# Ulster County Community Action Committee, Inc.

Financial Statements

November 30, 2022

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

## Independent Auditors' Report

**Board of Directors**
**Ulster County Community Action Committee, Inc.**

### *Opinion*

We have audited the accompanying financial statements of Ulster County Community Action Committee, Inc., ("UCCAC") which comprise the statement of financial position as of November 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, the financial statements referred to above present fairly, in all material respects, the financial position of UCCAC as of November 30, 2022, and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UCCAC 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.

### *Correction of Error*

As discussed in Note 2 to the financial statements, certain corrections were made to opening balances. Our opinion is not modified with respect to that matter.

### *Emphasis of Matter*

As discussed in Note 6 to the financial statements, UCCAC holds real property that is subject to the Federal government's beneficial ownership and interest ("Federal Interest"). Our opinion is not modified with respect to that matter.

### *Responsibilities of Management for the Financial Statements*

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

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

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### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UCCAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UCCAC'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.

PKF O'Connor Davies, LLP

Newburgh, New York
March 28, 2025

## Ulster County Community Action Committee, Inc.

Statement of Financial Position
November 30, 2022

| | | |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ | 638,403 |
| Investments | | 5,299 |
| Contracts and grants receivables | | 452,343 |
| Inventory | | 30,821 |
| Total Current Assets | | 1,126,866 |
| Land, property and equipment, net | | 3,566,403 |
| | $ | 4,693,269 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities | | |
| Accounts payable and accrued expenses | $ | 239,149 |
| Accrued salaries and benefits | | 153,023 |
| Line of credit | | 33,012 |
| Deferred revenue | | 552,431 |
| Total Current Liabilities | | 977,615 |
| Net Assets | | |
| With donor restrictions | | 100,000 |
| Without donor restrictions | | 3,615,654 |
| Total Net Assets | | 3,715,654 |
| | $ | 4,693,269 |

See notes to financial statements

## Ulster County Community Action Committee, Inc.

Statement of Activities
Year Ended November 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUE AND SUPPORT AND RECLASSIFICATIONS** | | | |
| Revenue | | | |
| Contracts and grants | $ 4,114,038 | $ 100,000 | $ 4,214,038 |
| Support | | | |
| Contributed non-financial assets | 325,013 | - | 325,013 |
| Contributions | 61,250 | - | 61,250 |
| Other income | 30,184 | - | 30,184 |
| | 4,530,485 | 100,000 | 4,630,485 |
| Net assets released from restrictions | 67,630 | (67,630) | - |
| Total Revenue and Support and Reclassifications | 4,598,115 | 32,370 | 4,630,485 |
| **EXPENSES** | | | |
| Program expenses | | | |
| Community services | 854,265 | - | 854,265 |
| Head Start/Early Head Start | 2,565,892 | - | 2,565,892 |
| Weatherization | 593,263 | - | 593,263 |
| Other | 273,472 | - | 273,472 |
| Total Program Expenses | 4,286,892 | - | 4,286,892 |
| Supporting expenses | | | |
| Management and general | 480,337 | - | 480,337 |
| Total Expenses | 4,767,229 | - | 4,767,229 |
| Change in Net Assets before Other Changes | (169,114) | 32,370 | (136,744) |
| **OTHER CHANGES** | | | |
| Investment loss, net | (7,461) | - | (7,461) |
| Change in Net Assets | (176,575) | 32,370 | (144,205) |
| **NET ASSETS** | | | |
| Beginning of year, as previously reported | 602,297 | 2,999,375 | 3,601,672 |
| Prior period adjustment (Note 2) | 3,189,932 | (2,931,745) | 258,187 |
| Beginning of year, as adjusted | 3,792,229 | 67,630 | 3,859,859 |
| End of year | $ 3,615,654 | $ 100,000 | $ 3,715,654 |

See notes to financial statements

**Ulster County Community Action Committee, Inc.**

Statement of Functional Expenses
Year Ended November 30, 2022

| | Program Services | | | | | Management | |
|---|---|---|---|---|---|---|---|
| | Community services | Head Start Early Head Start | Weather-ization | Other | Total | and General | Total |
| **PERSONNEL COSTS** | | | | | | | |
| Salaries and wages | $ 343,649 | $ 1,127,108 | $ 261,510 | $ 61,922 | $ 1,794,189 | $ 347,466 | $ 2,141,655 |
| Fringe benefits | 56,286 | 204,573 | 64,819 | 13,447 | 339,125 | 35,855 | 374,980 |
| Total Personnel Costs | 399,935 | 1,331,681 | 326,329 | 75,369 | 2,133,314 | 383,321 | 2,516,635 |
| **OTHER THAN PERSONNEL COSTS** | | | | | | | |
| Transportation and gasoline | 13,069 | 5,983 | 7,438 | 467 | 26,957 | 236 | 27,193 |
| Subcontract services | 21,819 | 160,101 | 92,180 | 172,433 | 446,533 | 17,427 | 463,960 |
| Professional fees | 5,254 | 5,362 | 162 | 15,740 | 26,518 | 50,235 | 76,753 |
| Repairs and maintenance | 8,009 | 170,852 | 4,085 | 2,017 | 184,963 | 6,360 | 191,323 |
| Utilities | 19,202 | 96,376 | 3,756 | 2,222 | 121,556 | 971 | 122,527 |
| Materials | - | - | 104,647 | - | 104,647 | - | 104,647 |
| Food expense | - | 58,043 | 14 | - | 58,057 | 8,818 | 66,875 |
| Rent expense | 33,290 | 21,600 | - | - | 54,890 | 200 | 55,090 |
| Telephone and internet | 19,186 | 49,687 | 2,985 | 791 | 72,649 | 572 | 73,221 |
| Office supplies | 23,937 | 89,163 | 18 | 718 | 113,836 | 2,774 | 116,610 |
| Dues and subscriptions | 989 | 6,685 | - | 114 | 7,788 | 354 | 8,142 |
| Insurance | 20,109 | 41,302 | 18,513 | 1,672 | 81,596 | 6,776 | 88,372 |
| Advertising | 144 | 617 | 1,606 | - | 2,367 | - | 2,367 |
| Equipment | 3,041 | - | 5,551 | - | 8,592 | - | 8,592 |
| Equipment rental | 2,505 | 9,825 | 1,971 | 488 | 14,789 | - | 14,789 |
| Interest expense | - | - | - | - | - | 2,067 | 2,067 |
| Contributed nonfinancial assets | | | | | | | |
| Contractual services | - | 34,053 | - | - | 34,053 | - | 34,053 |
| Other services | - | 115,957 | - | - | 115,957 | - | 115,957 |
| Rent | - | 100,176 | - | - | 100,176 | - | 100,176 |
| Food | 66,167 | - | - | - | 66,167 | - | 66,167 |
| Supplies | - | 8,660 | - | - | 8,660 | - | 8,660 |
| Staff development | 200 | 102,824 | 3,061 | 2 | 106,087 | 226 | 106,313 |
| Emergency services | 217,409 | - | - | - | 217,409 | - | 217,409 |
| Depreciation expense | - | 156,945 | 20,947 | 1,439 | 179,331 | - | 179,331 |
| Total Other Personnel Costs | 454,330 | 1,234,211 | 266,934 | 198,103 | 2,153,578 | 97,016 | 2,250,594 |
| Totals | $ 854,265 | $ 2,565,892 | $ 593,263 | $ 273,472 | $ 4,286,892 | $ 480,337 | $ 4,767,229 |

See notes to financial statements

**Ulster County Community Action Committee, Inc.**

Statement of Cash Flows
Year Ended November 30, 2022

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ | (144,205) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | | 179,331 |
| Unrealized loss on investments | | 8,200 |
| Changes in operating assets and liabilities | | |
| Contracts and grants receivables | | 47,403 |
| Inventory | | (25,409) |
| Other current assets | | - |
| Accounts payable and accrued expenses | | (113,217) |
| Accrued salaries and benefits | | 44,717 |
| Deferred revenue | | 285,374 |
| Net Cash from Operating Activities | | 282,194 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property and equipment | | (109,782) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Payments on line of credit | | (353,590) |
| Proceeds from line of credit | | 341,426 |
| Net Cash from Financing Activities | | (12,164) |
| Net Change in Cash | | 160,248 |
| **CASH** | | |
| Beginning of year | | 478,155 |
| End of year | $ | 638,403 |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | |
| Cash paid for interest | $ | 2,067 |

See notes to financial statements

## 1. Organization and Taxation

Ulster County Community Action Committee, Inc. ("UCCAC") is a not-for-profit organization serving the disadvantaged in the community of Ulster County, New York; including the poor, the elderly, families, and the handicapped, to enable them to live in dignity. UCCAC provides assistance on a racially non-discriminatory basis.

UCCAC's serves the community through various programs, mainly through:

*Head Start Program* – The program provides opportunities for social, emotional, physical, and cognitive development for children from birth to five-year-old and provides prenatal education to pregnant women. The program provides comprehensive health, nutrition, education, social support, parental education, and involvement opportunities. This program includes serving healthy meals and snacks.

*Weatherization and Empower Program* - This program reduces energy cost burden to the poor, needy and elderly by installing energy efficient measures while ensuring health and safety.

*Community Services Program* - This program staffs three outreach offices to provide for the needs of low-income persons. This program provides various food programs including education, job training courses, rental assistance and home energy assistance program application processing.

UCCAC has been granted tax-exempt status under Internal Revenue Code (the "Code") Section 501(c)(3) and its income is not subject to federal or state income taxes pursuant to Section 501(a) of the Code.

## 2. Opening Balance Adjustments

As a result of a review performed by management subsequent to the year ended November 30, 2021, it was noted that certain errors occurred in the recording of transactions. These errors were corrected in the opening balances for the year ended November 30, 2022. The effect of this restatement as of and for the year ended November 30, 2021, is as follows:

| | Cash and cash equivalents | Grants and contracts receivable (payable) | Accounts payable and accrued expenses | Accrued salaries and benefits | Line of credit | Deferred Revenue | Net assets | Change in net assets |
|---|---|---|---|---|---|---|---|---|
| Balance November 30, 2021 - as originally reported | $ 576,776 | $ (31,615) | $ 307,878 | $ 222,843 | $ - | $ 67,631 | $ 3,601,672 | $ (364,450) |
| Restatement | (98,621) | 531,361 | 44,488 | (114,537) | 45,176 | 199,426 | 258,187 | 401,232 |
| Balance November 30, 2021 - restated | $ 478,155 | $ 499,746 | $ 352,366 | $ 108,306 | $ 45,176 | $ 267,057 | $ 3,859,859 | $ 36,782 |

Management determined that certain property and equipment that is subject to Federal Interest (see Note 6) of $2,931,745 as of November 30, 2021 was included in net assets with donor restrictions should be reclassified to net assets without donor restrictions. This reclassification was recorded in the opening balance for the year ended November 30, 2022.

## 3. Summary of Significant Accounting Policies

### *Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates. The most significant estimates include useful lives of property and equipment and functional allocation of expenses.

### *Adoption of New Accounting Pronouncement*

### *Contributed Nonfinancial Assets*

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The new guidance requires organizations that receive contributed nonfinancial assets to present them on a separate line in the statement of activities. The guidance also requires new disclosures to help financial statement users better understand what type of nonfinancial assets were received and how they were used and recognized by the organization.

UCCAC adopted the requirements of the new standard effective December 1, 2021. The new disclosure requirements include:

- A disaggregation of the amount of contributed nonfinancial assets by category that details the type of contributed nonfinancial assets reported in the statement of activities;
- Qualitative information about whether the contributed nonfinancial assets were monetized or utilized and, if utilized, a description of the specific programs or other activities in which those contributed nonfinancial assets were used;
- A description of any donor-imposed restrictions on the contributed nonfinancial assets;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

Adoption of this standard did not have any impact on the operations or net assets of UCCAC.

### *Net Asset Presentation*

Net Assets are classified based on the presence or absence of donor imposed restrictions.

## 3. Summary of Significant Accounting Policies *(continued)*

### *Net Asset Presentation (continued)*

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of UCCAC's operations. Net assets without donor restrictions may be used at the discretion of UCCAC's management and Board of Trustees (the "Board").

With donor restrictions – some donor imposed restrictions represent amounts restricted by donors for specific activities of UCCAC or to be used at some future date. UCCAC records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. UCCAC had no such donor restrictions at November 30, 2022.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts restricted by donors for UCCAC's operating programs whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

### *Grants and Contracts Receivable and Revenue*

Grants and contracts are received from various federal, state, local and private sources. Revenue is recognized when grant conditions are fulfilled, such as when program expenses for the grant are incurred.

Grants and contracts receivable are stated at the amount that management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and a reduction in accounts receivable. At November 30, 2022 the allowance for uncollectable grants was $0.

### *Contributions*

Contributions, including unconditional promises to give, are recognized as revenue at fair value in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

## 3. Summary of Significant Accounting Policies *(continued)*

### *Rental Income*

Rental income is recognized in the period it is earned and is reported at estimated net realizable amounts.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase.

### Inventory

Inventory of weatherization materials are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

### *Fair Value Measurements*

UCCAC follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

### *Investments Valuation and Investment Income Recognition*

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

### *Land, Property and Equipment*

Land, property and equipment purchases over $5,000 and with useful lives greater than one year are capitalized and stated at cost or, if contributed, at their estimated fair values on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

### *Deferred Revenue*

Revenue received for specific activities, programs or events that have not yet occurred are reported as deferred revenue. Deferred revenue was $267,057 at December 1, 2021.

## 3. Summary of Significant Accounting Policies *(continued)*

### *Contributed Non-financial Assets*

Donated non-cash assets are recorded at their fair value at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at fair value in the period the service is provided.

### *Functional Allocation of Expenses*

The costs of providing UCCAC's programs and other activities have been summarized on a functional basis as well as by natural class. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management.

| Expense | Method of Allocation |
|---|---|
| Salaries and wages | Time and effort |
| Fringe benefits | Time and effort |
| Transportation and gasoline | Purpose and function |
| Subcontract services | Purpose and function |
| Professional fees | Purpose and function |
| Repairs and maintenance | Purpose and function |
| Utilities | Purpose and function |
| Materials | Purpose and function |
| Food expense | Purpose and function |
| Rent expense | Purpose and function |
| Telephone and internet | Purpose and function |
| Office supplies | Purpose and function |
| Dues and subscriptions | Purpose and function |
| Insurance | Purpose and function |
| Advertising | Purpose and function |
| Equipment | Purpose and function |
| Equipment rental | Purpose and function |
| Interest expense | Purpose and function |
| Staff development | Purpose and function |
| Emergency services | Purpose and function |
| Depreciation expense | Purpose and function |
| Contributed non-financial assets | Purpose and function |

### *Advertising*

Advertising costs are expensed as incurred.

## 3. Summary of Significant Accounting Policies *(continued)*

### *Accounting for Uncertainty in Income Taxes*

The UCCAC recognizes the effects of income tax positions only when they are more likely than not to be sustained. Management has determined that the UCCAC had no uncertain tax positions that would require financial statement recognition and/or disclosure. The UCCAC is no longer subject to examination by applicable taxing jurisdictions for years prior to November 30, 2019.

### *Subsequent Events Evaluation by Management*

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 28, 2025.

## 4. Liquidity and Availability of Financial Assets

Financial assets available for general expenditures within one year of November 30, 2022, are as follows:

| | |
|---|---:|
| Total assets | $ 4,693,269 |
| Less: | |
| Inventory | 5,412 |
| Land, property and equipment, net * | 3,566,403 |
| Net assets with donor restricions | 100,000 |
| Financial assets available within one year | $ 1,021,454 |

* Includes $2,797,657 of property and equipment that is subject to Federal Interest as described in Note 6.

Ulster County Community Action Committee, Inc. manages cash flow through its budgeting process and believes its savings are sufficient in the case additional operating cash is needed. Additionally, there is one line of credit with $66,988 available for use.

## 5. Concentrations

### *Concentrations of Credit Risk*

Financial instruments that potentially subject UCCAC to concentrations of credit and market risk consist principally of cash on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to $250,000.

## 5. Concentrations *(continued)*

### *Concentrations of Credit Risk (continued)*

Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to $500,000 ($250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit.

At November 30, 2022, UCCAC's uninsured cash balances totaled $400,754. At November 30, 2022 UCCAC had no uninsured investment holdings.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

### *Concentrations of Revenue and Support*

As of and for the year ended November 30, 2022, 100% of grants receivables and approximately 53% of total revenue and support is from the U.S. Department of Health and Human Services. UCCAC is economically dependent upon receipt of this revenue for existence.

## 6. Land, Property and Equipment, Net

Land, property and equipment, net consisted of the following at November 30, 2022:

| | Useful Life Years | |
|---|---|---|
| Building and improvements | 10-40 | $ 5,329,569 |
| Land | - | 87,500 |
| Furniture and equipment | 7-10 | 172,727 |
| Vehicles | 5 | 309,740 |
| | | 5,899,536 |
| Accumulated depreciation | | (2,333,133) |
| | | $ 3,566,403 |

UCCAC had commitments for future capital projects amounting to $61,368 as of November 30, 2022.

A portion of property and equipment, which was purchased with grant funds from the United States Department of Health and Human Services ("HHS"), Administration for Children and Families, are subject to a Federal Interest.

## 6. Land, Property and Equipment, Net *(continued)*

Under the Federal Interest; 1) the property may not be used for any purpose inconsistent with that authorized by the Head Start Act and applicable regulations, 2) the property may not be encumbered, used as collateral, sold or otherwise transferred to another party without the written permission of the responsible HHS official and 3) the grant conditions and requirements cannot be altered or nullified through transfer of ownership.

Property and equipment subject to federal interest at November 30, 2022 are as follows:

| | |
|---|---|
| Building | $ 4,562,482 |
| Furniture and equipment | 181,828 |
| Vehicles | 309,740 |
| Less: Accumulated Depreciation | (2,256,393) |
| | $ 2,797,657 |

## 7. Investments

The following are major categories of investments measured at fair value categorized by the fair value hierarchy at November 30, 2022:

| | |
|---|---|
| Quoted Price in Active Market for | |
| Identical Assets (Level 1) | |
| Mutual funds | $ 5,299 |

Loss from investments consists of the following for the year ending November 30, 2022:

| | |
|---|---|
| Interest and dividends | $ 739 |
| Unrealized loss | (8,200) |
| | $ (7,461) |

## 8. Leases

UCCAC leases office and classroom space under various operating lease agreements expiring though November 30, 2026. Minimum payments under the leases are as follows at November 30, 2022:

| | |
|---|---|
| 2023 | $ 43,350 |
| 2024 | 31,700 |
| 2025 | 21,000 |
| 2026 | 12,300 |
| Total | $ 108,350 |

## 8. Leases *(continued)*

Rent expense amounted to $55,090 for the year ended November 30, 2022.

## 9. Line of Credit

UCCAC maintains a line of credit agreement with a bank that provides for up to $100,000 in borrowings. The line of credit is payable on demand and bears interest at the Wall Street Journal's prime rate plus 1.25%. At November 30, 2022, the interest rate was 9.75%. At November 30, 2022 the outstanding balance was $33,012.

## 10. Coronavirus Pandemic Relief Aid

### *Coronavirus Aid, Relief, and Economic Security (CARES) Act*

On March 27, 2020, Congress signed into law the CARES Act which implemented a variety of programs to address issues related to the onset of the COVID-19 pandemic. UCCAC was awarded funds under the CARES Act amounting to $657,756 for the period April 1, 2020 through September 30, 2022 to be used to serve low income residents in Ulster and Sullivan Counties of New York through the Community Services Block Grant supplemental funding.

UCCAC recorded $155,293 of grant income in the year ended November 30, 2022, which had been deferred at December 1, 2021. There was no CARES funding deferred at November 30, 2022.

### *American Rescue Plan Act*

In March 2021, The American Rescue Plan Act ("ARPA") was signed by the federal government to support various initiatives as a response to the Covid-19 pandemic. UCCAC was awarded funds under ARPA amounting to $659,610 for the year ended November 30, 2022, to be used to aid in the operation of the Head Start/Early Head Start and Low Income Energy Assistance programs.

At November 30, 2022, UCCAC had an unearned portion of the ARPA funds of $523,584 which is included in deferred revenue in the statement of financial position.

## 11. Contributed Non-financial Assets and Services

Contributed non-financial assets and services consisted of the following for the year ended November 30, 2022:

| Nonfinancial Asset | 2022 Revenue Recognized | Monetized or Utilized | Utilization in Function | Donor Restrictions | Valuation Technique |
|---|---|---|---|---|---|
| Contractual services | $ 34,053 | Utilized | Program service | None | Current service rates |
| Other services | 115,957 | Utilized | Program service | None | Current service rates |
| Rent | 100,176 | Utilized | Program service | None | Current rental rates |
| Food | 66,167 | Utilized | Program service | None | Estimated average value |
| Supplies | 8,660 | Utilized | Program service | None | Current purchase prices |
| | $ 325,013 | | | | |

During the year ended November 30, 2022, the Regional Food Bank donated 34,359 pounds of food product to UCCAC for distribution to eligible beneficiaries. The donated food is recorded in the statement of activities as contributed non-financial assets support and expense at the estimated average value of one pound of donated food product at the national level of $1.92 for the period December 1, 2021 through June 30, 2022 and $1.93 for the period July 1, 2022 through November 30, 2022. These values were determined based upon the pounds received as of November 30, 2022.

## 12. Net Assets

Net assets with donor restrictions are restricted for the following purposes at November 30, 2022:

| | |
|---|---|
| Community kitchen repairs and maintenance | $ 100,000 |

Net assets released from donor restrictions are as follows for the year ended November 30, 2022:

| | |
|---|---|
| HeadStart program | $ 67,630 |

## 13. Retirement Plan

UCCAC has a Simplified Employee Pension retirement plan for the benefit of all full or part time employees with one or more years of service. UCCAC contributes 3% of eligible wages for all participants. The employer contribution expense amounted to $95,565 for the year ended November 30, 2022.

## 14. Collective Bargaining Agreement

UCCAC has entered into an agreement with Civil Service Employees Association, Inc. (the "Union"). The agreement runs from December 1, 2020 through November 30, 2023. Effective, December 1, 2023, UCCAC entered into a new agreement with the Union that runs from December 1, 2023 through November 30, 2026.

## 14. Collective Bargaining Agreement *(continued)*

The agreement covers all full-time employees employed in UCCAC's Early Head Start/Head Start Program at its facilities located in Ulster County, New York. Approximately 20% of UCCAC employees are covered under the agreement. The agreement includes provisions for a Duration Supplement of $200 per year to be included in the base pay of teacher aides, assistant teachers, teachers, food service workers/cooks and family workers that are assigned on a regular basis for six hours or more and who work 70 hours per pay period. The agreement includes provisions for salary increases for union members of 5.6% for the 2022-2023 year and wages must meet minimum wage requirements.

## 15. Related Party Transactions

For the year ended November 30, 2022, UCCAC received contributed services from board members totaling $6,331, which are included in contributed non-financial assets on the statement of activities and other services in Note 11.

## 16. Commitments and Contingencies

### *General*

UCCAC receives most of its revenue from government grants and contracts. Amounts received or receivable are subject to audit and adjustment principally by federal, state and local governments.

Any disallowed expenses, including amounts already collected, may constitute a liability of the applicable program. Management does not believe the eventual outcome of these audits will have a materially adverse effect on UCCAC's financial statements.

### *Tax E-Rate Collection Notice*

UCCAC received notice from a collection agency that approximately $40,000 was due to the Federal Communications Commission, relating to overpayments received by UCCAC under the E-Rate discount program, which lowers the cost of internet for schools and libraries. UCCAC contacted the US Department of Treasury and the Federal Communications Commission and was informed that there was no record of debt owed by UCCAC in their systems. UCCAC made multiple attempts to contact the Universal Service Administration Company (E-rate program provider) to request supporting documents of the debt and received no reply. The latest communication occurred in November 2023. As of the date of the financial statements no further communications have been received. Since management did not receive confirmation of the liability none has been accrued for in these financial statements.

## 16. Commitments and Contingencies *(continued)*

***Legal***

From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against UCCAC. In the opinion of legal counsel and management of UCCAC, after taking into account insurance coverage, losses, if any, resolution of pending litigation should not have a material effect on the UCCAC's financial position, liquidity and change in net assets.

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