



**United Way
of Central New York**

FINANCIAL STATEMENTS
June 30, 2019 and 2018

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THE UNITED WAY OF CENTRAL NEW YORK, INC.

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **THE UNITED WAY OF CENTRAL NEW YORK, INC.**, which comprise the statements of financial position as of June 30, 2019 and 2018, 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 The United Way of Central New York, Inc. as of June 30, 2019 and 2018, 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

September 27, 2019

THE UNITED WAY OF CENTRAL NEW YORK, INC.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	ASSETS	
	2019	Restated 2018
Cash	\$ 45,849	\$ 186,971
Restricted Cash	775,389	720,766
Pledges Receivable, Less Allowance for Uncollectibles of \$282,949 and \$328,622 in 2019 and 2018, Respectively	2,593,852	2,452,604
Charitable Gift Annuity Receivable	6,520	4,802
Other Accounts Receivable	340,484	246,464
Prepaid Expenses and Other Assets	75,450	26,973
Investments	4,873,505	4,645,241
Beneficial Interest in Trust	140,233	148,795
Property and Equipment, Less Accumulated Depreciation and Amortization	<u>161,614</u>	<u>20,345</u>
TOTAL ASSETS	<u>\$ 9,012,896</u>	<u>\$ 8,452,961</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Line-of-Credit	\$ 27,701	\$ 0
Accounts Payable and Accrued Expenses	511,154	95,969
Funds Held for Others	194,703	125,125
Donor Designations Payable	1,058,990	1,283,364
Undesignated Allocations Payable	2,825,022	2,822,945
Deferred Revenue	658,389	381,205
Note Payable to New York State	<u>86,375</u>	<u>86,375</u>
Total Liabilities	5,362,334	4,794,983
 NET ASSETS (DEFICIT)		
Without Donor Restrictions	(25,806)	143,558
With Donor Restrictions	<u>3,676,368</u>	<u>3,514,420</u>
Total Net Assets	<u>3,650,562</u>	<u>3,657,978</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,012,896</u>	<u>\$ 8,452,961</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	Net Assets	
	Without Donor Restrictions	
	2019	2018
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 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.	<u>0</u>	<u>0</u>
Net Assets Released from Restrictions	4,449,719	4,450,664
Excess in Anticipated Collection of Prior Years' Campaigns	113,649	57,771
Forever Fund Contributions, Net of Change in Charitable Gift Annuity	5,168	(481)
Service Fee Income	178,384	309,938
Contributions Restricted by Program	0	0
Other Community Program Income	2,140,684	2,156,655
Investment Income	35,141	33,541
Miscellaneous Revenue	11,292	14,154
Total Public Support and Other Revenue	<u>6,934,037</u>	<u>7,022,242</u>
EXPENSES		
Functional Division Expenses:		
Community Impact	3,290,240	3,325,244
Other Community Programs	2,323,516	2,303,863
Total Program Services	<u>5,613,756</u>	<u>5,629,107</u>
Resource Development	766,729	739,036
Organizational Administration	749,628	684,269
Total Supporting Services	<u>1,516,357</u>	<u>1,423,305</u>
Total Functional Division Expenses	<u>7,130,113</u>	<u>7,052,412</u>
Change in Operating Net Assets	(196,076)	(30,170)
NON-OPERATING ACTIVITY		
Change in Beneficial Interest in Trust	0	0
Realized Gain on Sale of Investments	18,603	31,089
Unrealized Gain on Investments	8,109	43,847
Total Non-Operating Activity	<u>26,712</u>	<u>74,936</u>
Increase (Decrease) in Total Net Assets	(169,364)	44,766
Net Assets, Beginning of Year, Restated	<u>143,558</u>	<u>98,792</u>
Net Assets (Deficit), End of Year	<u>\$ (25,806)</u>	<u>\$ 143,558</u>

THE UNITED WAY OF CENTRAL NEW YORK, INC.

Net Assets With Donor Restrictions		Total Net Assets	
2019	Restated 2018	2019	Restated 2018
\$ 5,651,491	\$ 6,111,028	\$ 5,651,491	\$ 6,111,028
115,211	92,155	115,211	92,155
(54,242)	(36,819)	(54,242)	(36,819)
(496,917)	(595,928)	(496,917)	(595,928)
(949,377)	(1,023,019)	(949,377)	(1,023,019)
(254,200)	(272,000)	(254,200)	(272,000)
3,492	54,242	3,492	54,242
<u>4,015,458</u>	<u>4,329,659</u>	<u>4,015,458</u>	<u>4,329,659</u>
(4,449,719)	(4,450,664)	0	0
0	0	113,649	57,771
1,400	10,157	6,568	9,676
0	0	178,384	309,938
237,500	27,000	237,500	27,000
0	0	2,140,684	2,156,655
43,151	39,253	78,292	72,794
0	0	11,292	14,154
<u>(152,210)</u>	<u>(44,595)</u>	<u>6,781,827</u>	<u>6,977,647</u>
0	0	3,290,240	3,325,244
<u>0</u>	<u>0</u>	<u>2,323,516</u>	<u>2,303,863</u>
0	0	5,613,756	5,629,107
0	0	766,729	739,036
<u>0</u>	<u>0</u>	<u>749,628</u>	<u>684,269</u>
0	0	1,516,357	1,423,305
<u>0</u>	<u>0</u>	<u>7,130,113</u>	<u>7,052,412</u>
(152,210)	(44,595)	(348,286)	(74,765)
(8,562)	328	(8,562)	328
40,100	13,965	58,703	45,054
282,620	211,304	290,729	255,151
<u>314,158</u>	<u>225,597</u>	<u>340,870</u>	<u>300,533</u>
161,948	181,002	(7,416)	225,768
<u>3,514,420</u>	<u>3,333,418</u>	<u>3,657,978</u>	<u>3,432,210</u>
<u>\$ 3,676,368</u>	<u>\$ 3,514,420</u>	<u>\$ 3,650,562</u>	<u>\$ 3,657,978</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSESYear Ended June 30, 2019 with Comparative
Totals for Year Ended June 30, 2018

	Community Impact	Other Community Programs	Total Program Services
Salaries	\$ 277,939	\$ 560,616	\$ 838,555
Employee Benefits	42,781	67,303	110,084
Payroll Taxes	21,296	42,813	64,109
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	342,016	670,732	1,012,748
Audit and Legal Services (Including In-Kind of \$36,902 and \$16,825 in 2019 and 2018, Respectively)	0	0	0
Other Professional Services	17,555	373,618	391,173
Supplies and Other Expenses	1,691	169,548	171,239
Printing and Artwork (Including In-Kind of \$67,000 in Both 2019 and 2018)	2,144	55,913	58,057
Telephone	2,367	4,630	6,997
Postage	1,591	12,685	14,276
Occupancy	54,632	21,449	76,081
Rental and Maintenance of Equipment	30,075	24,103	54,178
Transportation, Conferences and Meetings	4,927	36,253	41,180
Subscriptions, Dues and Publications	1,315	73,200	74,515
Recognition	367	222	589
Special Events (Including In-Kind of \$11,309 and \$8,330 in 2019 and 2018, Respectively)	5,177	11,662	16,839
Interest Expense	0	0	0
Other Community Program Support	0	869,501	869,501
	<hr/>	<hr/>	<hr/>
Expense Subtotal	463,857	2,323,516	2,787,373
Payments to Affiliates:			
United Way Worldwide Dues	17,076	0	17,076
United Way of New York State Dues	3,775	0	3,775
	<hr/>	<hr/>	<hr/>
Total Payments to Affiliates	20,851	0	20,851
Depreciation and Amortization	1,957	0	1,957
	<hr/>	<hr/>	<hr/>
Total Operations Expense	486,665	2,323,516	2,810,181
Allocations/Awards	2,803,575	0	2,803,575
	<hr/>	<hr/>	<hr/>
Total Functional Division Expenses	\$ 3,290,240	\$ 2,323,516	\$ 5,613,756
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THE UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses	
			2019	2018
\$ 307,378	\$ 358,289	\$ 665,667	\$ 1,504,222	\$ 1,630,114
43,317	67,772	111,089	221,173	197,055
24,358	30,554	54,912	119,021	137,206
<u>375,053</u>	<u>456,615</u>	<u>831,668</u>	<u>1,844,416</u>	<u>1,964,375</u>
0	62,254	62,254	62,254	45,408
38,789	53,493	92,282	483,455	215,500
3,248	20,485	23,733	194,972	242,636
128,305	3,282	131,587	189,644	174,926
3,078	2,393	5,471	12,468	12,904
6,775	5,591	12,366	26,642	26,960
78,213	65,631	143,844	219,925	190,598
36,530	32,966	69,496	123,674	59,274
11,605	11,945	23,550	64,730	44,217
1,854	2,536	4,390	78,905	118,257
530	805	1,335	1,924	4,534
50,683	65	50,748	67,587	52,058
0	4,391	4,391	4,391	6,750
0	0	0	869,501	991,893
<u>734,663</u>	<u>722,452</u>	<u>1,457,115</u>	<u>4,244,488</u>	<u>4,150,290</u>
23,784	20,125	43,909	60,985	61,992
5,556	4,744	10,300	14,075	13,300
<u>29,340</u>	<u>24,869</u>	<u>54,209</u>	<u>75,060</u>	<u>75,292</u>
2,726	2,307	5,033	6,990	3,885
<u>766,729</u>	<u>749,628</u>	<u>1,516,357</u>	<u>4,326,538</u>	<u>4,229,467</u>
0	0	0	2,803,575	2,822,945
<u>\$ 766,729</u>	<u>\$ 749,628</u>	<u>\$ 1,516,357</u>	<u>\$ 7,130,113</u>	<u>\$ 7,052,412</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	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
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	418,305	668,489	1,086,794
Audit and Legal Services (Including In-Kind of \$16,825)	0	0	0
Other Professional Services	2,025	173,050	175,075
Supplies and Other Expenses	896	236,461	237,357
Printing and Artwork (Including In-Kind of \$67,000)	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	37,775	44,914
Transportation, Conferences and Meetings	3,683	17,622	21,305
Subscriptions, Dues and Publications	1,356	114,698	116,054
Recognition	826	0	826
Special Events (Including In-Kind of \$8,330)	5,539	321	5,860
Interest Expense	0	0	0
Other Community Program Support	0	991,893	991,893
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total Payments to Affiliates	17,317	0	17,317
Depreciation and Amortization	893	0	893
	<hr/>	<hr/>	<hr/>
Total Operations Expense	502,299	2,303,863	2,806,162
Allocations/Awards	2,822,945	0	2,822,945
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Total Functional Division Expenses	\$ 3,325,244	\$ 2,303,863	\$ 5,629,107
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THE UNITED WAY OF CENTRAL NEW YORK, INC.

Resource Development	Organizational Administration	Total Supporting Services	Total Expenses
\$ 349,156	\$ 362,122	\$ 711,278	\$ 1,630,114
30,821	70,970	101,791	197,055
27,595	36,917	64,512	137,206
<u>407,572</u>	<u>470,009</u>	<u>877,581</u>	<u>1,964,375</u>
0	45,408	45,408	45,408
7,112	33,313	40,425	215,500
2,721	2,558	5,279	242,636
144,899	402	145,301	174,926
3,047	2,705	5,752	12,904
6,140	5,900	12,040	26,960
71,570	62,851	134,421	190,598
6,484	7,876	14,360	59,274
8,497	14,415	22,912	44,217
1,208	995	2,203	118,257
1,589	2,119	3,708	4,534
45,734	464	46,198	52,058
0	6,750	6,750	6,750
0	0	0	991,893
<u>706,573</u>	<u>655,765</u>	<u>1,362,338</u>	<u>4,150,290</u>
25,417	22,317	47,734	61,992
5,453	4,788	10,241	13,300
<u>30,870</u>	<u>27,105</u>	<u>57,975</u>	<u>75,292</u>
1,593	1,399	2,992	3,885
<u>739,036</u>	<u>684,269</u>	<u>1,423,305</u>	<u>4,229,467</u>
0	0	0	2,822,945
<u>\$ 739,036</u>	<u>\$ 684,269</u>	<u>\$ 1,423,305</u>	<u>\$ 7,052,412</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	2019	Restated 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ (7,416)	\$ 225,768
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used In Operating Activities:		
Depreciation and Amortization	6,990	3,885
Change in Beneficial Interest in Trust	8,562	(328)
Realized Gain on Sale of Investments	(58,703)	(45,054)
Unrealized Gain on Investments	(282,167)	(255,479)
Loss on Disposal of Property and Equipment	138	0
Stock Contributions	(35,361)	(74,577)
Decrease in Allowance for Uncollectibles	(45,673)	(60,083)
(Increase) Decrease in Operating Assets:		
Receivables	(191,313)	359,098
Prepaid Expenses and Other Assets	(48,477)	(12,113)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	396,174	10,522
Funds Held for Others	69,578	40,642
Donor Designations Payable	(224,374)	(322,999)
Undesignated Allocations Payable	2,077	(85,012)
Deferred Revenue	277,184	(62,763)
	(132,781)	(278,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,573,744)	(1,475,383)
Proceeds from Sale of Investments	1,721,711	1,670,325
Purchase of Property and Equipment	(129,386)	(17,006)
	18,581	177,936
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Activity on Line-of-Credit	27,701	(300,000)
	27,701	(300,000)
Net Change in Cash	(86,499)	(400,557)
Cash, Beginning of Year	907,737	1,308,294
	\$ 821,238	\$ 907,737
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Property and Equipment through Accounts Payable	\$ 19,011	\$ 0

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS

The United Way of Central New York, Inc. (the Corporation) provides vital support to local human service programs, serves as fiscal agent for strategic community collaborations, and convenes community members to provide education and information about vital issues affecting people in Central New York. The Corporation conducts year-round fundraising efforts to support the programs, services, and agencies; working with companies and organizations to invite employees to donate directly and/or through payroll deductions. Community members volunteer in many capacities, including selection of the programs that receive funding.

Community Impact

By investing together, people in Onondaga County maximize their “buying power”. The Corporation’s local board of directors ensures that our community’s funds are utilized wisely and effectively. The Corporation monitors human needs in this community and provides funding for ongoing operating costs of local human service programs. The Corporation is one of the only funders, other than government, that provides consistent funding for ongoing operating costs.

Non-profit human service organizations that want to apply for funding first go through a fiscal and management review. If approved, the organization can then apply for program funding for services that address the areas of basic needs, education, or health.

After receiving the award, the Corporation monitors the organization and their funded programs to ensure that the funds are being spent as outlined and targeted outcomes achieved are consistent with the funding awards.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – NATURE OF OPERATIONS – Continued

Other Community Programs

At the same time, the Corporation looks at our community's most pressing issues and works with diverse stakeholders to develop strategies and implement initiatives that offer solutions. The Corporation currently partners in strategic community initiatives by serving as the coordinating entity for:

- **Greater Syracuse H.O.P.E. (Healing, Opportunity, Prosperity, Empowerment)** – This collaborative effort includes diverse stakeholders seeking new ways to address poverty.
- **Early Childhood Alliance** – This community-based collaboration is working to develop and implement strategies that will help every child under five in Onondaga County establish basic skills and knowledge so that they will be ready to succeed in both school and life.
- **Literacy Coalition of Onondaga County** – This initiative promotes literacy to Onondaga County residents of all ages.
- **Housing and Homeless Coalition** – This Continuum of Care for Onondaga, Oswego, and Cayuga counties is working to reduce and prevent homelessness in these areas.
- **2-1-1** – This program covers a five-county region and offers a 24-hour hotline and website that connects people with the services they need.
- **CASH Coalition** – This program offers free tax preparation assistance so working people can access their EITC and Child Care tax credits.
- **Gifts in Kind** – This programs collects new and gently used items and then distributes them to local non-profit organizations.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles, which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors. The board of directors has established several designated funds as a components of net assets without donor restrictions. See Note 11.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. See Note 11.

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 with donor restriction support if they are received with donor stipulations that limit the use of the donated assets.

Contributions are considered available for general use unless specifically restricted by the donor and are recorded when received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposit accounts, money market accounts and all highly liquid investments purchased with maturities of three months or less. 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 and cash equivalents. There were no cash equivalents at June 30, 2019 and 2018.

Restricted Cash

Restricted cash is comprised of funds held for others or deposited with the Corporation that are restricted by donors and funders for future programing needs.

Pledges Receivable

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

Pledges receivable due beyond one year were not discounted as management has determined the discount to be immaterial.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 \$1,718 increase and \$481 decrease in value during the years ended June 30, 2019 and 2018, 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 \$6,520 and \$4,802 as of June 30, 2019 and 2018, 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.

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.

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, which are netted against investment income, amounted to \$39,999 and \$36,862 for the years ended June 30, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

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. Furniture and equipment totaling \$132,172 and \$-0- were disposed of resulting in a loss on disposal of \$138 and \$-0- during the years ended June 30, 2019 and 2018, 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 was \$6,990 and \$3,885 for the years ended June 30, 2019 and 2018, respectively.

Impairment of Long-Lived Assets

The Corporation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recovered. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. The Corporation has determined that no impairment existed at June 30, 2019 and 2018.

Compensated Absences

Employees of the Corporation are entitled to paid time off, the amount of which depends on length of service and other factors. The employer liability for earned time off amounted to \$40,320 and \$28,107, which is included in accounts payable and accrued expenses as of June 30, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Funds Held for Others

The Corporation has been designated as a fiscal conduit for programs within the community. These 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. Funds held for others was \$194,703 and \$125,125 as of June 30, 2019 and 2018, respectively.

Donor Designations Payable

The Corporation holds funds for various agencies and organizations. This includes 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. Donor designations payable was \$1,058,990 and \$1,283,364 as of June 30, 2019 and 2018, respectively.

Deferred Revenue

Deferred revenue represents funding advances received for which the related expenditure will be incurred in a future year.

Donations In-Kind

The Corporation received donated professional services, advertising, and other related items in the amount of \$115,211 and \$92,155, which is included in the applicable expense accounts for the years ended June 30, 2019 and 2018, respectively. These donations in-kind have been recorded in the statements as both revenue and expense. No amounts have been reflected in the statements for donated volunteer 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Payments to Affiliates

Payments to affiliates represent dues paid to the United Way Worldwide and United Way of New York State. These dues payments have been allocated in the statement of functional expenses based on the number of employees in each division and amounted to \$75,060 and \$75,292 for the years ended June 30, 2019 and 2018, respectively.

Income Taxes

The Corporation is recognized as a public charity exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and similar provisions of New York State law, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar provision of New York State law, is subject to income tax. Management believes that substantially all of the Corporation's income was related to the Corporation's exempt purpose for the years ended June 30, 2019 and 2018.

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 2018 amounts have been reclassified to conform to 2019 presentation. These reclassifications caused both the total assets and total liabilities to increase by \$46,993. These reclassifications had no impact on net assets or change in net assets.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively.

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3 – RESTATEMENT OF FINANCIAL STATEMENTS

The Corporation was named as a one-third beneficiary of a trust in the 1950s. This beneficial interest in trust was not recorded in the Corporation's financial statements at the time because the Corporation has no ownership of, or control over, the assets. The current interpretation of the accounting standards regarding the beneficial interest in a trust has resulted in a restatement of net assets with donor restrictions of \$148,467 as of June 30, 2017. See Notes 6 and 11 for additional information regarding the beneficial interest in trust.

The effects of the restatement on the change in net assets with donor restrictions and financial position as of and for the year ended June 30, 2018 are as follows:

	As Previously Reported	Change	Restated Balance
Beneficial Interest in Trust	<u>\$ 0</u>	<u>\$ 148,795</u>	<u>\$ 148,795</u>
Net Assets With Donor Restrictions, as of June 30, 2017	<u>\$ 3,184,951</u>	<u>\$ 148,467</u>	<u>\$ 3,333,418</u>
Change in Beneficial Interest in Trust	<u>\$ 0</u>	<u>\$ 328</u>	<u>\$ 328</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation’s primary revenue sources are contributions, service fee income, and other community program income.

The following table reflects the financial assets as of June 30, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

Financial Assets:

Cash	\$ 45,849
Pledges Receivable	2,593,852
Other Accounts Receivable	340,484
Investments	<u>4,873,505</u>
 Total Financial Assets	 7,853,690

Financial Assets Not Available Within One Year:

Pledges Receivable - Long Term	(30,167)
Board Designated Net Assets	(411,383)
Net Assets With Donor Restrictions	<u>(3,676,368)</u>
 Financial Assets Not Available Within One Year	 <u>(4,117,918)</u>

**Financial Assets Available to Meet Cash Needs
for General Expenditures Within One Year**

\$ 3,735,772

Board designated net assets are not generally available for operations. If the board chooses, these designated net assets can be undesignated and become available for general operations. Net assets with donor restrictions can only be used in accordance with donor restrictions and are generally not available for operations.

In addition to the financial assets above, the Corporation can utilize its \$1,500,000 line-of-credit to fund any short term funding needs. See Note 9.

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable at June 30 were as follows:

	2019		
	Pledges Receivable	Estimated Provisions for Uncollectibles	Net
Welcome Us Home Campaign	\$ 77,000	\$ 0	\$ 77,000
Fall 2018 Campaign	2,761,076	254,200	2,506,876
Fall 2017 Campaign	<u>38,725</u>	<u>28,749</u>	<u>9,976</u>
Total	<u>\$ 2,876,801</u>	<u>\$ 282,949</u>	<u>\$ 2,593,852</u>

	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	<u>110,680</u>	<u>56,622</u>	<u>54,058</u>
Total	<u>\$ 2,781,226</u>	<u>\$ 328,622</u>	<u>\$ 2,452,604</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, 2019 and 2018.

In addition, the pledges receivable are due as follows:

	2019	2018
Due Within One Year	\$ 2,846,634	\$ 2,781,226
Due Within Two to Five Years	<u>30,167</u>	<u>0</u>
Total	<u>\$ 2,876,801</u>	<u>\$ 2,781,226</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – INVESTMENTS

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

- 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, 2019 and 2018

NOTE 6 – INVESTMENTS – Continued

Beneficial Interest in Trust

Beneficial interest in trust was determined to be a Level 3 asset, as the Corporation does not have any control over the trust, the investments within the trust, or the timing and amount of distributions from the trust. The trust’s fair value below was calculated using the Corporation’s one-third interest in the assets held in the trust. The change in value of the beneficial interest of the trust as recorded in the statement of activities is calculated using the Corporation’s interest in the change in the value of all the assets within the trust after distributions to the beneficiaries.

Assets measured at fair value on a recurring basis and cost as of June 30, 2019, are summarized below, by input level:

June 30, 2019

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Cash Equivalents	\$ 332,846	\$ 0	\$ 0	\$ 332,846
Corporate Obligations	0	363,641	0	363,641
United States Treasury Notes	427,595	0	0	427,595
Mortgage Backed Securities	0	268,897	0	268,897
Mutual Funds - Equity	197,216	0	0	197,216
Preferred Stocks	46,198	0	0	46,198
Equity Securities	<u>3,237,112</u>	<u>0</u>	<u>0</u>	<u>3,237,112</u>
 Total Investments	 <u>\$ 4,240,967</u>	 <u>\$ 632,538</u>	 <u>\$ 0</u>	 <u>\$ 4,873,505</u>
 Charitable Gift Annuity	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 6,520</u>	 <u>\$ 6,520</u>
 Beneficial Interest in Trust	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 140,233</u>	 <u>\$ 140,233</u>

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – INVESTMENTS – Continued

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

June 30, 2018

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Cash Equivalents	\$ 270,205	\$ 0	\$ 0	\$ 270,205
Corporate Obligations	0	321,110	0	321,110
United States Treasury Notes	304,588	0	0	304,588
Mortgage Backed Securities	0	222,370	0	222,370
Mutual Funds - Bonds	29,463	0	0	29,463
Mutual Funds - Equity	187,877	0	0	187,877
Preferred Stocks	47,593	0	0	47,593
Equity Securities	3,262,035	0	0	3,262,035
	<u>\$ 4,101,761</u>	<u>\$ 543,480</u>	<u>\$ 0</u>	<u>\$ 4,645,241</u>
Charitable Gift Annuity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,802</u>	<u>\$ 4,802</u>
Beneficial Interest in Trust	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,795</u>	<u>\$ 148,795</u>

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – INVESTMENTS – Continued

The table below sets forth as summary of changes in the fair value for the Corporation's Level 3 assets for the year ended June 30:

	2019	2018
Charitable Gift Annuity:		
Balance, Beginning of Year	\$ 4,802	\$ 5,283
Investment Gain (Loss) Earned by Trustee	<u>1,718</u>	<u>(481)</u>
Balance, End of Year	<u><u>\$ 6,520</u></u>	<u><u>\$ 4,802</u></u>
Beneficial Interest in Trust:		
Balance, Beginning of Year	\$ 148,795	\$ 148,467
Interest Income	8,859	10,107
Investment Gain (Loss) Earned by Trustee	(8,562)	328
Distributions to the Organization	<u>(8,859)</u>	<u>(10,107)</u>
Balance, End of Year	<u><u>\$ 140,233</u></u>	<u><u>\$ 148,795</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 7 – ENDOWMENT

The Corporation has one endowment fund (Weisberg Fund) whose donor-restricted historical corpus amount is similar to its permanently restricted net asset value. Annually, interest and dividend amounts are appropriated to operations without donor restriction per donor stipulation, and immaterial market changes are recorded in the net assets with donor restriction category.

The Board of Directors has interpreted the relevant state laws under the New York Uniform Prudent Management of Institutional Funds Act (NYUPMIFA) and the New York Not-for-Profit Corporation Law Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. There were no such donor stipulations as of June 30, 2019 and 2018. As a result of this interpretation, the Corporation retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYUPMIFA.

The Corporation considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the 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.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Corporation has interpreted NYUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There was no deficiency reported in the net assets without donor restrictions as of June 30, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 7 – ENDOWMENT – Continued

Investment and Spending Policy

The Corporation’s Board of Directors has adopted an investment policy to set the investment philosophy of the Corporation. The Corporation’s overall investment objective is a “balanced return” which is defined as moderate income with capital appreciation. It is the expectation that a real rate of return in excess of inflation after providing for expenses, fees and charitable disbursements will be achieved. Quarterly investment reports will include industry benchmarks for comparative purposes, with returns being shown net of fees.

To satisfy its long-term rate-of-return objectives, the Corporation will rely on a total return strategy which includes interest, dividends and capital appreciation. The Corporation plans on targeting a conservative asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Corporation has a policy of appropriating the temporarily restricted interest for distribution as needed.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2019	2018
Leasehold Improvements	\$ 33,730	\$ 71,163
Furniture and Equipment	<u>302,986</u>	<u>249,328</u>
	336,716	320,491
Less: Accumulated Depreciation and Amortization	<u>175,102</u>	<u>300,146</u>
Net Property and Equipment	<u><u>\$ 161,614</u></u>	<u><u>\$ 20,345</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 9 – 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 \$27,701 and \$-0- as of June 30, 2019 and 2018, respectively.

The bank's prime lending rate was 5.50% and 5.00% as of June 30, 2019 and 2018, respectively.

Interest paid on the line-of-credit was \$4,391 and \$6,750 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 – 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.

Loans totaling \$38,625 were deemed to be uncollectible in previous years, leaving a remaining balance of \$86,375 as of both June 30, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – NET ASSETS

Net assets without donor restriction consists of the following:

	2019	2018
Board Designated:		
Forever Fund - Operating	\$ 142,740	\$ 135,886
Undesignated Planned Gifts	82,029	78,579
Property and Equipment	161,614	20,345
Emerging Needs	<u>25,000</u>	<u>0</u>
 Total Board Designated Net Assets	 411,383	 234,810
 Undesignated Net Assets (Deficit)	 <u>(437,189)</u>	 <u>(91,252)</u>
 Total Net Assets (Deficit) Without Donor Restrictions	 <u><u>\$ (25,806)</u></u>	 <u><u>\$ 143,558</u></u>

A description of board designated net assets is as follows:

- ***Forever Fund - Operating*** – This fund includes dollars from the Forever Fund that have been released from restriction and are earmarked for the subsequent fiscal year operations.
- ***Undesignated Planned Gifts*** – This fund represents wills and bequest proceeds the Corporation has received that were not restricted by donors.
- ***Property and Equipment*** – This fund is the net book value of property and equipment owned by the Corporation.
- ***Emerging Needs*** – This fund was established so that the Corporation can be nimble in responding to new trends, needs, or opportunities that arise in the community.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – NET ASSETS – Continued

Net assets with donor restriction consists of the following:

	2019	2018
Undesignated Future Campaign	\$ 3,492	\$ 54,242
Forever Fund	3,421,012	3,199,869
211 CNY Fund	28,325	39,944
Emerging Leaders United	5,896	3,896
Beneficial Interest in Trust	140,233	148,795
Weisberg Fund	<u>77,410</u>	<u>67,674</u>
 Total Net Assets With Donor Restrictions	 <u><u>\$ 3,676,368</u></u>	 <u><u>\$ 3,514,420</u></u>

Net assets with donor restrictions consist of the following:

- ***Undesignated Future Campaign*** – This fund represents funds received for future campaigns.
- ***Forever Fund*** – This fund has been restricted by donors to provide a continual influx of funds to support the operations of the Corporation.
- ***211 CNY Fund*** – This fund consists of donor restricted donations to support the 211 CNY program.
- ***Emerging Leaders United*** – This fund consists of donor restricted donations to support the Emerging Leaders United program.
- ***Beneficial Interest in Trust*** – A donor established a perpetual trust and named the Corporation as a one-third beneficiary. Proceeds from the trust do not have restrictions.
- ***Weisberg Fund*** – This fund was restricted by a donor to be held in perpetuity. Earnings from this are limited to the general operations of the Corporation. See Note 7.

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – NET ASSETS – Continued

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. Net assets released from restriction as of June 30 consist of the following:

	2019	2018
Time Restrictions:		
Net Campaign Contributions Received in Prior Period	\$ 4,066,208	\$ 4,312,236
Forever Fund	136,392	131,256
Purpose Restrictions:		
211 CNY Fund	18,619	7,172
Emerging Leaders United Future Grant	3,000	0
Welcome Us Home Campaign	<u>225,500</u>	<u>0</u>
Total	<u>\$ 4,449,719</u>	<u>\$ 4,450,664</u>

NOTE 12 – 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. The Corporation contributed an amount equal to 3.5% of participants' compensation for the years ended June 30, 2019 and 2018. Retirement expense was \$36,018 and \$31,364 for the years ended June 30, 2019 and 2018, respectively.

THE UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 13 – COMMITMENTS

In July 2012, the Corporation entered into a seven-year lease for office and storage space. The lease called for fixed monthly payments of \$10,463 increasing 3% on an annual basis through June 30, 2019. This lease was not renewed.

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 commenced on May 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 November 2029.

Rent expense was \$194,264 and \$164,266 for the years ended June 30, 2019 and 2018, respectively.

Minimum future rental payments under non-cancellable operating leases as of June 30, 2019 are:

2020	\$ 86,056
2021	126,072
2022	126,072
2023	126,072
2024	120,048
Thereafter	<u>640,256</u>
Total	<u>\$ 1,224,576</u>

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2019, which is the date the financial statements were available to be issued.