811,007	-	-	-	-	811,007	-	811,007	1,797,884
Contributed nonfinancial assets	154,963	239,181	-	-	(239,181)	154,963	-	154,963	120,888
ROC the Day revenue	-	-	-	-	-	-	675,799	675,799	866,093
Endowment legacies and other gifts received, net	3,130,929	-	-	-	-	3,130,929	-	3,130,929	179,440
Government and other grant revenue	1,765,043	-	-	-	-	1,765,043	5,888,077	7,653,120	9,623,739
Other	421,519	483,241	41,061	49,891	(402,175)	593,537	208,096	801,633	569,587
	<u>23,943,889</u>	<u>722,422</u>	<u>41,061</u>	<u>49,891</u>	<u>(641,356)</u>	<u>24,115,907</u>	<u>9,180,862</u>	<u>33,296,769</u>	<u>33,988,280</u>
Net assets released from restrictions -									
Satisfaction of program restrictions	6,981,184	-	-	-	-	6,981,184	(6,981,184)	-	-
Appropriation of endowment assets for expenditure	2,574,134	-	-	-	-	2,574,134	(2,574,134)	-	-
Expiration of time restrictions	3,188,114	-	-	-	-	3,188,114	(3,188,114)	-	-
	<u>12,743,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,743,432</u>	<u>(12,743,432)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>36,687,321</u>	<u>722,422</u>	<u>41,061</u>	<u>49,891</u>	<u>(641,356)</u>	<u>36,859,339</u>	<u>(3,562,570)</u>	<u>33,296,769</u>	<u>33,988,280</u>
EXPENSES:									
Program services -									
Grants and distributions	24,111,221	-	2,450,000	-	-	26,561,221	-	26,561,221	31,276,853
Community impact	3,814,903	218,172	-	-	(248,043)	3,785,032	-	3,785,032	4,310,093
Grant funded programs	3,121,075	-	-	10,468	-	3,131,543	-	3,131,543	2,781,765
Total program services	<u>31,047,199</u>	<u>218,172</u>	<u>2,450,000</u>	<u>10,468</u>	<u>(248,043)</u>	<u>33,477,796</u>	<u>-</u>	<u>33,477,796</u>	<u>38,368,711</u>
Supporting services -									
Resource development	3,829,518	226,474	-	-	(211,737)	3,844,255	-	3,844,255	3,581,433
General management	2,439,193	200,954	56,348	12	(181,576)	2,514,931	-	2,514,931	2,333,576
Total supporting services	<u>6,268,711</u>	<u>427,428</u>	<u>56,348</u>	<u>12</u>	<u>(393,313)</u>	<u>6,359,186</u>	<u>-</u>	<u>6,359,186</u>	<u>5,915,009</u>
Total expenses	<u>37,315,910</u>	<u>645,600</u>	<u>2,506,348</u>	<u>10,480</u>	<u>(641,356)</u>	<u>39,836,982</u>	<u>-</u>	<u>39,836,982</u>	<u>44,283,720</u>
EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	(628,589)	76,822	(2,465,287)	39,411	-	(2,977,643)	(3,562,570)	(6,540,213)	(10,295,440)
OTHER ITEMS:									
Investment income (losses), net	10,624,626	-	6,934,070	-	-	17,558,696	7,594,917	25,153,613	(12,785,630)
Investment income used in operations in accordance with the United Way's total return spending policy	(5,507,792)	-	-	-	-	(5,507,792)	-	(5,507,792)	(5,309,530)
Change in funded status of pension and postretirement plans	734,812	-	-	-	-	734,812	-	734,812	(28,586)
Net periodic pension benefit	(118,969)	-	-	-	-	(118,969)	-	(118,969)	230,968
CHANGE IN NET ASSETS	5,104,088	76,822	4,468,783	39,411	-	9,689,104	4,032,347	13,721,451	(28,188,218)
NET ASSETS - beginning of year	<u>80,844,193</u>	<u>1,888,693</u>	<u>46,978,889</u>	<u>100</u>	<u>(100)</u>	<u>129,711,775</u>	<u>71,919,397</u>	<u>201,631,172</u>	<u>229,819,390</u>
NET ASSETS - end of year	<u>\$ 85,948,281</u>	<u>\$ 1,965,515</u>	<u>\$ 51,447,672</u>	<u>\$ 39,511</u>	<u>\$ (100)</u>	<u>\$ 139,400,879</u>	<u>\$ 75,951,744</u>	<u>\$ 215,352,623</u>	<u>201,631,172</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
(With Comparative Totals for 2023)**

	Program Services				Supporting Services			Total	
	Allocations	Community Impact	Grant Funded Programs	Total	Resource Development	General Management	Total	2024	2023
SALARIES AND RELATED EXPENSES:									
Salaries	\$ -	\$ 1,767,782	\$ 2,043,537	\$ 3,811,319	\$ 2,031,470	\$ 1,303,302	\$ 3,334,772	\$ 7,146,091	\$ 6,537,335
Employee health, retirement, pension and postretirement expenses	-	506,416	369,608	876,024	529,469	333,369	862,838	1,738,862	1,682,367
Payroll taxes	-	137,841	151,228	289,069	140,469	82,730	223,199	512,268	473,138
Total salaries and related expenses	-	2,412,039	2,564,373	4,976,412	2,701,408	1,719,401	4,420,809	9,397,221	8,692,840
OTHER EXPENSES:									
Grants and distributions	17,157,884	-	-	17,157,884	-	-	-	17,157,884	23,893,584
Less: Granted as agent to other United Ways	(676,698)	-	-	(676,698)	-	-	-	(676,698)	(630,367)
	16,481,186	-	-	16,481,186	-	-	-	16,481,186	23,263,217
Donor advised fund grants	2,889,391	-	-	2,889,391	-	-	-	2,889,391	1,834,730
Community initiatives	4,740,645	-	-	4,740,645	-	-	-	4,740,645	5,928,906
Foundation grants	2,450,000	-	-	2,450,000	-	-	-	2,450,000	250,000
Professional fees and contracted services (including \$153,063 and \$103,100 of donated services in 2024 and 2023, respectively)	-	673,681	242,447	916,128	347,174	293,890	641,064	1,557,192	1,845,757
Events, meetings, and conferences (including \$9,988 in donated meeting expenses in 2023)	-	99,292	154,941	254,233	128,973	48,724	177,697	431,930	417,924
United Way Worldwide dues	-	84,374	-	84,374	127,917	83,146	211,063	295,437	500,762
Occupancy and office (including \$1,900 and \$7,800 of donated supplies in 2024 and 2023, respectively)	-	312,788	140,810	453,598	279,994	197,584	477,578	931,176	871,744
Printing and advertising	-	8,186	2,942	11,128	131,140	973	132,113	143,241	132,944
Other	-	135,098	26,030	161,128	57,563	125,657	183,220	344,348	360,381
Total other expenses	26,561,222	1,313,419	567,170	28,441,811	1,072,761	749,974	1,822,735	30,264,546	35,406,365
Total expenses before depreciation and amortization	26,561,222	3,725,458	3,131,543	33,418,223	3,774,169	2,469,375	6,243,544	39,661,767	44,099,205
DEPRECIATION AND AMORTIZATION	-	59,573	-	59,573	70,086	45,556	115,642	175,215	184,515
	<u>\$ 26,561,222</u>	<u>\$ 3,785,031</u>	<u>\$ 3,131,543</u>	<u>\$ 33,477,796</u>	<u>\$ 3,844,255</u>	<u>\$ 2,514,931</u>	<u>\$ 6,359,186</u>	<u>\$ 39,836,982</u>	<u>\$ 44,283,720</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
(With Comparative Totals for 2023)

	Supplementary Information					Consolidated	
	United Way of Greater Rochester and the Finger Lakes, Inc.	UWGR Holding Company, Inc.	Supporting Foundations	The Systems Integration of Monroe County, LLC	Eliminations	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:							
Change in net assets	\$ 9,136,435	\$ 76,822	\$ 4,468,783	\$ 39,411	\$ -	\$ 13,721,451	\$ (28,188,218)
Adjustments to reconcile change in net assets to net cash flow from operating activities:							
Net realized and unrealized loss on investments	(15,184,763)	-	(5,922,036)	-	-	(21,106,799)	15,705,988
Sale proceeds of donated financial assets	764,278	-	-	-	-	764,278	613,194
Depreciation and amortization	37,137	138,078	-	-	-	175,215	184,515
Loss on disposal of property and equipment	42,392	-	-	-	-	42,392	6,159
Permanently restricted legacies and gifts	-	-	-	-	-	-	414,778
Change in funded status of pension and postretirement liability	(734,812)	-	-	-	-	(734,812)	28,586
Provision for uncollectible pledges	464,133	-	-	-	-	464,133	813,198
Changes in:							
Pledges receivable	(262,228)	-	-	-	-	(262,228)	(394,381)
Grants receivable	1,107,521	-	-	-	-	1,107,521	4,157,625
Other assets	366,992	(3,106)	-	(1,400)	-	362,486	416,633
Rent receivable - affiliate	-	44,971	-	-	(44,971)	-	-
Bequests receivable	(298,399)	-	-	-	-	(298,399)	579,621
Accounts payable and accrued expenses	220,793	(10,675)	-	10,468	-	220,586	(811,712)
Due to agencies	728,465	-	-	-	-	728,465	6,180,353
Deferred revenue	(1,472,312)	(4,494)	-	-	-	(1,476,806)	910,121
Rent payable - affiliate	(44,971)	-	-	-	44,971	-	-
Pension and postretirement plan liability	217,130	-	-	-	-	217,130	(139,683)
Net cash flow from operating activities	(4,912,209)	241,596	(1,453,253)	48,479	-	(6,075,387)	476,777
CASH FLOW FROM INVESTING ACTIVITIES:							
Purchases of property and equipment, net of disposals	(94,834)	(197,664)	-	-	-	(292,498)	(221,721)
Purchases of investments	(7,187,282)	-	(1,355,993)	-	-	(8,543,275)	(13,356,156)
Proceeds from sales of investments	11,143,917	-	2,809,075	-	-	13,952,992	15,621,652
Changes in beneficial interest in split-interest arrangements	(462,973)	-	-	-	-	(462,973)	493,702
Net cash flow from investing activities	3,398,828	(197,664)	1,453,082	-	-	4,654,246	2,537,477
CASH FLOW FROM FINANCING ACTIVITIES:							
Permanently restricted legacies and gifts	-	-	-	-	-	-	(414,778)
Decrease in charitable gift annuity reserve	(6,704)	-	-	-	-	(6,704)	(7,050)
Increase in long-term debt	(13,162)	-	-	-	-	(13,162)	5,000,000
Payments on finance lease	(12,160)	-	-	-	-	(12,160)	(23,395)
Change in pooled life income fund assets	(9,428)	-	-	-	-	(9,428)	19,534
Net cash flow from financing activities	(41,454)	-	-	-	-	(41,454)	4,574,311
CHANGE IN CASH AND CASH EQUIVALENTS	(1,554,835)	43,932	(171)	48,479	-	(1,462,595)	7,588,565
CASH AND CASH EQUIVALENTS - beginning of year	14,149,017	293,987	75,315	-	-	14,518,319	6,929,754
CASH AND CASH EQUIVALENTS - end of year	\$ 12,594,182	\$ 337,919	\$ 75,144	\$ 48,479	\$ -	\$ 13,055,724	\$ 14,518,319

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER ROCHESTER AND THE FINGER LAKES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024

1. THE ORGANIZATIONS

United Way of Greater Rochester and the Finger Lakes, Inc.

United Way of Greater Rochester and the Finger Lakes, Inc. (United Way) is a not-for-profit organization founded in 1918. United Way includes the organizations formerly known as United Way of Greater Rochester, Inc., United Way of Wayne County, Inc.; the United Way of Ontario County, Inc.; the Genesee Country United Way; the United Way of Livingston County, Inc.; and the United Way of Wyoming County, Inc. In May 2021 these entities entered into a merger agreement whereby the surviving organization was the United Way of Greater Rochester, Inc. In connection with this merger, the name of the surviving organization was amended to be United Way of Greater Rochester and the Finger Lakes, Inc.

UWGR Holding Company, Inc.

UWGR Holding Company, Inc. (Holding Company), is a not-for-profit corporation organized for the purpose of accepting, holding and managing gifts of real property, interests in real property, and other gifts for the sole benefit of United Way. United Way is Holding Company's sole corporate member.

Supporting Foundations

An affiliation between Wegmans Family Foundation, Inc. and United Way is in place that establishes Wegmans Family Foundation as a supporting organization of United Way.

The Systems Integration of Monroe County, LLC

The consolidated financial statements also include the accounts of Systems Integration of Monroe County, LLC dba as TogetherNow (SIMC), a separate sole member New York limited liability company. United Way is the sole corporate member of SIMC.

United Way's mission is to mobilize the goodwill and resources of our community so that everyone can thrive. United Way supports a broad network of human service organizations, community initiatives and innovative strategies to address the region's most pressing local challenges with real, impactful solutions.

United Way is governed by a volunteer Board of Directors (Board) and carries out its purpose through various programs.

1. THE ORGANIZATIONS (Continued)

Annual Campaign and Year-Round Giving

United Way inspires collective giving in the community through an Annual Campaign supported by workplace giving, individual donors, corporate gifts and grants. The Resource Development team secures financial and volunteer resources on a year-round basis by developing a long-range, revenue generating engagement strategy. Critical components include recruiting high-level volunteers to serve throughout the entire United Way region; securing and conducting annual workplace campaigns in over 700 organizations; developing a new account acquisition model to secure first-time employee campaigns and corporate contributions, with a special emphasis on the small business sector; and connecting community initiatives with government grants and funding for sustainable change. Additionally, an individual giving program is also utilized in the annual campaign that includes gifts from donors outside workplace campaigns of less than \$10,000 and cultivating major gifts of \$10,000 and above for the Tocqueville Society. Other giving opportunities include Leaders United, Women United, African American Leadership Society, Circulo Latino Leadership Society, Continue United, Labor Leaders Club and Emerging Leaders Society.

Community Impact

Through its annual campaign efforts, United Way invests donor dollars in the community by utilizing a network of trained, community volunteers who, in coordination with expert staff, determine how to invest dollars in the most efficient and effective manner possible to ensure strong long-term results for individuals and families, based on the priorities of our community. These dollars are invested where they will make a measurable impact on the community by funding evidence-informed programs, supporting engagement in strategic community partnerships, mobilizing volunteers and advancing advocacy efforts in support of strategies to positively impact people throughout their lifespan—from babies to older adults and everyone in between.

United Way also allows donors to direct their campaign pledges to our Community Impact fund by county, various service areas, funded Community Impact providers and other eligible health and human service organizations.

Grant Funded Programs

United Way serves as the host and fiscal agent for community-wide initiatives that align with its mission. The Rochester-Monroe Anti-Poverty Initiative (RMAPI) is a multi-sector community collaborative with a goal to improve quality of life by reducing poverty and increasing self-sufficiency. To do this, RMAPI is focused on increasing income, making basic needs more affordable and accessible and lowering concentrations of poverty. Additional grant funded programs run during the year include Maternal, Infant, and Early Childhood Home Visiting and Livable Communities' work with Aging Alliance.

The Systems Integration of Monroe County, LLC d/b/a TogetherNow

United Way also serves as host and fiscal agent for TogetherNow (TN), formerly known as Systems Integration Project, whose goal is to improve the health and economic well-being of individuals and families in Monroe County, especially those who are vulnerable or impacted by poverty. TN's goal is to establish connections between over 300 health, education and human services providers transforming the way that our community works together to help individuals and families obtain support. This will enable TN to evaluate coordinated cross-sector interventions that support a person's transition from crisis to stable to thriving across the lifespan.

1. THE ORGANIZATIONS (Continued)

Donor Advised Funds

United Way offers various opportunities for planned gifts, donor advised funds, and endowment giving. United Way's Donor Advised Fund (DAF) program provides support for our donors' philanthropic interests. A DAF can be established by an individual, family or group. Gifts are made to a DAF through cash, marketable securities or other assets. The donors may recommend grant distributions from their fund to any qualified domestic 501(c)(3) charity.

ROC the Day

ROC the Day is an annual 24-hour online event established by United Way that provides donors an opportunity to support more than 600 participating not-for-profit organizations in the nine-county Greater Rochester area. United Way powers the ROC the Day website, convenes community partners, recruits local not-for-profits to participate and processes the donations during the event. ROC the Day is open to any eligible not-for-profit in the nine-county Greater Rochester region, serving a variety of sectors including animals, arts and culture, environment, human services, health, education, religion and community development.

Leadership Development

United Way provides the following leadership development programs to the community: African American Leadership, Latino Leadership, Emerging Leaders (under age 40), and Pride Leadership. Additionally, United Way partners with Indo-American Leaders, Asian-Pacific American Leaders, and Union Community Assistance Network to provide leadership development programs. These leadership programs prepare individuals for leadership positions in the community, in particular, on the boards and committees of not-for-profit organizations. The labor participation program continues the collaborations and historic relationships between labor unions and United Way with the annual Union Community Assistance Network program, recognition of the work unions provide, as well as various activities aimed at promoting organized labor's support.

Additionally, United Way established the Leadership-Equity-Advancement-Development (LEAD) Mentoring and Coaching Program as a mentoring and coaching program exclusively for alumni of United Way's African American Leadership and Latino Leadership Development Programs to build community, capacity, and leadership opportunities for Black and Latino leaders through coaching, mentoring, networking, and sponsorship.

Volunteer United

United Way offers a Volunteer United program that connects and matches dedicated volunteers and corporate groups with local nonprofits that need an extra hand or are seeking support for specific projects and volunteer opportunities.

National Campaign Processing

United Way provides processing for workplace campaigns where fundraising occurs at a national level. This processing includes collecting pledges, data entry of the pledges and payment to other United Ways and agencies as directed by the donor. Fees for this service are charged at a rate as allowed by the United Way Worldwide standards and are included in other revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of United Way are prepared in conformity with accounting principles generally accepted in the United States (GAAP).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the United Way, Wegmans Family Foundation, SIMC, and Holding Company (collectively, the Organizations). All significant intercompany transactions and balances have been eliminated.

Financial Reporting

The revenue, expenses and net assets of the Organizations are reported in the following classifications:

- **Without Donor Restrictions**

Net assets without donor restrictions include funds available for operating activities. In addition, they include net investment in property and equipment and other resources specifically designated by the respective governing Boards.

- **With Donor Restrictions**

Net assets with donor restrictions include investments and other assets received with donor stipulations that limit their use, as well as investment earnings on permanently restricted endowment funds not yet appropriated for expenditure by the Board. When a donor restriction expires or the Board makes an appropriation, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and change in net assets as net assets released from restriction. Additionally, net assets with donor restrictions include investments from endowments and beneficial interests in shared interest arrangements. These are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity.

Cash and Cash Equivalents

The Organizations consider liquid investments, with a maturity of less than three months when purchased, to be cash equivalents. In addition, cash and cash equivalents include bank accounts and money market funds, which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk with respect to cash and cash equivalents.

Grants Receivable and Revenue

United Way received grants from government, foundation and other funding sources for the purpose of funding the Rochester Monroe Anti-Poverty Initiative, Systems Integration Project, capital improvements and other programs. These amounts are recorded as revenue to the extent conditions have been satisfied.

Bequests Receivable

United Way is the beneficiary under various wills and trust agreements, the total realizable value of which is not presently determinable. Amounts are recorded as bequests receivable when a will is declared valid by a probate court and the proceeds are measurable. Bequests receivable recorded were \$495,715 and \$197,316 at March 31, 2024 and 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organizations invest in various types of investment vehicles that are recorded at fair value in the accompanying consolidated financial statements. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Changes in the fair value of investments, including realized gains and losses on assets sold during the year, are reflected in the consolidated statement of activities and change in net assets as investment losses, net. Purchases and sales of securities are reflected on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair Value Measurement - Definition and Hierarchy

The Organizations use various valuation techniques in determining fair value. GAAP establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organizations. Unobservable inputs are inputs that reflect the Organizations' assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organizations have the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased or the fair market value at the date of donation. The Organizations' policy is to capitalize all property and equipment purchases greater than \$5,000 with a useful life greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment and furniture and 40 years for building and improvements. No depreciation expense is recognized in the year of acquisition for equipment and furniture. Depreciation is recognized in the first full month after acquisition for building and improvements.

Split-Interest Agreements

United Way has recorded various types of split-interest agreements, including charitable remainder and perpetual trusts. With respect to charitable remainder trust agreements, United Way has recorded the contributions as donor-restricted revenue at the estimated fair value of the assets to be received based on their minimum interest in the fair value of the trust's assets.

Under the terms of perpetual trust arrangements, a donor establishes and funds a perpetual trust administered by an individual or organization other than United Way. Under the terms of the trust, United Way has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. United Way has recorded an asset at the estimated fair value of the United Way's beneficial interest in trust assets. Income earned on the trust assets is recorded as unrestricted revenue in the accompanying consolidated statement of activities and changes in net assets, unless otherwise restricted by the donor.

Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as a component of investment income in net assets with donor restrictions.

Deferred Revenue

Deferred revenue consists primarily of cash received under grants that exceed the revenue earned. Grant revenue is recognized in the period in which conditions are satisfied in accordance with the terms of the grant. As of March 31, 2024 and 2023, approximately \$1 million and \$2.5 million, respectively, was recorded as deferred revenue as the conditions had not been satisfied.

Due to Agencies

United Way allocates campaign pledges to agencies on a twelve-month cycle, which runs on a calendar year. Amounts that have been allocated but not yet paid at year-end are recorded as due to agencies. All donor-designated pledges are paid in full to agencies by year-end.

Leases

The Organizations determine if an arrangement is a lease at inception. ROU assets represent the Organizations' 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 Organizations are reasonably certain to exercise these options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

For all underlying classes of assets, the Organizations have 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 Organizations are reasonably certain to exercise. The Organizations recognize 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 Organizations 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.

Rental Revenue

The Organizations' rental revenue is generated from leasing office space to tenants. Revenue for the Organizations' leasing activities is accounted for as an operating lease whereby rent is recognized on a straight-line basis in income over the terms of the lease. Rental income is recognized as rents become due. Rental payments are due at the beginning of each month. Rental payments received in advance are deferred until earned. The Organizations' leases do not transfer ownership of the underlying asset to the lessee, and do not contain options to (1) extend the lease, (2) purchase the assets, or (3) early terminate by either Holding Company or the lessee. The book value of the underlying assets related to operating leases approximated \$1,226,000 and \$878,000, respectively, of the Organizations' property and equipment, with accumulated depreciation of approximately \$764,000 and \$545,000, respectively, at March 31, 2024 and 2023, respectively.

The Organizations 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. Non-lease components consist of utilities and maintenance. The single lease component is accounted for under ASC 842.

At lease commencement, the Organizations estimate the residual value of the leased asset at the end of the lease term, considering the asset's remaining useful life, expected market condition, and expected use (e.g., sell or lease). The Organizations' ability to realize the residual value at the end of the lease term could be adversely affected by the condition of the property at the end of the lease term. This risk is managed through periodic inspection of property for condition and possible misuse.

Contributions

United Way reports gifts of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit their use. Contributions with donor restrictions whose restrictions are met in the same reporting period as the contributions are received, are reported as revenue with donor restrictions and net assets released from restrictions in the same year.

Donated Goods and Services

United Way recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition under GAAP. Donated services totaled \$153,063 and \$103,100 in 2024 and 2023, respectively. Donated services consist primarily of advertising services, including advertising time on television and radio stations, and legal services provided to the organization and are recorded at fair value of the services rendered.

Donated goods totaled \$1,900 and \$17,788 in 2024 and 2023, respectively.

In addition to the previously described services, volunteers have donated significant amounts of time in support of the United Way's activities. These contributions have not been recorded as revenue and expense as they do not meet the criteria for recognition under generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Gains, Losses and Income

Dividend, interest and other investment income (losses) are reported in the period earned as increases in net assets with donor restrictions, unless the use of income on such assets is explicitly limited by donor-imposed restrictions. Investment income earned on endowment gifts with donor restrictions follows the donor's restrictions on the use of the related income (interest and dividends), and income without donor restrictions on permanent endowment funds is classified as with donor restrictions until appropriated for expenditure by the Board. Donor-restricted investment income is reported as an increase in net assets with donor restrictions. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs other than donated services were \$99,594 and \$76,286 in 2024 and 2023, respectively.

Expenses

United Way records allocations to agencies as allocations expense in the period such allocations are approved by the Board of Directors and commitments are made to the recipient agencies. United Way had a policy of making Monroe, Livingston, Ontario and Wayne County allocation commitments in July for an allocation-funding year of August 1 to July 31. Allocation funding cycles for Genesee and Wyoming regions started in January and October, respectively. In fiscal year 2023, an additional allocation was made to move all allocations to the same cycle to be a calendar year cycle starting on January 1, 2024.

Donor advised fund grants include grants recommended by donors to qualified organizations and approved for distribution from donor advised funds.

The costs of providing various community investment and services, resource development and general management activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets and are based on the percentage of salary dollars for the specific programs or activities to total salary expense. All other expenses are directly allocated to the program benefited by the expense.

Community Impact expenses are incurred for the following programs described in footnote 1: annual campaign allocations and designations, donor advised fund grants, ROC the Day allocations, community crisis allocations, Grant funded programs and Leadership Development.

Resource Development expenses are incurred to secure financial resources obtained through the annual campaign and individual and planned giving.

General Management expenses include the functions of the offices of the president, finance, information technology, human resources and facilities. Specific activities include accounting, endowment investment management, pledge processing (local and national campaigns), grants management, facilities management, data security, information technology support and human resources management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Certain Expenses

The consolidated statement of functional expenses presents expenses by both functional and natural classification. Expenses directly attributable to a specific functional area or program of the Organizations are reported as expenses of those functional areas. Expenses that benefit multiple functional areas (indirect costs) have been allocated across Program and Supporting Services based on a review of the percent of time each person spends in a functional category. This overall calculation is then used as a general formula for allocating the following expenses: salaries and related expenses; events, meetings and conferences; United Way Worldwide dues; occupancy and office; and other expense.

Cost Deduction

United Way may assess fundraising and management and general fees in accordance with the United Way Worldwide membership requirements as outlined in United Way Worldwide's publication titled "United Way of America Cost Deduction Requirements for Standard M." The standard establishes a maximum fee amount a United Way may assess another United Way organization. United Way follows the standard by charging the maximum fee allowed or less.

Income Taxes

United Way and Holding Company are not-for-profit organizations and are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. The Organizations have also been classified by the Internal Revenue Service (IRS) as entities that are not private foundations. The Wegmans Family Foundation, Inc. is a public charity, Type I supporting organization to United Way. SIMC is exempt from federal income tax due to the fact that their sole member is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. SIMC receives the benefit of their sole member's tax-exempt status and is a disregarded entity for income tax purposes.

Comparative Information

The consolidated financial statements include certain prior year comparative information in total, but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements as of and for the year ended March 31, 2023, from which the information was derived.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the current year presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organizations are substantially supported by contributions from the public and grant funds. In addition, the Organizations hold financial assets for specific programmatic purposes and/or with specific donor designations. Thus, financial assets reported on the accompanying consolidated balance sheets may not be available for general expenditure within one year.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organizations' financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets at March 31	\$ 235,544,694	\$ 221,983,557
Less: Financial assets unavailable for general expenditures within one year:		
Quasi-endowment	(61,631,026)	(55,904,308)
Endowment with donor restrictions	(72,994,327)	(68,689,322)
Other assets with donor restrictions	(2,957,417)	(3,230,075)
Board designated net assets	(8,270,319)	(7,776,577)
Plus:		
Time-restricted pledges available in next fiscal year	2,408,889	2,784,050
Appropriation in accordance with United Way's total return spending policy	<u>5,627,384</u>	<u>5,507,792</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 97,727,878</u>	<u>\$ 94,675,117</u>

The Organizations maintain a policy of structuring their financial assets to be available as their general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organizations have Board designated net assets without donor restrictions that, while the Organizations do not intend to spend these for purposes other than those identified, could be made available for operations if necessary.

4. PLEDGES RECEIVABLE

At March 31, contributors to United Way had outstanding written unconditional promises to give in connection with annual campaigns as follows:

	<u>2024</u>	<u>2023</u>
2024 Campaign	\$ 1,374,297	\$ -
2023 Campaign	2,959,031	1,768,123
2022 Campaign	26,686	2,986,026
2021 Campaign	-	13,551
2020 Campaign and prior campaigns	-	2,630
Less: Allowance for uncollectible pledges	<u>(548,428)</u>	<u>(756,839)</u>
	<u>\$ 3,811,586</u>	<u>\$ 4,013,491</u>

Most pledges lack due dates or are due within one year or less. Consequently, all pledges are recorded without any discount to present value. United Way records an allowance for uncollectible accounts in anticipation of future collection problems. The allowance for uncollectible accounts is computed based on management estimates of current collectability and includes estimates of economic factors, which are applied to gross campaign pledges, including donor designations.

5. DONOR DIRECTED PLEDGES

Annual Campaign

As part of the annual campaign, United Way donors have the option of directing their pledges to various service areas, funded providers, and other eligible organizations as part of our annual campaign giving. Pledges directed to funded providers, which are in excess of the program allocation as determined by the United Way, are also remitted to the provider.

Annual campaign revenue includes donor directed pledges as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Donor directed pledges - funded providers	\$ 739,660	\$ 867,671
Donor directed pledges - funded providers in excess of program allocations	6,453	15,641
Donor directed pledges - other eligible organizations	<u>3,285,496</u>	<u>4,150,763</u>
	<u>\$ 4,031,609</u>	<u>\$ 5,034,075</u>

Donor directed pledges made through United Way's annual campaign are subject to the United Way's policy, which provides that United Way can unilaterally redirect the funds otherwise designated by the donor should United Way determine the designation is contrary to the goals and strategies of United Way.

ROC the Day

As part of the ROC the Day event, United Way donors have the option of designating their donations to local not-for-profit organizations approved for participation in the event. Designations to ROC the Day, excluding sponsorships, were \$675,799 and \$854,093 for the years ended March 31, 2024 and 2023, respectively.

6. INVESTMENTS

Investments consisted of the following at March 31:

	<u>2024</u>	<u>2023</u>
Mutual funds and pooled funds:		
Domestic equity mutual funds	\$ 78,925,983	\$ 66,074,746
International equity mutual and pooled funds	52,463,844	47,190,947
Fixed income mutual and pooled funds	17,438,011	16,058,755
Balanced mutual funds	5,860,021	6,128,076
Flexible capital	15,155,061	15,226,227
Private equity	6,862,940	4,410,681
Inflation risk management:		
Real estate	452,611	3,119,023
Commodities	31,276	31,207
Treasury inflation protected securities	22,224	4,607,197
Fixed income:		
U.S. government obligations	23,497,761	22,756,863
Corporate bonds	9,210,588	9,370,862
Temporary investments	<u>1,245,187</u>	<u>1,258,119</u>
	<u>\$ 211,165,507</u>	<u>\$ 196,232,703</u>

7. SPLIT-INTEREST AGREEMENTS

Assets related to split-interest agreements, valued at fair value, consisted of the following at March 31:

	<u>2024</u>	<u>2023</u>
Perpetual trusts	\$ 4,226,219	\$ 3,790,136
Pooled life income fund	201,466	192,038
Charitable remainder trusts	233,332	206,610
Life insurance	<u>40,242</u>	<u>40,074</u>
	<u>\$ 4,701,259</u>	<u>\$ 4,228,858</u>

In addition, included in the United Way's investments are certain assets given under the term of charitable gift annuities for which United Way is the trustee. Liabilities related to these agreements were \$128,334 and \$135,038, at March 31, 2024 and 2023, respectively. Liabilities are recorded equal to the estimated present value of payments that the United Way is required to make to specified beneficiaries under the terms of these agreements.

The change in value of split-interest agreements was a gain of \$461,215 and a loss of \$541,129 for the years ended March 31, 2024 and 2023, respectively, and is included in "Investment income (losses), net" in the accompanying consolidated statements of activities and change in net assets.

8. FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies used at March 31, 2024 and 2023.

United Way's investments in mutual funds and U.S. government obligations are valued based on quoted market prices. The value of the United Way's investments in corporate bonds are determined by entering standard inputs into a pricing model. These inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and industry and economic events.

Certain investments are redeemable at net asset value (NAV) under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of United Way's interest in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of United Way's interest in the funds.

United Way's investment objectives for funds valued at NAV as a practical expedient are as follows:

- Flexible capital - seeks to earn long-term rates of return with an emphasis on capital preservation and appreciation.
- International equity pooled funds - these funds invest in U.S. value and growth equities, and non-U.S. developed, emerging and global markets with the goal of long-term capital growth.
- Balanced mutual funds - these funds invest in a balance of 55% equities and 45% fixed income funds to achieve the preservation of capital and production of income.
- Fixed income pooled funds - investment in a global bond fund, focused on medium term capital growth and income. This investment is structured to have a low correlation to high growth assets such as equities.
- Private equity - primarily consists of investment in technology and venture capital funds fund, investing in information technology, media, artificial intelligence and life sciences. The funds target a growth strategy with a high rate of return.
- Domestic equity mutual funds - these funds consist of limited partnerships who invest in a portfolio of domestic companies. The funds objectives are to achieve long term capital appreciation.

8. FAIR VALUE MEASUREMENTS (Continued)

The unfunded commitment and redemption provisions of investments valued at NAV as a practical expedient by major classification are presented as follows at March 31, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Provisions</u>	<u>Expected Liquidation Terms</u>
Flexible capital	\$ 15,155,061	\$ -	Annual or quarterly, with notification requirement varying from 30 days to 6 months	N/A
Balanced mutual funds	164,245	-	Daily, with daily notification requirement	N/A
International equity pooled funds	43,321,967	-	Monthly, with notification requirement varying from 4 to 30 days	N/A
Fixed income pooled funds	3,729,478	-	Twice a month, with notification period of business days	N/A
Private Equity	6,862,940	4,327,953	Illiquid	N/A
Domestic equity mutual funds	<u>26,857,576</u>	<u>-</u>	Quarterly, with notification period of 45 days	N/A
	<u>\$ 96,091,267</u>	<u>\$ 4,327,953</u>		

Temporary investments consist of cash included in the investment portfolio expected to be reinvested.

Split-Interest Agreements

The fair value of United Way's split-interest agreements is determined on a recurring basis by estimating the present value of future cash flows, which incorporates an estimate of an annual rate of return on trust assets, life expectancy and discount rate. Trust assets held in split-interest agreements include publicly traded equity securities and corporate and U.S. government bonds.

8. FAIR VALUE MEASUREMENTS (Continued)

United Way's investments and split-interest agreements are classified in the following fair value hierarchy at March 31, 2024:

<u>Investments</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>NAV as Practical Expedient</u>	<u>Total</u>
Mutual funds:					
Domestic equity mutual funds	\$ 52,068,407	\$ -	\$ -	\$ 26,857,576	\$ 78,925,983
International equity mutual funds	9,141,877	-	-	-	9,141,877
Fixed income mutual funds	13,708,533	-	-	-	13,708,533
Balanced mutual funds	5,695,776	-	-	164,245	5,860,021
Pooled funds:					
International equity pooled funds	-	-	-	43,321,967	43,321,967
Fixed income pooled funds	-	-	-	3,729,478	3,729,478
Flexible capital	-	-	-	15,155,061	15,155,061
Private equity	-	-	-	6,862,940	6,862,940
Inflation risk management:					
Real estate mutual funds	452,611	-	-	-	452,611
Commodities funds	31,276	-	-	-	31,276
Treasury inflation protected securities mutual funds	22,224	-	-	-	22,224
Fixed income:					
U.S. government obligations	23,497,761	-	-	-	23,497,761
Corporate bonds	-	9,210,588	-	-	9,210,588
Temporary investments	<u>1,245,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245,187</u>
Total investments	<u>\$ 105,863,652</u>	<u>\$ 9,210,588</u>	<u>\$ -</u>	<u>\$ 96,091,267</u>	<u>\$ 211,165,507</u>
<u>Split-interest agreements</u>					
Pooled life income fund	\$ 201,466	\$ -	\$ -	\$ -	\$ 201,466
Other split-interest agreements	-	4,499,793	-	-	4,499,793
Total split-interest agreements	<u>\$ 201,466</u>	<u>\$ 4,499,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,701,259</u>

8. FAIR VALUE MEASUREMENTS (Continued)

United Way's investments and split-interest agreements are classified in the following fair value hierarchy at March 31, 2023:

<u>Investments</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>NAV as Practical Expedient</u>	<u>Total</u>
Mutual funds:					
Domestic equity mutual funds	\$ 44,046,494	\$ -	\$ -	\$ 22,028,252	\$ 66,074,746
International equity mutual funds	8,285,347	-	-	-	8,285,347
Fixed income mutual funds	12,245,489	-	-	-	12,245,489
Balanced mutual funds	5,996,905	-	-	131,171	6,128,076
Pooled funds:					
International equity pooled funds	-	-	-	38,905,600	38,905,600
Fixed income pooled funds	-	-	-	3,813,266	3,813,266
Flexible capital	-	-	-	15,226,227	15,226,227
Private equity	-	-	-	4,410,681	4,410,681
Inflation risk management:					
Real estate	3,119,023	-	-	-	3,119,023
Commodities	31,207	-	-	-	31,207
Treasury inflation protected securities	4,607,197	-	-	-	4,607,197
Fixed income:					
U.S. government obligations	22,756,863	-	-	-	22,756,863
Corporate bonds	-	9,370,862	-	-	9,370,862
Temporary investments	<u>1,258,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,258,119</u>
Total investments	<u>\$ 102,346,644</u>	<u>\$ 9,370,862</u>	<u>\$ -</u>	<u>\$ 84,515,197</u>	<u>\$ 196,232,703</u>
<u>Split-interest agreements</u>					
Pooled life income fund	\$ 192,038	\$ -	\$ -	\$ -	\$ 192,038
Other split-interest agreements	<u>-</u>	<u>4,036,820</u>	<u>-</u>	<u>-</u>	<u>4,036,820</u>
Total split-interest agreements	<u>\$ 192,038</u>	<u>\$ 4,036,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,228,858</u>

9. DONOR ADVISED FUNDS

At March 31, 2024 and 2023, the Organizations held investments of approximately \$10,300,000 and \$10,200,000, respectively, as part of the United Way's Donor Advised Fund program. These amounts represent contributions without donor restrictions received by the United Way. However, the donors may make non-binding recommendations to United Way as to the timing, amount and recipient of distributions from these funds, including the distribution of fund principal.

10. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 228,000	\$ 228,000
Building and improvements	3,669,225	3,476,458
Equipment	125,096	219,030
Furniture and fixtures	161,333	73,389
Computer equipment	<u>607,217</u>	<u>572,581</u>
	4,790,871	4,569,458
Less: Accumulated depreciation	<u>(3,035,968)</u>	<u>(2,889,446)</u>
	<u>\$ 1,754,903</u>	<u>\$ 1,680,012</u>

11. PENSION AND OTHER POSTRETIREMENT BENEFITS

Pension Plan

United Way maintains a noncontributory defined benefit pension plan that provides retirement, disability and death benefits and covers individuals who were employees of the United Way and United Way Services Corporation prior to January 1, 2007. The Plan was frozen by United Way's Board of Directors as of January 1, 2007 at which time it was replaced by a 403(b) plan. United Way's funding policy is to contribute annually an amount that meets the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

Measurement Dates

The measurement date for the year-end benefit obligations and assets is March 31 for the fiscal years ended March 31, 2024 and 2023.

Funded Status

Obligations and funded status of the plan are as follows:

	<u>2024</u>	<u>2023</u>
Projected benefit obligation	\$ (10,480,780)	\$ (10,949,171)
Fair value of plan assets at end of year	<u>9,957,835</u>	<u>9,981,714</u>
Funded status	<u>\$ (522,945)</u>	<u>\$ (967,457)</u>
Accumulated benefit obligation	<u>\$ (10,480,780)</u>	<u>\$ (10,949,171)</u>
Employer contributions	<u>\$ 276,397</u>	<u>\$ 275,000</u>
Benefit payments	<u>\$ (762,546)</u>	<u>\$ (883,197)</u>

Financial Statement Recognition

As of March 31, the following amounts were recognized in the consolidated balance sheet:

	<u>2024</u>	<u>2023</u>
As a non-current liability	<u>\$ (522,945)</u>	<u>\$ (967,457)</u>

11. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Financial Statement Recognition (Continued)

Amounts recognized in the consolidated statements of activities and changes in net assets as of March 31 consist of:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 45,000	\$ 39,000
Interest cost	487,103	410,128
Expected return on plan assets	(437,374)	(522,635)
Amortization of net loss	<u>332,030</u>	<u>151,646</u>
Net periodic pension cost (benefit)	<u>\$ 426,759</u>	<u>\$ 78,139</u>

As of March 31, 2024, the following items included in net assets had not yet been recognized as components of benefits expense:

	<u>Net Actuarial Loss</u>
Unrecognized amounts at March 31, 2024	<u>\$ 1,692,364</u>

For the year ending March 31, 2025 United Way expects to recognize \$202,161 related to the amortization of its net actuarial loss in the consolidated statement of activities and change in net assets.

Assumptions

Weighted average assumptions used to determine benefit obligations at March 31, are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.00%	4.63%
Average annual increase in compensation	N/A	N/A
Expected long-term rate of return on plan assets	5.00%	4.50%

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation, and forecasts of future returns.

The United Way uses the Pri-2012 Mortality Table, with scale MP-2021 for the actuarial calculation of Plan obligations.

Plan Assets

The United Way's pension plan weighted average asset allocations at March 31, 2024 and 2023, by asset category, were as follows:

	<u>2024</u>	<u>2023</u>	<u>Target</u>
Equity securities	18%	18%	18%
Fixed income securities	70%	70%	70%
International securities	<u>12%</u>	<u>12%</u>	<u>12%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

11. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Plan Assets (Continued)

The overall objective for investing the Pension Plan is to reduce the volatility in the funded status with the benchmark being the plan's liabilities. This strategy focuses on aligning investments with similar interest rates and duration with the anticipated pension liability exposure, with the objective to manage the funded status of the pension plan. The plan will invest assets using a glide path methodology and will adjust the asset allocation based on interest/discount rates and funded status of the plan.

The fair values of the pension plan assets at March 31, 2024 are as follows:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Cash and equivalents	\$ 65,262	\$ -	\$ -	\$ 65,262
Vanguard Long-Term Treasury Fund Admiral	672,971	-	-	672,971
Vanguard Long Term Bond Index Fund	2,048,442	-	-	2,048,442
Vanguard Intermediate-Term Treasury Fund Admiral	964,867	-	-	964,867
Vanguard Total Stock Market Index Fund	1,770,006	-	-	1,770,006
Vanguard Long-Term Inv Grade Fund	3,207,772	-	-	3,207,772
Vanguard Total International Stock Index	<u>1,228,515</u>	<u>-</u>	<u>-</u>	<u>1,228,515</u>
	<u>\$ 9,957,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,957,835</u>

The fair values of the pension plan assets at March 31, 2023 are as follows:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Cash and equivalents	\$ 62,887	\$ -	\$ -	\$ 62,887
Vanguard Long-Term Treasury Fund Admiral	979,418	-	-	979,418
Vanguard Long Term Bond Index Fund	2,075,184	-	-	2,075,184
Vanguard Intermediate-Term Treasury Fund Admiral	485,431	-	-	485,431
Vanguard Total Stock Market Index Fund	1,774,786	-	-	1,774,786
Vanguard Long-Term Inv Grade Fund	3,424,799	-	-	3,424,799
Vanguard Total International Stock Index	<u>1,179,209</u>	<u>-</u>	<u>-</u>	<u>1,179,209</u>
	<u>\$ 9,981,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,981,714</u>

Contributions

The United Way expects to contribute \$197,304 to the Plan in fiscal year 2025, which will comply with the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

11. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Estimated Future Benefit Payments

Benefit payments are expected to be paid as follows for the years ending March 31:

2025	\$	886,968
2026	\$	878,623
2027	\$	881,819
2028	\$	885,361
2029	\$	866,744
2030 - 2034	\$	4,039,340

Other Postretirement Benefits Plan

United Way provides health care for employees who retire from United Way and have attained age 55 with 10 years of service. The United Way's policy is to contribute amounts to this plan on an annual basis as needed for current benefit payments. The plan allows for a health insurance benefit for post-65 retirees of \$85 per month including retirees who participate in other medical plans. For early retirees, the formula provides the same benefit for the retiree as if they were an active employee.

For employees who retired prior to July 2014, a life insurance benefit of one quarter of their final salary is also provided.

The measurement date for the year-end benefit obligations and assets is March 31 for the fiscal years ended March 31, 2024 and 2023.

The following table sets forth the health care plan's funded status and expense recognized in the United Way's consolidated financial statements as of and for the years ended March 31, 2023 and 2022 based on actuarial reports.

	<u>2024</u>	<u>2023</u>
Accumulated postretirement benefit obligation	\$ (1,018,888)	\$ (1,092,058)
Market value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (1,018,888)</u>	<u>\$ (1,092,058)</u>
Net periodic postretirement benefit expense	<u>\$ 15,388</u>	<u>\$ 76,647</u>
Employer contributions	<u>\$ 34,917</u>	<u>\$ 42,807</u>
Benefits paid	<u>\$ 46,745</u>	<u>\$ 51,970</u>

As of March 31, the following amounts were recognized in the consolidated balance sheet:

	<u>2024</u>	<u>2023</u>
As a current liability	<u>\$ (94,532)</u>	<u>\$ (97,054)</u>
As a non-current liability	<u>\$ (924,356)</u>	<u>\$ (995,004)</u>

11. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Other Postretirement Benefits Plan (Continued)

Amounts recognized in the consolidated statements of activities and changes in net assets as of March 31 consist of:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 54,250	\$ 71,807
Interest cost	48,524	47,700
Amortization of prior service credit	(15,652)	(15,652)
Amortization of net gain	<u>(71,734)</u>	<u>(27,208)</u>
Net periodic postretirement benefit cost	<u>\$ 15,388</u>	<u>\$ 76,647</u>

Amounts unamortized in other change in net assets at March 31:

Actuarial gain recognition	<u>\$ 913,768</u>	<u>\$ 844,475</u>
Prior service credit	<u>\$ 85,932</u>	<u>\$ 101,584</u>

Amounts expected to be amortized in other change in net assets in the coming year:

Actuarial gain recognition	<u>\$ 71,734</u>	<u>\$ 27,208</u>
Prior service credit	<u>\$ 15,652</u>	<u>\$ 15,652</u>

The significant actuarial assumptions on which the actuarial valuations were based are:

	<u>2024</u>	<u>2023</u>
Discount rate	5.02%	4.65%
Medical care cost trend rate - Pre 65	7.75%	7.75%
Medical care cost trend rate - Post 65	4.60%	4.50%
Rate of future salary increases	3.25%	3.25%

The medical care cost trend rate used in the actuarial computation for 2024 gradually reduces to 4.037% in fiscal 2075 and subsequent years.

It was determined that the effect of a one-percentage point change in the assumed rates would not materially increase or decrease the accrued postretirement benefit cost and postretirement benefit expense.

United Way did not seek the 28% Retiree Drug Subsidy offered by Medicare Part D effective January 1, 2006. Therefore, the actuary did not recognize the impact of the Medicare Prescription Drug Improvement and Modernization Act of 2003 on the Plan's accumulated benefit obligation or periodic pension cost.

11. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Other Postretirement Benefits Plan (Continued)

In general, the United Way intends to fund the postretirement plan on a pay as incurred basis. The following table of benefit payments are expected to be paid for the years ending March 31:

2025	\$	94,532
2026	\$	73,887
2027	\$	65,788
2028	\$	75,689
2029	\$	86,751
2030 - 2035	\$	418,026

Contributions

The United Way expects to contribute \$94,532 to the postretirement plan in fiscal year 2025, which will comply with the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

12. RETIREMENT PLAN

United Way sponsors a retirement plan qualified under Section 403(b) of the Internal Revenue Code. All employees of United Way may elect to contribute a percentage of their compensation subject to limitations imposed by the IRS. For qualifying employees, United Way makes contributions to the plan. United Way recognized \$421,879 and \$373,965 of expense related to the plan in 2024 and 2023, respectively.

United Way also has plans qualified under Section 457 of the Internal Revenue Code for highly compensated employees. The United Way recognized \$16,813 and \$15,746 of expense related to these plans in 2024 and 2023, respectively.

13. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions as a quasi-endowment for the purpose of securing the Organizations' long-term financial viability. The Organizations' net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes, as follows:

	<u>2024</u>	<u>2023</u>
Undesignated	\$69,499,534	\$ 66,030,890
Board designated	8,270,319	7,776,577
Quasi-endowment	<u>61,631,026</u>	<u>55,904,308</u>
	<u>\$ 139,400,879</u>	<u>\$ 129,711,775</u>

13. NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued)

The Board of Directors has designated the following amounts to meet anticipated program expansion and future needs at March 31:

	<u>2024</u>	<u>2023</u>
Endowment Agency Fund	\$ 3,927,550	\$ 3,795,788
United Way Community Crisis Fund Reserve	1,975,686	1,779,622
Funds held for Future Operations	986,551	987,824
Perpetual Tocqueville Gift	300,000	-
Wayne County	443,508	482,935
UWGR Holding Co. Capital Reserve Fund	354,355	337,118
Innovation Fund	136,433	220,813
Hardware/Software acquisition	60,627	102,249
Livingston County	27,635	13,197
Wyoming County	37,017	35,320
UWSC Post Retirement Reserve Fund	19,797	19,886
Emergency Assistance	<u>1,160</u>	<u>1,825</u>
	<u>\$ 8,270,319</u>	<u>\$ 7,776,577</u>

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at March 31:

	<u>2024</u>	<u>2023</u>
Endowment:		
Time restricted - for use as part of a future year annual campaign	\$ 1,155,127	\$ 1,280,535
Time restricted - living endowment arrangements	42,184	46,942
Time restricted - to be used for agency capital projects	1,484,558	1,397,744
Accumulated unappropriated earnings on permanently restricted endowment funds	31,149,139	27,856,483
Program restrictions	3,164,281	2,673,056
Endowment funds to be held in perpetuity	34,980,543	34,489,957
George L. & Elizabeth C. Todd Permanent Trust	<u>944,605</u>	<u>944,605</u>
Total endowment net assets with donor restrictions	72,920,437	68,689,322
Time restricted - for use as part of a future year annual campaign	2,408,889	2,784,050
Time restricted - charitable remainder trust arrangements	233,332	206,610
Program restrictions	<u>389,086</u>	<u>239,415</u>
Total net assets with donor restrictions	<u>\$ 75,951,744</u>	<u>\$ 71,919,397</u>

14. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were released as follows at March 31:

	<u>2024</u>	<u>2023</u>
Program restriction:		
For allocations to United Way agencies	\$ 173,619	\$ 171,701
Other programs	<u>6,807,565</u>	<u>11,111,1141</u>
	<u>\$ 6,981,184</u>	<u>\$ 11,282,842</u>
Appropriation in accordance with United Way's total return spending policy	<u>\$ 2,574,134</u>	<u>\$ 2,550,589</u>
Time restriction:		
For use as part of the current year annual campaign	<u>\$ 3,188,114</u>	<u>\$ 5,155,560</u>

15. ENDOWMENT

United Way's endowment consists of numerous individual funds established over time for a variety of purposes. Its endowment includes both assets with donor restrictions and funds designated by the Board of Directors to function as quasi-endowments. United Way's endowment was as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Endowment with donor restrictions	<u>\$ 72,994,327</u>	<u>\$ 68,689,322</u>
Quasi-endowment without donor restrictions	<u>\$ 61,631,026</u>	<u>\$ 55,904,308</u>

Changes in the quasi-endowment net assets for the years ended March 31 were as follows:

	<u>2024</u>	<u>2023</u>
Quasi-endowment, beginning of year	\$ 55,904,308	\$ 62,262,174
New board designations	2,832,530	758,903
Appropriation in accordance with United Way's total return spending policy	(2,933,658)	(2,758,940)
Other appropriations	(300,784)	(407,335)
Investment return:		
Gains (losses) on investments	5,650,942	(4,565,325)
Interest income	<u>477,688</u>	<u>614,831</u>
Quasi-endowment, end of year	<u>\$ 61,631,026</u>	<u>\$ 55,904,308</u>

In July 2013, the Board of Directors updated the reserve fund policy to United Way to respond to unexpected programmatic and operational events and to initiate operational initiatives. The fund was established at a level approximately equal to three months of operating expense and Monroe County program funding and is recalculated and adjusted accordingly on an annual basis in October. The amount is approximately \$5,200,000 at March 31, 2024.

15. ENDOWMENT (Continued)

Changes in endowment net assets with donor restrictions for the year ended March 31 were as follows:

	<u>2024</u>	<u>2023</u>
Endowment with donor restrictions, beginning of year	\$ 68,689,322	\$ 77,580,251
Appropriation in accordance with United Way's total return spending policy	(2,574,134)	(2,550,590)
Contributions and other revenue	-	158
Release of donor-imposed restrictions	(753,517)	(1,188,774)
Investment return:		
Gains (losses) on investments	5,518,687	(5,995,516)
Interest income	<u>2,040,079</u>	<u>843,793</u>
Endowment with donor restrictions, end of year	<u>\$ 72,920,437</u>	<u>\$ 68,689,322</u>

Underwater Endowment Funds

United Way considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instruments. The United Way has interpreted New York Prudent Management of Institutional Funds Act (NYPMIFA) to permit spending from underwater funds in accordance with the prudent measures required under law. There were no such underwater funds as of March 31, 2024 and 2023.

Return Objectives and Risk Parameters

United Way has adopted investment and spending policies for endowment assets to attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is net of fees intended to exceed the price and yield results of the spending policy plus the rate of inflation as measured by the Consumer Price Index (over the long term) within a reasonable level of volatility.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, United Way 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). United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Related Investment Objectives

United Way has adopted a total return spending policy, under which it appropriates a percentage of the average market value of investments at the end of the previous five years to help support its annual operating expenses. The current spending formula is 5% of the trailing twenty-quarter average market value.

United Way has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on restricted endowment gifts, beyond the original gift amount, follows the donor's restriction on the use of the related income (interest and dividends), and income is classified as restricted until appropriated by the Board for expenditure.

15. ENDOWMENT (Continued)

Spending Policy and Related Investment Objectives (Continued)

New York State law allows the Board of Directors to expend net appreciation of endowment investments and in certain circumstances the principal of the gift. The Board of Directors must consider the long and short-term needs of United Way in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions when determining the amount to expend. United Way believes that its total return spending policy meets New York State requirements.

16. RELATED PARTY

The United Way is related to United Way Services Corporation (UWSC) through certain common members of management and common board representation. The United Way provides management consulting and support services relating to internal financial controls, computer services and operational functions to UWSC. Reimbursement for such services was \$21,571 and \$21,470 in 2024 and 2023, respectively. In addition, United Way provides marketing services to UWSC. Payment for such services was \$27,664 and \$26,927 in 2024 and 2023, respectively.

17. LEASES

Lessee arrangements

United Way leases office equipment under the terms of operating and finance lease agreements. The operating lease expires in 2025 and the finance lease expires in 2027.

The components of total lease cost for the years ended March 31 are as follows:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 13,198	\$ 13,198
Interest on lease liabilities	3,824	4,749
Operating lease cost	<u>14,597</u>	<u>10,948</u>
Total lease cost	<u>\$ 31,619</u>	<u>\$ 28,895</u>

Supplemental cash flow information related to leases for the years ended March 31 are as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ (3,824)	\$ 7,411
Financing cash flows from finance leases	\$ (12,160)	\$ (23,395)
Operating cash flows from operating leases	\$ (14,597)	\$ (14,597)
Right-of-use assets obtained in exchange for lease obligations:		
Finance leases		\$ 64,889
Operating leases	\$ -	\$ 41,335
	\$ -	\$ -

17. LEASES (Continued)

Lessee arrangements (Continued)

Other information related to leases as of March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term:		
Finance leases	3 years	4 years
Operating leases	1 years	2 years
Weight average discount rate:		
Finance leases	7.94%	7.94%
Operating leases	4.27%	4.27%

The following summarizes the lease line items in the balance sheet as of March 31:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Other assets	\$ <u>17,865</u>	\$ <u>31,490</u>
Accounts payable and accrued expenses	\$ <u>14,216</u>	\$ <u>27,840</u>
Finance leases:		
Property and equipment, net of accumulated depreciation	\$ <u>38,493</u>	\$ <u>51,691</u>
Accounts payable and accrued expenses	\$ 25,322	\$ 12,160
Long-term debt	<u>16,172</u>	<u>41,494</u>
Total finance lease liabilities	\$ <u>41,494</u>	\$ <u>53,654</u>

Lessor arrangements

The Organizations' leasing activities consist of leasing of building space at 75 College Avenue, Rochester, New York to unrelated third parties under non-cancellable lease agreements. The building space leases are recorded as operating leases and expire at various dates through March 2025 with options to extend the leases.

The expected undiscounted rental receipts for the year ending March 31, 2025 is \$42,186.

18. LONG-TERM DEBT

United Way entered into a ten-year business loan agreement on June 29, 2021 whereby a revolving line of credit was available to draw upon for one year and then converted to a business loan for the remaining 9 years. No funds were drawn during the line of credit period. On June 29, 2022, United Way drew down the full \$5,000,000 as a business loan. Payments of interest at 2.23% are due monthly for the remaining life of the loan with the principal balance due on the maturity date of June 29, 2031. Interest expense of \$103,756 and \$89,103 was recognized in fiscal 2024 and 2023, respectively. The loan is collateralized by certain investment accounts held in United Way's quasi-endowment investment portfolio. This loan is recorded as long-term debt on the consolidated balance sheets at March 31, 2024 and 2023.

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 11, 2024 which is the date the consolidated financial statements were available to be issued.