

UNITED WAY OF CENTRAL
NEW YORK, INC.

FINANCIAL STATEMENTS
June 30, 2017 and 2016

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS UNITED WAY OF CENTRAL NEW YORK, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of **UNITED WAY OF CENTRAL NEW YORK, INC.**, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central New York, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dermoddy, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

August 23, 2017

UNITED WAY OF CENTRAL NEW YORK, INC.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS

	2017	2016
Cash	\$ 542,513	\$ 338,979
Restricted Cash	765,782	647,739
Pledges Receivable, Less Allowance for Uncollectibles of \$388,705 and \$442,753 in 2017 and 2016, Respectively	2,782,156	3,212,040
Charitable Gift Annuity Receivable	5,283	3,677
Other Accounts Receivable	168,453	89,795
Due from Agency	12,000	12,000
Prepaid Expenses and Other Assets	14,860	31,239
Investments	4,465,072	4,200,943
Property and Equipment, Less Accumulated Depreciation and Amortization	7,224	11,840
TOTAL ASSETS	\$ 8,763,343	\$ 8,548,252

LIABILITIES AND NET ASSETS

LIABILITIES		
Line-of-Credit	\$ 300,000	\$ 0
Accounts Payable and Accrued Expenses	85,447	102,691
Donor Designations Payable	1,606,363	1,616,858
Undesignated Allocations Payable	2,907,957	3,339,730
Deferred Revenue	481,458	353,614
Note Payable to New York State	98,375	98,375
Total Liabilities	5,479,600	5,511,268
NET ASSETS		
Unrestricted Net Assets (Deficit)	98,792	(138,900)
Temporarily Restricted Net Assets	3,114,327	3,103,902
Permanently Restricted Net Assets	70,624	71,982
Total Net Assets	3,283,743	3,036,984
TOTAL LIABILITIES AND NET ASSETS	\$ 8,763,343	\$ 8,548,252

See notes to financial statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2017 and 2016

	Unrestricted Net Assets	
	2017	2016
PUBLIC SUPPORT AND OTHER REVENUE		
Recently Completed Community Campaign	\$ 0	\$ 0
Campaign In-Kind Donations	0	0
Less: Early Pledges Made in Prior Period	0	0
Non-United Way CFC and SEFA Designations	0	0
Donor Designations from United Way's Campaign	0	0
Provision for Uncollectible Pledges	0	0
Future Community Campaign	<u>0</u>	<u>0</u>
Available to United Way of Central New York, Inc.	0	0
Net Assets Released from Restrictions	4,673,629	4,799,187
Excess in Anticipated Collection of Prior Years' Campaigns	125,314	114,420
Forever Fund Contributions, Net of Change in Charitable Gift Annuity	3,498	2,384
Service Fee Income	261,795	233,379
Contributions Restricted by Program	0	0
Other Community Program Income	1,445,246	921,761
Investment Income	30,263	34,487
Realized Gain (Loss) on Sale of Investments	16,505	(39,147)
Unrealized Gain (Loss) on Investments	132,649	(9,035)
Miscellaneous Revenue	<u>11,688</u>	<u>11,707</u>
Total Public Support and Other Revenue	6,700,587	6,069,143
EXPENSES		
Functional Division Expenses:		
Community Impact	3,538,911	3,969,366
Other Community Programs	<u>1,567,842</u>	<u>991,698</u>
Total Program Services	5,106,753	4,961,064
Resource Development	814,087	716,797
Organizational Administration	<u>542,055</u>	<u>544,279</u>
Total Supporting Services	<u>1,356,142</u>	<u>1,261,076</u>
Total Functional Division Expenses	<u>6,462,895</u>	<u>6,222,140</u>
Increase (Decrease) in Net Assets	237,692	(152,997)
Net Assets (Deficit), Beginning of Year	<u>(138,900)</u>	<u>14,097</u>
Net Assets (Deficit), End of Year	<u>\$ 98,792</u>	<u>\$ (138,900)</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

Temporarily Restricted Net Assets		Permanently Restricted Net Assets		Total Net Assets	
2017	2016	2017	2016	2017	2016
\$ 6,726,140	\$ 6,882,566	\$ 0	\$ 0	\$ 6,726,140	\$ 6,882,566
48,653	47,929	0	0	48,653	47,929
(37,656)	(11,179)	0	0	(37,656)	(11,179)
(963,593)	(811,236)	0	0	(963,593)	(811,236)
(1,132,402)	(1,173,090)	0	0	(1,132,402)	(1,173,090)
(300,000)	(308,500)	0	0	(300,000)	(308,500)
36,819	37,656	0	0	36,819	37,656
4,377,961	4,664,146	0	0	4,377,961	4,664,146
(4,673,629)	(4,799,187)	0	0	0	0
0	0	0	0	125,314	114,420
0	0	0	0	3,498	2,384
0	0	0	0	261,795	233,379
2,857	27,105	0	0	2,857	27,105
14,000	5,000	0	0	1,459,246	926,761
34,707	43,845	0	0	64,970	78,332
2,988	(101,876)	0	0	19,493	(141,023)
251,541	46,970	(1,358)	4,874	382,832	42,809
0	0	0	0	11,688	11,707
10,425	(113,997)	(1,358)	4,874	6,709,654	5,960,020
0	0	0	0	3,538,911	3,969,366
0	0	0	0	1,567,842	991,698
0	0	0	0	5,106,753	4,961,064
0	0	0	0	814,087	716,797
0	0	0	0	542,055	544,279
0	0	0	0	1,356,142	1,261,076
0	0	0	0	6,462,895	6,222,140
10,425	(113,997)	(1,358)	4,874	246,759	(262,120)
3,103,902	3,217,899	71,982	67,108	3,036,984	3,299,104
\$ 3,114,327	\$ 3,103,902	\$ 70,624	\$ 71,982	\$ 3,283,743	\$ 3,036,984

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSESYear Ended June 30, 2017 with Comparative
Totals for Year Ended June 30, 2016

	Community Impact	Other Community Programs	Total Program Services
Salaries	\$ 452,307	\$ 603,810	\$ 1,056,117
Employee Benefits	57,013	16,790	73,803
Payroll Taxes	<u>35,507</u>	<u>53,128</u>	<u>88,635</u>
Total Salaries and Related Expenses	544,827	673,728	1,218,555
Audit and Legal Services (Including In-Kind of \$4,339 and \$7,451 in 2017 and 2016, Respectively)	0	0	0
Other Professional Services	3,339	250,319	253,658
Supplies	568	67,125	67,693
Printing and Artwork (Including In-Kind of \$37,000 and \$34,000 in 2017 and 2016, Respectively)	1,369	14,215	15,584
Telephone	2,652	1,887	4,539
Postage	1,523	28,192	29,715
Occupancy	39,823	8,850	48,673
Rental and Maintenance of Equipment	6,925	0	6,925
Transportation, Conferences and Meetings	2,512	26,515	29,027
Subscriptions, Dues and Publications	2,347	429	2,776
Recognition	974	0	974
Special Events (Including In-Kind of \$7,314 and \$6,478 in 2017 and 2016, Respectively)	4,220	3,491	7,711
Interest Expense	0	0	0
Other Community Support	<u>0</u>	<u>493,091</u>	<u>493,091</u>
Expense Subtotal	611,079	1,567,842	2,178,921
Payments to Affiliates:			
United Way Worldwide Dues	15,754	0	15,754
United Way of New York State Dues	<u>3,060</u>	<u>0</u>	<u>3,060</u>
Total Payments to Affiliates	18,814	0	18,814
Depreciation and Amortization	<u>1,061</u>	<u>0</u>	<u>1,061</u>
Total Operations Expense	630,954	1,567,842	2,198,796
Allocations/Awards	<u>2,907,957</u>	<u>0</u>	<u>2,907,957</u>
Total Functional Division Expenses	<u>\$ 3,538,911</u>	<u>\$ 1,567,842</u>	<u>\$ 5,106,753</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses	
			2017	2016
\$ 380,092	\$ 276,479	\$ 656,571	\$ 1,712,688	\$ 1,478,679
35,525	72,647	108,172	181,975	171,043
36,310	18,440	54,750	143,385	123,581
<u>451,927</u>	<u>367,566</u>	<u>819,493</u>	<u>2,038,048</u>	<u>1,773,303</u>
10,600	30,339	40,939	40,939	38,139
9,055	17,557	26,612	280,270	238,905
1,811	1,429	3,240	70,933	33,402
137,417	297	137,714	153,298	163,407
3,758	3,336	7,094	11,633	11,087
6,407	6,560	12,967	42,682	35,461
70,998	62,303	133,301	181,974	169,669
7,960	6,712	14,672	21,597	27,015
6,917	10,916	17,833	46,860	40,455
871	1,089	1,960	4,736	3,614
1,797	299	2,096	3,070	2,249
69,141	225	69,366	77,077	45,165
0	2,319	2,319	2,319	0
0	0	0	493,091	214,699
<u>778,659</u>	<u>510,947</u>	<u>1,289,606</u>	<u>3,468,527</u>	<u>2,796,570</u>
28,083	24,658	52,741	68,495	67,297
5,452	4,788	10,240	13,300	11,650
<u>33,535</u>	<u>29,446</u>	<u>62,981</u>	<u>81,795</u>	<u>78,947</u>
1,893	1,662	3,555	4,616	6,813
<u>814,087</u>	<u>542,055</u>	<u>1,356,142</u>	<u>3,554,938</u>	<u>2,882,330</u>
0	0	0	2,907,957	3,339,810
<u>\$ 814,087</u>	<u>\$ 542,055</u>	<u>\$ 1,356,142</u>	<u>\$ 6,462,895</u>	<u>\$ 6,222,140</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	Community Impact	Other Community Programs	Total Program Services
Salaries	\$ 443,646	\$ 407,695	\$ 851,341
Employee Benefits	64,776	10,177	74,953
Payroll Taxes	33,642	41,523	75,165
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Total Salaries and Related Expenses	542,064	459,395	1,001,459
Audit and Legal Services (Including In-Kind of \$7,451)	165	0	165
Other Professional Services	3,393	210,922	214,315
Supplies	540	28,459	28,999
Printing and Artwork (Including In-Kind of \$34,000)	1,061	27,458	28,519
Telephone	2,889	233	3,122
Postage	1,649	19,757	21,406
Occupancy	39,231	6,148	45,379
Rental and Maintenance of Equipment	8,395	0	8,395
Transportation, Conferences and Meetings	3,231	19,454	22,685
Subscriptions, Dues and Publications	717	1,670	2,387
Recognition	166	0	166
Special Events (Including In-Kind of \$6,478)	5,656	3,503	9,159
Other Community Support	0	214,699	214,699
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Expense Subtotal	609,157	991,698	1,600,855
Payments to Affiliates:			
United Way Worldwide Dues	15,968	0	15,968
United Way of New York State Dues	2,796	0	2,796
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Total Payments to Affiliates	18,764	0	18,764
Depreciation and Amortization	1,635	0	1,635
	<hr/>	<hr/>	<hr/>
Total Operations Expense	629,556	991,698	1,621,254
Allocations/Awards	3,339,810	0	3,339,810
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Total Functional Division Expenses	\$ 3,969,366	\$ 991,698	\$ 4,961,064
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UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses
\$ 328,829	\$ 298,509	\$ 627,338	\$ 1,478,679
30,870	65,220	96,090	171,043
30,232	18,184	48,416	123,581
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389,931	381,913	771,844	1,773,303
5,303	32,671	37,974	38,139
9,220	15,370	24,590	238,905
3,102	1,301	4,403	33,402
134,707	181	134,888	163,407
4,583	3,382	7,965	11,087
6,872	7,183	14,055	35,461
71,924	52,366	124,290	169,669
10,370	8,250	18,620	27,015
6,144	11,626	17,770	40,455
237	990	1,227	3,614
1,718	365	2,083	2,249
35,504	502	36,006	45,165
0	0	0	214,699
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679,615	516,100	1,195,715	2,796,570
29,058	22,271	51,329	67,297
5,126	3,728	8,854	11,650
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34,184	25,999	60,183	78,947
2,998	2,180	5,178	6,813
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716,797	544,279	1,261,076	2,882,330
0	0	0	3,339,810
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<u>\$ 716,797</u>	<u>\$ 544,279</u>	<u>\$ 1,261,076</u>	<u>\$ 6,222,140</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 246,759	\$ (262,120)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	4,616	6,813
Realized (Gain) Loss on Sale of Investments	(19,493)	141,023
Unrealized (Gain) on Investments	(382,832)	(42,809)
Stock Contributions	(43,714)	(31,680)
Increase (Decrease) in Allowance for Uncollectibles	(54,048)	24,781
(Increase) Decrease in Operating Assets:		
Receivables	403,668	60,842
Prepaid Expenses and Other Assets	16,379	(11,955)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(17,244)	(1,607)
Donor Designations Payable	(10,495)	(174,548)
Undesignated Allocations Payable	(431,773)	(47,646)
Deferred Revenue	127,844	(46,617)
	(160,333)	(385,523)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	0	(1,949)
Proceeds from Sale of Investments	1,376,102	2,472,524
Purchase of Investments	(1,194,192)	(2,322,914)
	181,910	147,661
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line-of-Credit	(100,000)	0
Proceeds from Line-of-Credit	400,000	0
	300,000	0
Net Change in Cash	321,577	(237,862)
Cash, Beginning of Year	986,718	1,224,580
	\$ 1,308,295	\$ 986,718
Cash, End of Year	\$ 1,308,295	\$ 986,718

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS

The United Way of Central New York, Inc. (the Corporation) conducts campaigns to raise support for allocations and designations to not-for-profit agencies in order to fulfill its mission to improve lives by mobilizing the caring power of our community.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The classifications of the Corporation's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. Not-for-profit accounting standards require that the amounts for each of three classes of net assets (unrestricted, temporarily restricted and permanently restricted) be displayed in a statement of financial position and that the amounts of each of those classes of net assets be displayed in a statement of activities. A summary of unrestricted net asset classifications at June 30 is as follows:

	2017	2016
Unrestricted Net Assets (Deficit)		
Board Designated:		
Forever Fund - Operating	\$ 144,626	\$ 138,214
Forever Fund	78,579	76,687
Property and Equipment	7,224	11,840
Undesignated Net Assets (Deficit)	<u>(131,637)</u>	<u>(365,641)</u>
Total Unrestricted Net Assets (Deficit)	<u><u>\$ 98,792</u></u>	<u><u>\$ (138,900)</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. A summary of temporarily restricted net asset classifications at June 30 is as follows:

	2017	2016
Temporarily Restricted Net Assets:		
Success By 6	\$ 0	\$ 56,545
Undesignated Future Campaign	36,819	37,656
Forever Fund	3,053,496	2,991,398
211 CNY Fund	20,116	13,303
Young Leaders United	3,896	5,000
Total Temporarily Restricted Net Assets	\$ 3,114,327	\$ 3,103,902

Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. Balances were \$70,624 and \$71,982 at June 30, 2017 and 2016, respectively.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified from restrictions.

Bequests

Bequests are recorded as income when the last will and testament enters probate and the probate court declares the will valid. No amount has been reflected in the accompanying financial statements for bequest notifications.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition

A portion of the activities of the Corporation are funded by government grants and contracts with various city, county, and state government agencies to provide specific services to the local community. Other accounts receivable and other community program income are predominantly related to these activities.

Other Accounts Receivable

Other accounts receivable consists mainly of amounts due from various city, county, and state agencies as a result of providing services to the local community. Payment for these services was not received by the Corporation at year-end. The management of the Corporation reviews the collectability of the accounts receivable on a monthly basis, and has determined that no reserve for doubtful accounts needs to be established.

Charitable Gift Annuity

During 2008, the Corporation was the recipient of a \$20,590 double-life charitable gift annuity, whereby the annuitant is entitled to a fixed income over his or her life and the applicable assets are held by a trustee. The annuity asset experienced a \$1,606 increase and \$1,077 decrease in value during the years ended June 30, 2017 and 2016, respectively. Per the donor's request, annual gains and losses are netted with unrestricted Forever Fund contributions. This charitable gift annuity receivable was valued at \$5,283 and \$3,677 at June 30, 2017 and 2016, respectively. These amounts represent the beneficial interest in the applicable assets, measured at the present value of the expected future cash inflows. The amounts were determined utilizing a present value calculated with a 3.8% federal discount rate applicable at the time of the agreement.

Investments and Investment Income

Investments are carried at fair value. Fair value is determined principally on the basis of quoted market prices. Investment income or loss (including realized and unrealized gain and losses on investments, interest and dividends) is included in the net change in net assets. Investment management fees of \$35,957 and \$38,632 for the years ended June 30, 2017 and 2016, respectively, are netted against investment income.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Agency Transaction Funds

The Corporation holds funds for various agencies and organizations. These include amounts used to administer a New York State revolving loan program and funds earmarked by donors for the use of designated agencies and organizations. These agency transaction activities are accounted for in the statements of financial position as both assets and offsetting liabilities and do not affect the Corporation's statements of activities.

Cash Flows

For purposes of the statements of cash flows, the Corporation uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2017 and 2016, there were no cash equivalents.

The Corporation maintains its cash in bank accounts, which at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

Restricted Cash

Restricted cash is comprised of funds deposited with the Corporation that are restricted by donors for future programming needs.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or their fair market value at the date of donation in the case of gifts. It is the Corporation’s policy to capitalize expenditures for these items in excess of \$1,500. Lesser amounts are expensed. Depreciation and amortization are recorded on the straight-line method over the estimated economic useful life of the respective asset.

When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and any gain or loss is recorded in the statements of activities. Fully depreciated furniture and equipment totaling \$105,154 and \$-0- were disposed of in 2017 and 2016, respectively.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation and amortization charged to expense for the years ended June 30, 2017 and 2016 was \$4,616 and \$6,813, respectively.

The balance at June 30 consisted of the following:

	2017	2016
Leasehold Improvements	\$ 71,163	\$ 71,163
Furniture and Equipment	<u>232,322</u>	<u>337,476</u>
	303,485	408,639
Less: Accumulated Depreciation and Amortization	<u>296,261</u>	<u>396,799</u>
Net Property and Equipment	<u><u>\$ 7,224</u></u>	<u><u>\$ 11,840</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

Employees of the Corporation are entitled to paid time off, the amount of which depends on length of service and other factors. At June 30, 2017 and 2016, the employer liability for earned time off amounted to \$35,027 and \$32,700, respectively, and is included in accounts payable and accrued expenses for the applicable year.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, and under similar requirements of New York State law, no provision has been made for federal or state taxes.

Management is unaware of any unrelated business activities that may be subject to unrelated business income tax or any activities that would jeopardize the Corporation's exempt status.

Volunteer Services

No amounts have been reflected in the statements for donated services, as they do not meet the requirements for recognition; however, a substantial number of volunteers have donated significant amounts of their time to campaign and program services.

In-Kind Goods and Services

In-kind goods and professional services recorded as revenue and expenses for 2017 and 2016 were \$48,653 and \$47,929, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expenses

The costs of providing various community services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the functions benefited based on management's estimates of time spent, occupancy or usage.

Payments to Affiliates

Payments to affiliates represent dues paid to the United Way Worldwide and United Way of New York State. These dues payments of \$81,795 and \$78,947 for 2017 and 2016, respectively, have been allocated on the statement of functional expenses based on the number of employees in each division.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 presentation. These reclassifications had no impact on the total assets, liabilities, net assets, or change in net assets.

Subsequent Events

Management has evaluated subsequent events through August 23, 2017, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 3 – INVESTMENTS

The Corporation's investments consist of corporate equity securities and obligations, United States treasury notes, mortgage backed securities, mutual funds and cash and cash equivalents. These investments are subject to varying degrees of risk. Equity securities, obligations and mutual funds are subject to market value changes associated with publicly held investments. United States treasury notes, mortgage backed securities, corporate obligations and bond mutual fund values will fluctuate due to interest rate changes. Cash and cash equivalents are insured by the Federal Deposit Insurance Company (FDIC) or private insurance held by the investment company.

The Corporation follows the provisions of an accounting standard, which pertains to certain statement of financial position items measured at fair value on a recurring basis and defines fair value, establishes a framework for measuring fair value and expands disclosures about such measurements.

The standard defines fair value as the exit price or the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 3 – INVESTMENTS – Continued

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Cash Equivalents – Valued at carrying cost, which approximates fair value (Level 1 inputs).

Corporate Obligations and Mortgage Backed Securities – Valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows (Level 2 inputs).

United States Treasury Notes, Preferred Stocks, and Equity Securities – Valued at the closing price reported in the active market in which the individual investment is traded (Level 1 inputs).

Mutual Funds – Valued at quoted net asset values of the shares held on the last business day of the fiscal year (Level 1 inputs).

Charitable Gift Annuity – Valued as calculated by the trustee (Level 3 inputs).

Assets measured at fair value on a recurring basis and cost as of June 30, 2017, are summarized below, by input level:

Assets	June 30, 2017		Fair Value Measurements	Cost
	Level 1	Level 2		
Investments:				
Cash and Cash				
Equivalents	\$ 258,488	\$ 0	\$ 258,488	\$ 258,488
Corporate Obligations	0	298,970	298,970	319,982
United States Treasury				
Notes	266,566	0	266,566	267,681
Mortgage Backed				
Securities	0	191,641	191,641	197,662
Mutual Funds - Bonds	30,189	0	30,189	27,611
Mutual Funds - Equity	173,353	0	173,353	131,056
Preferred Stocks	61,207	0	61,207	59,061
Equity Securities	<u>3,184,658</u>	<u>0</u>	<u>3,184,658</u>	<u>2,483,111</u>
Total Investments	<u>\$ 3,974,461</u>	<u>\$ 490,611</u>	<u>\$ 4,465,072</u>	<u>\$ 3,744,652</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 3 – INVESTMENTS – Continued

Assets measured at fair value on a recurring basis and cost as of June 30, 2016, are summarized below, by input level:

Assets	June 30, 2016		Fair Value Measurements	Cost
	Level 1	Level 2		
Investments:				
Cash and Cash				
Equivalents	\$ 224,998	\$ 0	\$ 224,998	\$ 224,998
Corporate Obligations	0	307,061	307,061	316,224
United States Treasury				
Notes	346,221	0	346,221	339,601
Mortgage Backed				
Securities	0	157,485	157,485	148,393
Mutual Funds - Bonds	30,380	0	30,380	27,611
Mutual Funds - Equity	163,857	0	163,857	124,075
Preferred Stocks	71,202	0	71,202	67,346
Equity Securities	<u>2,899,739</u>	<u>0</u>	<u>2,899,739</u>	<u>2,519,085</u>
Total Investments	<u>\$ 3,736,397</u>	<u>\$ 464,546</u>	<u>\$ 4,200,943</u>	<u>\$ 3,767,333</u>

The Charitable Gift Annuity, with a value of \$5,283 and \$3,677 at June 30, 2017 and 2016, respectively, was determined to be a Level 3 asset, as there are unobservable market conditions and minimal to no market activity for this investment. The \$1,606 increase in value is calculated by the trustee based upon changes in investment market conditions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 4 – LINE-OF-CREDIT

On January 11, 2017, the Corporation executed a \$500,000 promissory note for a line-of-credit with a local bank, at a variable interest rate based on the bank's prime lending rate as published in the *Wall Street Journal* less 1.5%. The demand promissory note is secured by all of the Corporation's assets, and had a \$300,000 outstanding balance at June 30, 2017. The bank's prime lending rate was 4.25% at June 30, 2017.

Interest paid on the line-of-credit in 2017 was \$2,319.

NOTE 5 – NOTE PAYABLE TO NEW YORK STATE

A revolving loan fund was established through a \$125,000 contract with the New York State Office of Children and Family Services. The contract operates through February 28, 2025 at which time the remaining balance is paid to New York State in a lump sum, inclusive of any excess interest earned on these funds that had not been offset by loan administration costs, at the termination of the agreement. In accordance with the terms established in this revolving loan fund agreement, New York State bears the risk of loss from loan defaults as long as the Corporation adheres to the terms of the agreement. Loans totaling \$26,625 were deemed to be uncollectible in previous years, leaving a remaining balance of \$98,375 at both June 30, 2017 and 2016.

One nonprofit agency had an outstanding loan of \$12,000 at both June 30, 2017 and 2016, which management has deemed collectible.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 6 – PLEDGES RECEIVABLE

The Corporation records pledges receivable and a related provision for uncollectibles for those pledges in the year that the pledges are solicited. Pledges are considered current and the provision for uncollectible is computed based upon management estimates of current economic factors applied to individual campaigns, including donor designations.

Pledges receivable at June 30 were as follows:

	2017		
	Pledges Receivable	Estimated Provisions for Uncollectibles	Net
Fall 2017 Campaign	\$ 2,985	\$ 0	\$ 2,985
Fall 2016 Campaign	3,029,383	300,000	2,729,383
Fall 2015 Campaign	138,493	88,705	49,788
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,170,861</u>	<u>\$ 388,705</u>	<u>\$ 2,782,156</u>
	2016		
	Pledges Receivable	Estimated Provisions for Uncollectibles	Net
Fall 2016 Campaign	\$ 4,000	\$ 0	\$ 4,000
Fall 2015 Campaign	3,480,355	308,500	3,171,855
Fall 2014 Campaign	170,438	134,253	36,185
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,654,793</u>	<u>\$ 442,753</u>	<u>\$ 3,212,040</u>

Net pledges receivable balances for all campaign years have been analyzed and adjusted by management to an amount estimated to be collectible as of June 30, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by the passage of time, incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors.

	2017	2016
Time Restrictions:		
Net Campaign Contributions Received		
in Prior Period	\$ 4,378,798	\$ 4,637,669
Forever Fund	139,356	134,400
Past Borrowing/Forever Fund Reconciliation	87,782	0
Purpose Restrictions:		
Success By 6 Program Expenses	59,402	10,728
Performance Management Capacity Building Fund	0	5,900
211 CNY Fund	7,187	10,490
Young Leaders United Future Grant	1,104	0
	<hr/>	<hr/>
Total	<u>\$ 4,673,629</u>	<u>\$ 4,799,187</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 8 – ENDOWMENT

The Corporation has one endowment fund, whose donor-restricted historical corpus amount is similar to its permanently restricted net asset value. Annually, interest and dividend amounts are appropriated to unrestricted operations per donor stipulation, and immaterial market changes are recorded in the permanently restricted net asset category.

Interpretation of Relevant Law

The Corporation's governing body has interpreted the relevant state laws under the New York Prudent Management of Institutional Funds Act (NYPMIFA) which was enacted into law on September 17, 2010, and the New York Not-for-Profit Corporation Law as encouraging preservation of endowment funds' original gift value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Corporation's original gift value is comprised of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) immaterial market changes. There is currently no donor stipulation that any accumulations of earnings be added to the permanent endowment. Annually, interest and dividend amounts are appropriated to unrestricted operations. These amounts are appropriated for expenditure by the Corporation in a manner consistent with both donor intent and the standard of prudence prescribed by the relevant state law. In accordance with NYPMIFA, the Corporation currently considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment funds
2. The purposes of the Corporation and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Corporation
7. The investment policies of the Corporation
8. Where appropriate, alternatives to spending from the endowment fund and the possible effects of those alternatives on the Corporation

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Corporation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, no deficiencies of this nature were reported in unrestricted net assets as of June 30, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 9 – RETIREMENT BENEFITS

The Corporation has a 401(k) profit sharing pension plan, which covers all full-time employees who have been employed for at least one year. During fiscal 2017 and 2016, the Corporation contributed an amount equal to 3.5% of participants' compensation at the end of each calendar year. Retirement expense for the fiscal years ended June 30, 2017 and 2016 was \$39,457 and \$33,115, respectively.

NOTE 10 – COMMITMENTS

Commencing July 1, 2012, the Corporation entered into a new seven-year lease for office and storage space at their current location. The lease calls for fixed monthly payments of \$10,463 through June 30, 2019, and will increase 3% on an annual basis. The Corporation also has a vehicle lease and a copier lease. Rent expense was \$147,401 and \$143,971 for the years ended June 30, 2017 and 2016, respectively.

Minimum future rental payments under non-cancellable operating leases as of June 30, 2017 are:

2018	\$ 151,864
2019	<u>150,692</u>
Total	<u>\$ 302,556</u>