

UNITED WAY OF CENTRAL
NEW YORK, INC.

FINANCIAL STATEMENTS

June 30, 2016 and 2015

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UNITED WAY OF CENTRAL NEW YORK, INC.

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

August 24, 2016

UNITED WAY OF CENTRAL NEW YORK, INC.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS

	2016	2015
Cash	\$ 338,979	\$ 487,929
Restricted Cash	407,663	421,884
Pledges Receivable, Less Allowance for Uncollectibles of \$442,753 and \$417,972 in 2016 and 2015, Respectively	3,212,040	3,308,565
Charitable Gift Annuity Receivable	3,677	4,754
Other Accounts Receivable	89,795	77,816
Due from Agency	12,000	12,000
Prepaid Expenses and Other Assets	31,239	19,284
Investments	4,441,019	4,731,854
Property and Equipment, Less Accumulated Depreciation and Amortization	11,840	16,704
TOTAL ASSETS	\$ 8,548,252	\$ 9,080,790

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 102,691	\$ 104,298
Donor Designations Payable	1,616,858	1,791,406
Undesignated Allocations Payable	3,339,730	3,387,376
Deferred Revenue	353,614	400,231
Note Payable to New York State	98,375	98,375
Total Liabilities	5,511,268	5,781,686

NET ASSETS

Unrestricted Net Assets (Deficit)	(138,900)	14,097
Temporarily Restricted Net Assets	3,103,902	3,217,899
Permanently Restricted Net Assets	71,982	67,108
Total Net Assets	3,036,984	3,299,104

TOTAL LIABILITIES AND NET ASSETS	\$ 8,548,252	\$ 9,080,790
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See notes to financial statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	Unrestricted Net Assets	
	2016	2015
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	0	0
	<hr/>	<hr/>
Available to United Way of Central New York, Inc.	0	0
Net Assets Released from Restrictions	4,799,187	4,902,308
Excess in Anticipated Collection of Prior Years' Campaigns	114,420	77,137
Forever Fund Contributions, Net of Change in Charitable Gift Annuity	2,384	(235)
Service Fee Income	215,245	208,085
Success By 6 Program Income	0	0
Other Community Program Income	939,895	683,790
Investment Income	34,487	39,758
Realized Loss on Sale of Investments	(39,147)	(54,433)
Unrealized Gain (Loss) on Investments	(9,035)	(25,437)
Miscellaneous Revenue	11,707	9,875
	<hr/>	<hr/>
Total Public Support and Other Revenue	6,069,143	5,840,848
EXPENSES		
Functional Division Expenses:		
Community Impact	4,950,336	4,756,141
Success By 6	10,728	30,348
	<hr/>	<hr/>
Total Program Services	4,961,064	4,786,489
Resource Development	716,797	746,484
Organizational Administration	544,279	551,737
	<hr/>	<hr/>
Total Supporting Services	1,261,076	1,298,221
	<hr/>	<hr/>
Total Functional Division Expenses	6,222,140	6,084,710
Increase (Decrease) in Net Assets	(152,997)	(243,862)
Net Assets, Beginning of Year	14,097	257,959
	<hr/>	<hr/>
Net Assets, End of Year	\$ (138,900)	\$ 14,097
	<hr/>	<hr/>

UNITED WAY OF CENTRAL NEW YORK, INC.

Temporarily Restricted Net Assets		Permanently Restricted Net Assets		Total Net Assets	
2016	2015	2016	2015	2016	2015
\$ 6,882,566	\$ 7,155,190	\$ 0	\$ 0	\$ 6,882,566	\$ 7,155,190
47,929	76,026	0	0	47,929	76,026
(11,179)	(14,875)	0	0	(11,179)	(14,875)
(811,236)	(970,199)	0	0	(811,236)	(970,199)
(1,173,090)	(1,224,054)	0	0	(1,173,090)	(1,224,054)
(308,500)	(322,000)	0	0	(308,500)	(322,000)
37,656	11,179	0	0	37,656	11,179
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
4,664,146	4,711,267	0	0	4,664,146	4,711,267
(4,799,187)	(4,902,308)	0	0	0	0
0	0	0	0	114,420	77,137
0	86,829	0	0	2,384	86,594
0	0	0	0	215,245	208,085
27,105	4,970	0	0	27,105	4,970
5,000	42,090	0	0	944,895	725,880
43,845	52,061	0	0	78,332	91,819
(101,876)	(7,390)	0	0	(141,023)	(61,823)
46,970	64,437	4,874	(1,540)	42,809	37,460
0	0	0	0	11,707	9,875
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(113,997)	51,956	4,874	(1,540)	5,960,020	5,891,264
0	0	0	0	4,950,336	4,756,141
0	0	0	0	10,728	30,348
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	4,961,064	4,786,489
0	0	0	0	716,797	746,484
0	0	0	0	544,279	551,737
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	1,261,076	1,298,221
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	6,222,140	6,084,710
(113,997)	51,956	4,874	(1,540)	(262,120)	(193,446)
3,217,899	3,165,943	67,108	68,648	3,299,104	3,492,550
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,103,902	\$ 3,217,899	\$ 71,982	\$ 67,108	\$ 3,036,984	\$ 3,299,104

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016 with Comparative

Totals for Year Ended June 30, 2015

	Community Impact	Success By 6	Total Program Services
Salaries	\$ 443,646	\$ 6,240	\$ 449,886
Employee Benefits	64,776	0	64,776
Payroll Taxes	33,642	681	34,323
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	542,064	6,921	548,985
Audit and Legal Services (Including In-Kind of \$7,451 and \$7,540 in 2016 and 2015, Respectively)	165	0	165
Other Professional Services	9,293	0	9,293
Supplies	540	28	568
Printing and Artwork (Including In-Kind of \$34,000 and \$38,530 in 2016 and 2015, Respectively)	1,061	269	1,330
Telephone	2,889	0	2,889
Postage	1,649	22	1,671
Occupancy	39,231	0	39,231
Rental and Maintenance of Equipment (Including In-Kind of \$-0- and \$14,011 in 2016 and 2015, Respectively)	8,395	0	8,395
Transportation, Conferences and Meetings	3,231	431	3,662
Subscriptions, Dues and Publications	717	0	717
Recognition	166	0	166
Special Events (Including In-Kind of \$6,478 and \$15,945 in 2016 and 2015, Respectively)	5,656	3,057	8,713
Other Community Programs	975,070	0	975,070
	<hr/>	<hr/>	<hr/>
Expense Subtotal	1,590,127	10,728	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
	<hr/>	<hr/>	<hr/>
Total Payments to Affiliates	18,764	0	18,764
Depreciation and Amortization	1,635	0	1,635
	<hr/>	<hr/>	<hr/>
Total Operations Expense	1,610,526	10,728	1,621,254
Allocations/Awards	3,339,810	0	3,339,810
	<hr/>	<hr/>	<hr/>
Total Functional Division Expenses	\$ 4,950,336	\$ 10,728	\$ 4,961,064
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses	
			2016	2015
\$ 328,829	\$ 298,509	\$ 627,338	\$ 1,077,224	\$ 1,092,210
30,870	65,220	96,090	160,866	148,817
30,232	18,184	48,416	82,739	85,628
<u>389,931</u>	<u>381,913</u>	<u>771,844</u>	<u>1,320,829</u>	<u>1,326,655</u>
5,303	32,671	37,974	38,139	38,933
9,457	15,370	24,827	34,120	40,051
2,865	1,301	4,166	4,734	4,802
134,707	181	134,888	136,218	130,581
4,583	3,382	7,965	10,854	10,695
6,872	7,183	14,055	15,726	18,086
71,924	52,366	124,290	163,521	159,658
10,370	8,250	18,620	27,015	38,188
6,144	11,626	17,770	21,432	23,875
237	990	1,227	1,944	2,932
1,718	365	2,083	2,249	3,431
35,504	502	36,006	44,719	71,526
<u>0</u>	<u>0</u>	<u>0</u>	<u>975,070</u>	<u>743,407</u>
679,615	516,100	1,195,715	2,796,570	2,612,820
29,058	22,271	51,329	67,297	60,180
<u>5,126</u>	<u>3,728</u>	<u>8,854</u>	<u>11,650</u>	<u>15,792</u>
34,184	25,999	60,183	78,947	75,972
<u>2,998</u>	<u>2,180</u>	<u>5,178</u>	<u>6,813</u>	<u>8,542</u>
716,797	544,279	1,261,076	2,882,330	2,697,334
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,339,810</u>	<u>3,387,376</u>
<u>\$ 716,797</u>	<u>\$ 544,279</u>	<u>\$ 1,261,076</u>	<u>\$ 6,222,140</u>	<u>\$ 6,084,710</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Community Impact	Success By 6	Total Program Services
Salaries	\$ 411,498	\$ 14,805	\$ 426,303
Employee Benefits	62,225	108	62,333
Payroll Taxes	36,508	1,483	37,991
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	510,231	16,396	526,627
Audit and Legal Services (Including In-Kind of \$7,540)	804	0	804
Other Professional Services	15,480	0	15,480
Supplies	781	163	944
Printing and Artwork (Including In-Kind of \$38,530)	1,043	247	1,290
Telephone	3,724	0	3,724
Postage	1,998	65	2,063
Occupancy	49,413	0	49,413
Rental and Maintenance of Equipment (Including In-Kind of \$14,011)	7,888	90	7,978
Transportation, Conferences and Meetings	2,757	525	3,282
Subscriptions, Dues and Publications	1,273	70	1,343
Recognition	500	0	500
Special Events (Including In-Kind of \$15,945)	3,292	12,792	16,084
Other Community Programs	743,407	0	743,407
	<hr/>	<hr/>	<hr/>
Expense Subtotal	1,342,591	30,348	1,372,939
Payments to Affiliates:			
United Way Worldwide Dues	20,451	0	20,451
United Way of New York State Dues	3,075	0	3,075
	<hr/>	<hr/>	<hr/>
Total Payments to Affiliates	23,526	0	23,526
Depreciation and Amortization	2,648	0	2,648
	<hr/>	<hr/>	<hr/>
Total Operations Expense	1,368,765	30,348	1,399,113
Allocations/Awards	3,387,376	0	3,387,376
	<hr/>	<hr/>	<hr/>
Total Functional Division Expenses	<u>\$ 4,756,141</u>	<u>\$ 30,348</u>	<u>\$ 4,786,489</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses
\$ 360,770	\$ 305,137	\$ 665,907	\$ 1,092,210
30,758	55,726	86,484	148,817
28,579	19,058	47,637	85,628
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420,107	379,921	800,028	1,326,655
5,785	32,344	38,129	38,933
8,464	16,107	24,571	40,051
2,432	1,426	3,858	4,802
128,956	335	129,291	130,581
3,874	3,097	6,971	10,695
8,115	7,908	16,023	18,086
60,762	49,483	110,245	159,658
8,427	21,783	30,210	38,188
9,257	11,336	20,593	23,875
304	1,285	1,589	2,932
2,518	413	2,931	3,431
55,442	0	55,442	71,526
0	0	0	743,407
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714,443	525,438	1,239,881	2,612,820
19,278	20,451	39,729	60,180
9,517	3,200	12,717	15,792
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28,795	23,651	52,446	75,972
3,246	2,648	5,894	8,542
<hr/>	<hr/>	<hr/>	<hr/>
746,484	551,737	1,298,221	2,697,334
0	0	0	3,387,376
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<u>\$ 746,484</u>	<u>\$ 551,737</u>	<u>\$ 1,298,221</u>	<u>\$ 6,084,710</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (262,120)	\$ (193,446)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	6,813	8,542
Realized Loss on Sale of Investments	141,023	61,823
Unrealized Gain on Investments	(42,809)	(37,460)
Stock Contributions	(31,680)	(68,676)
Increase (Decrease) in Allowance for Uncollectibles	24,781	(4,533)
(Increase) Decrease in Operating Assets:		
Receivables	60,842	(225,919)
Prepaid Expenses and Other Assets	(11,955)	2,325
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(1,607)	18,620
Donor Designations Payable	(174,548)	(6,412)
Undesignated Allocations Payable	(47,646)	41,898
Deferred Revenue	(46,617)	35,784
	(385,523)	(367,454)
Net Cash Used In Operating Activities	(385,523)	(367,454)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,949)	(1,659)
Proceeds from Sale of Investments	2,547,215	1,968,152
Purchase of Investments	(2,322,914)	(1,690,782)
	222,352	275,711
Net Cash Provided By Investing Activities	222,352	275,711
Net Decrease in Cash	(163,171)	(91,743)
Cash, Beginning of Year	909,813	1,001,556
	\$ 746,642	\$ 909,813
Cash, End of Year	\$ 746,642	\$ 909,813

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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:

	2016	2015
Unrestricted Net Assets (Deficit)		
Board Designated:		
Forever Fund - Operating	\$ 138,214	\$ 148,540
Forever Fund	76,687	73,225
Property and Equipment	11,840	16,704
Undesignated Net Assets (Deficit)	<u>(365,641)</u>	<u>(224,372)</u>
Total Unrestricted Net Assets (Deficit)	<u>\$ (138,900)</u>	<u>\$ 14,097</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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:

	2016	2015
Temporarily Restricted Net Assets:		
Success By 6	\$ 56,545	\$ 40,168
Undesignated Future Campaign	37,656	11,179
Forever Fund	2,991,398	3,136,859
211 CNY Fund	13,303	23,793
Young Leaders United	5,000	0
Performance Management Capacity Building Fund	0	5,900
 Total Temporarily Restricted Net Assets	 \$ 3,103,902	 \$ 3,217,899

Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. Balances were \$71,982 and \$67,108 at June 30, 2016 and 2015, 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, 2016 and 2015

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 \$1,077 and \$435 decrease in value during the years ended June 30, 2016 and 2015, 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 \$3,677 and \$4,754 at June 30, 2016 and 2015, 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 \$38,632 and \$42,831 for the years ended June 30, 2016 and 2015, respectively, are netted against investment income.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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, 2016 and 2015, 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 programing 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, 2016 and 2015

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 equipment totaling \$-0- and \$10,517 were disposed of in 2016 and 2015, 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, 2016 and 2015 was \$6,813 and \$8,542, respectively.

The balance at June 30 consisted of the following:

	2016	2015
Leasehold Improvements	\$ 71,163	\$ 71,163
Furniture and Equipment	<u>337,476</u>	<u>335,527</u>
	408,639	406,690
Less: Accumulated Depreciation and Amortization	<u>396,799</u>	<u>389,986</u>
Net Property and Equipment	<u><u>\$ 11,840</u></u>	<u><u>\$ 16,704</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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, 2016 and 2015, the employer liability for earned time off amounted to \$32,700 and \$33,933, 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 2016 and 2015 were \$47,929 and \$76,026, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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.

For the years ended June 30, 2016 and 2015, the Corporation incurred approximately \$13,654 and \$16,664, respectively, of costs in support of the Success By 6 program.

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 \$78,947 and \$75,972 for 2016 and 2015, 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.

Subsequent Events

Management has evaluated subsequent events through August 24, 2016, which is the date the financial statements were available to be issued.

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 3 – INVESTMENTS

The Corporation's investments consist of corporate equity securities and obligations, government funds and obligations, 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. Government funds and 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.

A summary of the Corporation's investment portfolio at June 30 is as follows:

	2016	
	Market	Cost
Cash and Cash Equivalents	\$ 465,074	\$ 465,074
Mutual Funds - Equity Securities	163,857	124,075
Mutual Funds - Bonds	30,380	27,611
Equity Securities	2,937,947	2,544,988
Foreign Equity Securities	39,821	41,948
Government Funds and Obligations	503,706	487,994
Corporate Obligations	<u>300,234</u>	<u>309,719</u>
Total	<u>\$ 4,441,019</u>	<u>\$ 4,001,409</u>
	2015	
	Market	Cost
Cash and Cash Equivalents	\$ 586,356	\$ 586,356
Mutual Funds - Equity Securities	170,132	124,075
Mutual Funds - Bonds	29,769	27,611
Equity Securities	3,045,209	2,458,616
Foreign Equity Securities	134,378	114,928
Government Funds and Obligations	608,588	605,314
Corporate Obligations	<u>157,422</u>	<u>170,176</u>
Total	<u>\$ 4,731,854</u>	<u>\$ 4,087,076</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 3 – INVESTMENTS – Continued

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.

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

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

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

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

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

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 3 – INVESTMENTS – Continued

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

Assets	June 30, 2016			Fair Value Measurements
	Level 1	Level 2	Level 3	
Charitable Gift Annuity	\$ 0	\$ 0	\$ 3,677	\$ 3,677
Investments:				
Equity Securities				
Health Care	\$ 385,457	\$ 0	\$ 0	\$ 385,457
Consumer Staples	339,440	0	0	339,440
Information				
Technology	644,929	0	0	644,929
Consumer				
Discretionary	392,270	0	0	392,270
Industrials	346,644	0	0	346,644
Materials	106,185	0	0	106,185
Financials	354,870	0	0	354,870
Telecommunication				
Services	84,553	0	0	84,553
Utilities	67,804	0	0	67,804
Energy	172,444	0	0	172,444
Blended	5,143	0	0	5,143
Mutual Funds - Bonds	30,380	0	0	30,380
Mutual Funds - Equity	163,857	0	0	163,857
Mortgage Backed				
Securities	0	157,905	0	157,905
United States Treasury				
Notes	345,801	0	0	345,801
Preferred Stock	78,029	0	0	78,029
Corporate Obligations	0	300,234	0	300,234
Cash and Cash				
Equivalents	465,074	0	0	465,074
Total Investments	<u>\$ 3,982,880</u>	<u>\$ 458,139</u>	<u>\$ 0</u>	<u>\$ 4,441,019</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 3 – INVESTMENTS – Continued

Assets measured at fair value on a recurring basis as of June 30, 2015, are summarized below, by input level:

	June 30, 2015			Fair Value
Assets	Level 1	Level 2	Level 3	Measurements
Charitable Gift Annuity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,754</u>	<u>\$ 4,754</u>
Investments:				
Equity Securities				
Health Care	\$ 448,616	\$ 0	\$ 0	\$ 448,616
Consumer Staples	205,332	0	0	205,332
Information				
Technology	423,505	0	0	423,505
Consumer				
Discretionary	319,470	0	0	319,470
Industrials	336,459	0	0	336,459
Materials	191,358	0	0	191,358
Financials	663,825	0	0	663,825
Telecommunication				
Services	105,672	0	0	105,672
Utilities	76,636	0	0	76,636
Energy	302,277	0	0	302,277
Mutual Funds - Bonds	29,769	0	0	29,769
Mutual Funds - Equity	170,132	0	0	170,132
Mortgage Backed				
Securities	0	372,535	0	372,535
United States Treasury				
Notes	236,053	0	0	236,053
Preferred Stock	106,437	0	0	106,437
Corporate Obligations	0	157,422	0	157,422
Cash and Cash				
Equivalents	<u>586,356</u>	<u>0</u>	<u>0</u>	<u>586,356</u>
Total Investments	<u>\$ 4,201,897</u>	<u>\$ 529,957</u>	<u>\$ 0</u>	<u>\$ 4,731,854</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 3 – INVESTMENTS – Continued

The Charitable Gift Annuity was determined to be a Level 3 asset, as there are unobservable market conditions and minimal to no market activity for this investment. The \$1,077 decrease in value is calculated by the trustee based upon changes in investment market conditions.

NOTE 4 – 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. 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. At both June 30, 2016 and 2015, a nonprofit agency had an outstanding loan of \$12,000, which management has deemed collectible. In 2015, the \$98,375 remaining balance in the revolving loan fund was extended through February 28, 2025, at which time it is to be repaid 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.

NOTE 5 – 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:

	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	<u>170,438</u>	<u>134,253</u>	<u>36,185</u>
Total	<u>\$ 3,654,793</u>	<u>\$ 442,753</u>	<u>\$ 3,212,040</u>

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 5 – PLEDGES RECEIVABLE – Continued

Pledges receivable at June 30 were as follows:

	2015		
	Pledges Receivable	Estimated Provisions for Uncollectibles	Net
Fall 2015 Campaign	\$ 1,385	\$ 0	\$ 1,385
Fall 2014 Campaign	3,576,063	322,000	3,254,063
Fall 2013 Campaign	<u>149,089</u>	<u>95,972</u>	<u>53,117</u>
Total	<u>\$ 3,726,537</u>	<u>\$ 417,972</u>	<u>\$ 3,308,565</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, 2016 and 2015.

NOTE 6 – 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.

	2016	2015
Time Restrictions:		
Net Campaign Contributions Received in Prior Period	\$ 4,637,669	\$ 4,714,963
Forever Fund	134,400	144,600
Purpose Restrictions:		
Success By 6 Program Expenses	10,728	30,348
Performance Management Capacity Building Fund	5,900	11,190
211 CNY Fund	<u>10,490</u>	<u>1,207</u>
Total	<u>\$ 4,799,187</u>	<u>\$ 4,902,308</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 7 – 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, 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 8 – 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 2016 and 2015, 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, 2016 and 2015 was \$29,463 and \$29,101, respectively.

NOTE 9 – 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 \$143,971 and \$139,740 for the years ended June 30, 2016 and 2015, respectively.

Minimum future rental payments under non-cancellable operating leases as of June 30, 2016 are:

2017	\$ 147,625
2018	151,864
2019	<u>150,692</u>
Total	<u>\$ 450,181</u>