UNITED WAY OF CENTRAL NEW YORK, INC.

FINANCIAL STATEMENTS

June 30, 2018 and 2017

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UNITED WAY OF CENTRAL NEW YORK, INC.

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, 2018 and 2017, 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, 2018 and 2017, 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

October 24, 2018

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	2018	2017
Cash	$ 186,971	$ 542,513
Restricted Cash	720,766	765,782
Pledges Receivable, Less Allowance for Uncollectibles of $328,622 and $388,705 in 2018 and 2017, Respectively	2,452,604	2,782,156
Charitable Gift Annuity Receivable	4,802	5,283
Other Accounts Receivable	199,471	168,453
Due from Agency	0	12,000
Prepaid Expenses and Other Assets	26,973	14,860
Investments	4,645,241	4,465,072
Property and Equipment, Less Accumulated Depreciation and Amortization	20,345	7,224
TOTAL ASSETS	$ 8,257,173	$ 8,763,343

LIABILITIES AND NET ASSETS

	2018	2017
LIABILITIES		
Line-of-Credit	$ 0	$ 300,000
Accounts Payable and Accrued Expenses	95,969	85,447
Donor Designations Payable	1,311,442	1,606,363
Undesignated Allocations Payable	2,822,945	2,907,957
Deferred Revenue	431,259	481,458
Note Payable to New York State	86,375	98,375
Total Liabilities	4,747,990	5,479,600
NET ASSETS		
Unrestricted Net Assets	143,558	98,792
Temporarily Restricted Net Assets	3,297,951	3,114,327
Permanently Restricted Net Assets	67,674	70,624
Total Net Assets	3,509,183	3,283,743
TOTAL LIABILITIES AND NET ASSETS	$ 8,257,173	$ 8,763,343

See notes to financial statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	Unrestricted Net Assets 2018	Unrestricted Net Assets 2017
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
Available to United Way of Central New York, Inc.	0	0
Net Assets Released from Restrictions	4,450,664	4,673,629
Excess in Anticipated Collection of Prior Years' Campaigns	57,771	125,314
Forever Fund Contributions, Net of Change in Charitable Gift Annuity	(481)	3,498
Service Fee Income	309,938	261,795
Contributions Restricted by Program	0	0
Other Community Program Income	2,156,655	1,445,246
Investment Income	33,541	30,263
Realized Gain on Sale of Investments	31,089	16,505
Unrealized Gain (Loss) on Investments	43,847	132,649
Miscellaneous Revenue	14,154	11,688
Total Public Support and Other Revenue	7,097,178	6,700,587
EXPENSES		
Functional Division Expenses:		
Community Impact	3,325,244	3,538,911
Other Community Programs	2,303,863	1,567,842
Total Program Services	5,629,107	5,106,753
Resource Development	739,036	814,087
Organizational Administration	684,269	542,055
Total Supporting Services	1,423,305	1,356,142
Total Functional Division Expenses	7,052,412	6,462,895
Increase (Decrease) in Net Assets	44,766	237,692
Net Assets (Deficit), Beginning of Year	98,792	(138,900)
Net Assets, End of Year	$ 143,558	$ 98,792

Temporarily Restricted Net Assets 2018	Temporarily Restricted Net Assets 2017	Permanently Restricted Net Assets 2018	Permanently Restricted Net Assets 2017	Total Net Assets 2018	Total Net Assets 2017
$ 6,111,028	$ 6,726,140	$ 0	$ 0	$ 6,111,028	$ 6,726,140
92,155	48,653	0	0	92,155	48,653
(36,819)	(37,656)	0	0	(36,819)	(37,656)
(595,928)	(963,593)	0	0	(595,928)	(963,593)
(1,023,019)	(1,132,402)	0	0	(1,023,019)	(1,132,402)
(272,000)	(300,000)	0	0	(272,000)	(300,000)
54,242	36,819	0	0	54,242	36,819
4,329,659	4,377,961	0	0	4,329,659	4,377,961
(4,450,664)	(4,673,629)	0	0	0	0
0	0	0	0	57,771	125,314
10,157	0	0	0	9,676	3,498
0	0	0	0	309,938	261,795
0	2,857	0	0	0	2,857
27,000	14,000	0	0	2,183,655	1,459,246
39,253	34,707	0	0	72,794	64,970
13,965	2,988	0	0	45,054	19,493
214,254	251,541	(2,950)	(1,358)	255,151	382,832
0	0	0	0	14,154	11,688
183,624	10,425	(2,950)	(1,358)	7,277,852	6,709,654
0	0	0	0	3,325,244	3,538,911
0	0	0	0	2,303,863	1,567,842
0	0	0	0	5,629,107	5,106,753
0	0	0	0	739,036	814,087
0	0	0	0	684,269	542,055
0	0	0	0	1,423,305	1,356,142
0	0	0	0	7,052,412	6,462,895
183,624	10,425	(2,950)	(1,358)	225,440	246,759
3,114,327	3,103,902	70,624	71,982	3,283,743	3,036,984
$ 3,297,951	$ 3,114,327	$ 67,674	$ 70,624	$ 3,509,183	$ 3,283,743

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018 with Comparative
Totals for Year Ended June 30, 2017

	Community Impact	Other Community Programs	Total Program Services
Salaries	$ 343,515	$ 575,321	$ 918,836
Employee Benefits	47,998	47,266	95,264
Payroll Taxes	26,792	45,902	72,694
Total Salaries and Related Expenses	418,305	668,489	1,086,794
Audit and Legal Services (Including In-Kind of $16,825 and $4,339 in 2018 and 2017, Respectively)	0	0	0
Other Professional Services	2,025	173,050	175,075
Supplies	896	365,659	366,555
Printing and Artwork (Including In-Kind of $67,000 and $37,000 in 2018 and 2017, Respectively)	579	29,046	29,625
Telephone	2,110	5,042	7,152
Postage	1,401	13,519	14,920
Occupancy	40,230	15,947	56,177
Rental and Maintenance of Equipment	7,139	23,275	30,414
Transportation, Conferences and Meetings	3,683	17,622	21,305
Subscriptions, Dues and Publications	1,356	0	1,356
Recognition	826	0	826
Special Events (Including In-Kind of $8,330 and $7,314 in 2018 and 2017, Respectively)	5,539	321	5,860
Interest Expense	0	0	0
Other Community Program Support	0	991,893	991,893
Expense Subtotal	484,089	2,303,863	2,787,952
Payments to Affiliates:			
United Way Worldwide Dues	14,258	0	14,258
United Way of New York State Dues	3,059	0	3,059
Total Payments to Affiliates	17,317	0	17,317
Depreciation and Amortization	893	0	893
Total Operations Expense	502,299	2,303,863	2,806,162
Allocations/Awards	2,822,945	0	2,822,945
Total Functional Division Expenses	$ 3,325,244	$ 2,303,863	$ 5,629,107

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses 2018	Total Expenses 2017
$ 349,156	$ 362,122	$ 711,278	$ 1,630,114	$ 1,712,688
30,821	70,970	101,791	197,055	181,975
27,595	36,917	64,512	137,206	143,385
407,572	470,009	877,581	1,964,375	2,038,048
0	45,408	45,408	45,408	40,939
7,112	33,313	40,425	215,500	280,270
2,721	2,558	5,279	371,834	70,933
144,899	402	145,301	174,926	153,298
3,047	2,705	5,752	12,904	11,633
6,140	5,900	12,040	26,960	42,682
71,570	62,851	134,421	190,598	181,974
6,484	7,876	14,360	44,774	21,597
8,497	14,415	22,912	44,217	46,860
1,208	995	2,203	3,559	4,736
1,589	2,119	3,708	4,534	3,070
45,734	464	46,198	52,058	77,077
0	6,750	6,750	6,750	2,319
0	0	0	991,893	493,091
706,573	655,765	1,362,338	4,150,290	3,468,527
25,417	22,317	47,734	61,992	68,495
5,453	4,788	10,241	13,300	13,300
30,870	27,105	57,975	75,292	81,795
1,593	1,399	2,992	3,885	4,616
739,036	684,269	1,423,305	4,229,467	3,554,938
0	0	0	2,822,945	2,907,957
$ 739,036	$ 684,269	$ 1,423,305	$ 7,052,412	$ 6,462,895

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	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	35,507	53,128	88,635
Total Salaries and Related Expenses	544,827	673,728	1,218,555
Audit and Legal Services (Including In-Kind of $4,339)	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)	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)	4,220	3,491	7,711
Interest Expense	0	0	0
Other Community Support	0	493,091	493,091
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	3,060	0	3,060
Total Payments to Affiliates	18,814	0	18,814
Depreciation and Amortization	1,061	0	1,061
Total Operations Expense	630,954	1,567,842	2,198,796
Allocations/Awards	2,907,957	0	2,907,957
Total Functional Division Expenses	$ 3,538,911	$ 1,567,842	$ 5,106,753

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses
$ 380,092	$ 276,479	$ 656,571	$ 1,712,688
35,525	72,647	108,172	181,975
36,310	18,440	54,750	143,385
451,927	367,566	819,493	2,038,048
10,600	30,339	40,939	40,939
9,055	17,557	26,612	280,270
1,811	1,429	3,240	70,933
137,417	297	137,714	153,298
3,758	3,336	7,094	11,633
6,407	6,560	12,967	42,682
70,998	62,303	133,301	181,974
7,960	6,712	14,672	21,597
6,917	10,916	17,833	46,860
871	1,089	1,960	4,736
1,797	299	2,096	3,070
69,141	225	69,366	77,077
0	2,319	2,319	2,319
0	0	0	493,091
778,659	510,947	1,289,606	3,468,527
28,083	24,658	52,741	68,495
5,452	4,788	10,240	13,300
33,535	29,446	62,981	81,795
1,893	1,662	3,555	4,616
814,087	542,055	1,356,142	3,554,938
0	0	0	2,907,957
$ 814,087	$ 542,055	$ 1,356,142	$ 6,462,895

See notes to financial statements.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 225,440	$ 246,759
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	3,885	4,616
Realized Gain on Sale of Investments	(45,054)	(19,493)
Unrealized Gain on Investments	(255,151)	(382,832)
Stock Contributions	(74,577)	(43,714)
Decrease in Allowance for Uncollectibles	(60,083)	(54,048)
(Increase) Decrease in Operating Assets:		
Receivables	359,098	403,668
Prepaid Expenses and Other Assets	(12,113)	16,379
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	10,522	(17,244)
Donor Designations Payable	(294,921)	(10,495)
Undesignated Allocations Payable	(85,012)	(431,773)
Deferred Revenue	(50,199)	127,844
Net Cash Used In Operating Activities	(278,165)	(160,333)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(17,006)	0
Proceeds from Sale of Investments	1,670,325	1,376,102
Purchase of Investments	(1,475,712)	(1,194,192)
Net Cash Provided By Investing Activities	177,607	181,910
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line-of-Credit	(416,451)	(100,000)
Proceeds from Line-of-Credit	116,451	400,000
Net Cash Provided By (Used In) Financing Activities	(300,000)	300,000
Net Change in Cash	(400,558)	321,577
Cash, Beginning of Year	1,308,295	986,718
Cash, End of Year	$ 907,737	$ 1,308,295

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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:

	2018	2017
Unrestricted Net Assets		
Board Designated:		
Forever Fund - Operating	$ 135,886	$ 144,626
Forever Fund	78,579	78,579
Property and Equipment	20,345	7,224
Undesignated Net Assets (Deficit)	(91,252)	(131,637)
Total Unrestricted Net Assets	$ 143,558	$ 98,792

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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:

	2018	2017
Temporarily Restricted Net Assets:		
Undesignated Future Campaign	$ 54,242	$ 36,819
Forever Fund	3,199,869	3,053,496
211 CNY Fund	39,944	20,116
Young Leaders United	3,896	3,896
Total Temporarily Restricted Net Assets	$ 3,297,951	$ 3,114,327

Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. Balances were $67,674 and $70,624 at June 30, 2018 and 2017, 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, 2018 and 2017

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.

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.

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 $481 decrease and $1,606 increase in value during the years ended June 30, 2018 and 2017, 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 $4,802 and $5,283 at June 30, 2018 and 2017, 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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 $36,862 and $35,957 for the years ended June 30, 2018 and 2017, respectively, are netted against investment income.

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, 2018 and 2017, 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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 $-0- and $105,154 were disposed of in 2018 and 2017, 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, 2018 and 2017 was $3,885 and $4,616, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment – Continued

The balance at June 30 consisted of the following:

	2018	2017
Leasehold Improvements	$ 71,163	$ 71,163
Furniture and Equipment	249,328	232,322
	320,491	303,485
Less: Accumulated Depreciation and Amortization	300,146	296,261
Net Property and Equipment	$ 20,345	$ 7,224

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, 2018 and 2017, the employer liability for earned time off amounted to $28,107 and $35,027, 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.

In-Kind Goods and Services

In-kind goods and professional services recorded as revenue and expenses for 2018 and 2017 were $92,155 and $48,653, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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 $75,292 and $81,795 for 2018 and 2017, 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.

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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 – INVESTMENTS – Continued

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:

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).

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 – INVESTMENTS – Continued

Assets measured at fair value on a recurring basis and cost as of June 30, 2018 and 2017, are summarized below, by input level:

June 30, 2018

Assets	Level 1	Level 2	Fair Value Measurements	Cost
Investments:				
Cash and Cash Equivalents	$ 270,205	$ 0	$ 270,205	$ 270,205
Corporate Obligations	0	321,110	321,110	360,456
United States Treasury Notes	304,588	0	304,588	311,688
Mortgage Backed Securities	0	222,370	222,370	245,983
Mutual Funds - Bonds	29,463	0	29,463	27,611
Mutual Funds - Equity	187,877	0	187,877	173,630
Preferred Stocks	47,593	0	47,593	47,706
Equity Securities	3,262,035	0	3,262,035	2,493,804
Total Investments	$ 4,101,761	$ 543,480	$ 4,645,241	$ 3,931,083

June 30, 2017

Assets	Level 1	Level 2	Fair Value Measurements	Cost
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	3,184,658	0	3,184,658	2,483,111
Total Investments	$ 3,974,461	$ 490,611	$ 4,465,072	$ 3,744,652

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 – INVESTMENTS – Continued

The Charitable Gift Annuity, with a value of $4,802 and $5,283 at June 30, 2018 and 2017, 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 $481 decrease and $1,606 increase in value at June 30, 2018 and 2017, respectively, was calculated by the trustee based on changes in investment market conditions.

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. On March 1, 2018, the line-of-credit was renewed and increased to $1,500,000. The outstanding balance was $-0- and $300,000 at June 30, 2018 and 2017, respectively.

The bank's prime lending rate was 5.00% and 4.25% at June 30, 2018 and 2017, respectively.

Interest paid on the line-of-credit in 2018 and 2017 was $6,750 and $2,319, respectively.

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 will be 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. In 2018 a loan totaling $12,000 was deemed uncollectible and the applicable asset and liability were reduced accordingly.

Uncollectible loans totaling $38,625 and $26,625 through June 30, 2018 and 2017, respectively, have resulted in remaining loan balances of $86,375 and $98,375 at June 30, 2018 and 2017, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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:

2018

	Pledges Receivable	Estimated Provisions for Uncollectibles	Net
Fall 2018 Campaign	$ 33,791	$ 0	$ 33,791
Fall 2017 Campaign	2,636,755	272,000	2,364,755
Fall 2016 Campaign	110,680	56,622	54,058
Total	$ 2,781,226	$ 328,622	$ 2,452,604

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
Total	$ 3,170,861	$ 388,705	$ 2,782,156

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, 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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.

	2018	2017
Time Restrictions:		
Net Campaign Contributions Received in Prior Period	$ 4,312,236	$ 4,378,798
Forever Fund	131,256	139,356
Past Borrowing/Forever Fund Reconciliation	0	87,782
Purpose Restrictions:		
Success By 6 Program Expenses	0	59,402
211 CNY Fund	7,172	7,187
Young Leaders United Future Grant	0	1,104
Total	$ 4,450,664	$ 4,673,629

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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 8 – ENDOWMENT – Continued

Interpretation of Relevant Law – Continued

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, 2018 and 2017.

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 2018 and 2017, 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, 2018 and 2017 was $31,364 and $39,457, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 10 – COMMITMENTS

In July 2012, the Corporation entered into a 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 $156,524 and $147,401 for the years ended June 30, 2018 and 2017, respectively. See Note 11 for additional commitment.

Minimum future rental payments under non-cancellable operating leases as of June 30, 2018 are:

2019	$ 158,026
2020	6,024
2021	6,024
2022	6,024
2023	6,024
Total	$ 182,122

NOTE 11 – SUBSEQUENT EVENTS

In August 2018, the Corporation entered into a ten and one-half year lease for office and storage space at a new location. The lease is anticipated to commence on January 1, 2019. The first six months of the lease will not require any rent payments. Monthly payments of $10,004 will begin in the seventh month of the lease and continue through June 2029.

Minimum future rental payments under this lease as of June 30, 2018 are:

2019	$ 0
2020	120,048
2021	120,048
2022	120,048
2023	120,048
Thereafter	720,288
Total	$ 1,200,480

Management has evaluated subsequent events through October 24, 2018, which is the date the financial statements were available to be issued.