

**UNITED WAY OF BROOME**  
**COUNTY, INC.**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**  
**With Comparative Totals For**  
**December 31, 2012**

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**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u> (Restated)
Cash and Cash Equivalents	<b>\$2,012,254</b>	\$2,111,994
Restricted Cash	<b>\$4,964</b>	\$285,008
Pledges, Grants and Bequests Receivable, Net of Allowance for Uncollectible Pledges of \$249,417 and \$228,943 for 2013 and 2012, respectively	<b>1,197,819</b>	1,427,398
Investment Income Receivable	<b>16,905</b>	15,897
Other Receivables and Prepayments	<b>103,337</b>	122,596
Investments, At Market	<b>29,011,589</b>	25,605,892
Beneficial Interest in Trusts	<b>903,010</b>	818,827
Property and Equipment, At Cost, Net of Accumulated Depreciation	<b>235,965</b>	227,838
<b>TOTAL ASSETS</b>	<b><u>\$33,485,843</u></b>	<b><u>\$30,615,450</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Allocations Payable to Member Agencies, Other Grants Payable	<b>\$158,386</b>	\$195,454
Other Liabilities	<b>292,817</b>	279,228
Accrued Pension Cost	<b>363,665</b>	740,008
<b>Total Liabilities</b>	<b>814,868</b>	1,214,690
<b>Net Assets</b>		
Unrestricted:		
Board Designated	<b>9,788,850</b>	9,675,383
Undesignated	<b>2,533,659</b>	721,078
<b>Total Unrestricted</b>	<b>12,322,509</b>	10,396,461
Temporarily Restricted	<b>8,980,601</b>	7,720,617
Permanently Restricted	<b>11,367,865</b>	11,283,682
<b>Total Net Assets</b>	<b><u>32,670,975</u></b>	<u>29,400,760</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$33,485,843</u></b>	<b><u>\$30,615,450</u></b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**WITH COMPARATIVE TOTALS FOR 2012**

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Permanently</u> <u>Restricted</u> <u>Net Assets</u>	<u>Total</u> <u>2013</u>	<u>Total</u> <u>2012</u>
<b>PUBLIC SUPPORT AND REVENUE</b>					
Gross Campaign Results (2012/2013)	\$ 84,437	\$ -	\$ -	\$ 84,437	\$ 161,782
Add: Collection Surplus	-	-	-	-	-
Less : Collection Losses	(10,381)	-	-	(10,381)	(22,534)
Less: Donor Designations	-	-	-	-	-
Net Campaign Revenue (2012/2013)	<u>74,056</u>	<u>-</u>	<u>-</u>	<u>74,056</u>	<u>139,248</u>
Gross Campaign Results (2013/2014)	-	1,902,937	-	1,902,937	2,142,043
Less: Provision for Net Collection Losses	-	(104,000)	-	(104,000)	(97,660)
Less: Donor Designations	-	(220,743)	-	(220,743)	(235,734)
Net Campaign Revenue (2013/2014)	<u>-</u>	<u>1,578,194</u>	<u>-</u>	<u>1,578,194</u>	<u>1,808,649</u>
Bequests and Other Contributions	173,297	52,548	-	225,845	656,042
Interest and Dividend Income, Net of Investment Fees of \$45,647 and \$55,272 for 2013 and 2012 respectively	303,175	341,983	-	645,158	642,533
Realized Gains on Investments	464,559	686,100	-	1,150,659	963,279
Unrealized Gains (Losses) on Investments	999,457	1,478,532	84,183	2,562,172	1,053,666
Donated Equipment and Merchandise	-	-	-	-	2,600
Grants and Program Income	256,632	-	-	256,632	178,601
Service Fees	21,238	-	-	21,238	11,324
Other Income	1,520	-	-	1,520	86,320
Net assets released from restrictions	<u>2,877,373</u>	<u>(2,877,373)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b><u>\$ 5,171,307</u></b>	<b><u>\$ 1,259,984</u></b>	<b><u>\$ 84,183</u></b>	<b><u>\$ 6,515,474</u></b>	<b><u>\$ 5,542,262</u></b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**AND WITH COMPARATIVE TOTALS FOR 2012**

<b>EXPENSES</b>	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>	<b>Total 2013</b>	<b>Total 2012</b>
Gross Funds Awarded/Distributed	\$ 2,240,374	\$ -	\$ -	\$ 2,240,374	\$ 2,641,556
Less: Allocations Funded Through Donor Designations	(172,725)	-	-	(172,725)	(165,123)
<b>Net Allocations and Grants</b>	<b>2,067,649</b>	<b>-</b>	<b>-</b>	<b>2,067,649</b>	<b>2,476,433</b>
Agency and Allocation Services	32,908	-	-	32,908	55,825
2-1-1/First Call For Help	227,009	-	-	227,009	197,057
Day of Caring/Voluntary Action Center	30,904	-	-	30,904	39,334
Community Planning and Programs	748,115	-	-	748,115	1,017,440
<b>Total Program Services</b>	<b>3,106,585</b>	<b>-</b>	<b>-</b>	<b>3,106,585</b>	<b>3,786,089</b>
<b>Supporting Services</b>					
Management and General	280,888	-	-	280,888	347,990
Fund Raising	262,486	-	-	262,486	172,405
<b>Total Support Services</b>	<b>543,374</b>	<b>-</b>	<b>-</b>	<b>543,374</b>	<b>520,395</b>
<b>Total Functional Expense</b>	<b>3,649,959</b>	<b>-</b>	<b>-</b>	<b>3,649,959</b>	<b>4,306,484</b>
Pension - Related Changes Other Than Net - Periodic Pension Expense	(404,700)	-	-	(404,700)	33,512
<b>TOTAL ALLOCATIONS AND OTHER EXPENSE</b>	<b>3,245,259</b>	<b>-</b>	<b>-</b>	<b>3,245,259</b>	<b>4,339,996</b>
Change in Net Assets	1,926,048	1,259,984	84,183	3,270,215	1,202,266
Net Assets at the Beginning of the Year, as previously reported	10,509,465	7,607,613	11,283,682	29,400,760	28,198,494
Prior period adjustment to correct release of temporarily restricted net assets as of December 31, 2012	(113,004)	113,004	-	-	-
Net Assets at the Beginning of the Year as restated	10,396,461	7,720,617	11,283,682	29,400,760	28,198,494
<b>Net Assets - End of Year</b>	<b>\$ 12,322,509</b>	<b>\$ 8,980,601</b>	<b>\$ 11,367,865</b>	<b>\$ 32,670,975</b>	<b>\$ 29,400,760</b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH COMPARATIVE TOTALS FOR 2012**

	<u>Allocations</u>	<u>Agency &amp; Allocation Services</u>	<u>2-1-1/ First Call For Help</u>	<u>Day of Caring/ VAC</u>	<u>Community Planning &amp; Programs</u>	<u>Total Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total 2013</u>	<u>2012</u>
Allocations	\$ 2,136,471	\$ -	\$ -	\$ -	\$ -	\$ 2,136,471	\$ -	\$ -	\$ 2,136,471	\$ 2,303,156
Venture and other miscellan	78,888	-	-	-	11,574	90,462	-	-	90,462	301,663
Capacity Grants	25,015	-	-	-	-	25,015	-	-	25,015	36,737
Flood recovery	-	-	-	-	249,159	249,159	-	-	249,159	731,658
Less: Donor Designations	(172,725)	-	-	-	-	(172,725)	-	-	(172,725)	(165,123)
Sub-Total	2,067,649	-	-	-	260,733	2,328,382	-	-	2,328,382	3,208,091
Staff Salaries	-	19,693	136,257	22,548	222,920	401,418	134,600	133,198	669,216	608,899
Personnel Benefits & Taxes	-	8,380	57,981	1,725	88,494	156,580	65,080	56,680	278,340	185,445
Sub-Total	-	28,073	194,238	24,273	311,414	557,998	199,680	189,878	947,556	794,344
Professional Services	-	86	593	-	78,073	78,752	19,872	579	99,203	31,452
Supplies and Program Costs	-	256	1,982	30	37,059	39,327	1,937	964	42,228	21,830
Telephone	-	358	3,226	-	4,861	8,445	3,533	2,419	14,397	14,478
Postage	-	9	1,289	18	469	1,785	64	112	1,961	9,659
Occupancy Costs	-	882	6,106	-	10,705	17,693	6,032	5,978	29,703	26,941
Printing, Publication, Public:	-	43	5,150	6,302	6,404	17,899	2,160	43,524	63,583	71,230
Travel	-	557	1,613	223	9,080	11,473	1,959	2,894	16,326	10,878
Dues and Subscriptions	-	548	675	-	634	1,857	1,880	61	3,798	10,079
Equipment Maintenance, Re	-	372	2,575	-	6,662	9,609	2,544	2,517	14,670	13,910
Business Insurance	-	180	1,249	-	1,956	3,385	1,234	1,221	5,840	7,837
Depreciation	-	1,100	7,610	-	11,928	20,638	7,518	7,439	35,595	25,798
Dues to Affiliates	-	-	-	-	-	-	29,694	-	29,694	34,696
Other Expenses	-	444	703	58	8,137	9,342	2,781	4,900	17,023	25,261
Sub-Total	-	4,835	32,771	6,631	175,968	220,205	81,208	72,608	374,021	304,049
<b>Total Functional Expense</b>	<b>\$ 2,067,649</b>	<b>\$ 32,908</b>	<b>\$ 227,009</b>	<b>\$ 30,904</b>	<b>\$ 748,115</b>	<b>\$ 3,106,585</b>	<b>\$ 280,888</b>	<b>\$ 262,486</b>	<b>\$ 3,649,959</b>	<b>\$ 4,306,484</b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities:</b>		
Increase (Decrease) in Net Assets	<u>\$ 3,270,215</u>	<u>\$ 1,202,266</u>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:</b>		
Depreciation	35,595	\$ 25,798
Unrealized (Gain) Loss on Investments	(2,562,172)	(1,053,666)
Realized (Gain) Loss on Investments	(1,150,659)	(963,279)
Minimum Pension Liability Adjustment	(376,343)	(29,211)
Donated Equipment and Merchandise, Net of Grants	-	(2,600)
Increase (Decrease) in Allowance for Uncollectible Pledges	20,474	(37,273)
<b>(Increase) Decrease in Operating Assets</b>		
Pledges, Grants and Bequests Receivable	209,105	264,994
Investment Income Receivable	(1,008)	45,192
Other Receivables and Prepayments	19,259	(52,240)
<b>Increase (Decrease) in Operating Liabilities</b>		
Allocations Payable	(37,068)	7,128
Other Liabilities	13,589	7,319
<b>Net Adjustments</b>	<u>(3,829,228)</u>	<u>(1,787,838)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(559,013)</u>	<u>(585,572)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Investments	(8,518,503)	(14,416,584)
Proceeds from the Sale of Investments	8,741,454	13,900,996
Payments for Property and Equipment	(43,722)	(13,585)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>179,229</u>	<u>(529,173)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(379,784)</u>	<u>(1,114,745)</u>
Beginning Cash and Cash Equivalents	<u>2,397,002</u>	<u>3,511,747</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 2,017,218</u>	<u>\$ 2,397,002</u>
<b>Supplemental Disclosure of Non-cash Investing Activities:</b>		
Computer equipment donations, net of grants	<u>\$ -</u>	<u>\$ 2,600</u>

See the accompanying notes to financial statements.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

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**NOTE 1 – NATURE OF OPERATIONS**

The United Way of Broome County, Inc. (the Organization) is a non-profit corporation established February 1, 1954 as the United Fund of Broome County. The United Fund subsequently merged with the Broome County Social Planning Council in January of 1973 forming the current Organization. The Organization is governed by a volunteer board of directors with a mission to develop the health, recreation, and welfare of the Broome County community. The Organization assesses community needs, solicits public contributions, and allocates those funds to programs of partner agencies that meet identified needs. The Organization also provides the following services: 2-1-1 (Information & Referral), Voluntary Action Center, Community Planning, Teaming for Technology, and Allocations and Agency Relations.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

- A. Basis of Accounting** - The accompanying financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.
- B. Basis of Presentation** - Contributions received are recognized at fair value, including unconditional promises to give when the promise is made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as temporarily restricted support. All amounts accounted for in the current campaign year revenue are considered to be temporarily restricted, as those funds are designated for use in the succeeding year.

The Organization is a beneficiary under various Wills and trust agreements. Related amounts are recorded when either a Will is declared valid by a probate court or the Organization is notified as an irrevocable beneficiary of a trust and the proceeds are measurable. The Organization receives various grants from state, local, and private agencies for program and supporting services. These grants are generally on a cost reimbursement basis. Revenues from grants are recognized in the statement of activities when expenses are made for the purpose specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as temporary restricted net assets.

Income and gains on investments are reported as increases in permanently restricted net assets, if the terms of the gift that gave rise to the investment require such amounts be added to permanent endowment principal. Income and gains are reported as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income and/or the income is related to a donor-restricted endowment fund, and as increases in unrestricted net assets in all other cases.



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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

- C. **Net Asset Classification** - In August 2008, The Financial Accounting Standards Board issued Staff Position No. 117-1: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (“FAS 117-1”) now located in Accounting Standards Codification (ASC) Topic 958-205, Financial Statement Presentation. ASC Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). ASC Topic 958-205 also improves disclosures about an organization’s endowment funds (both donor-restricted and board-designated endowment funds) whether or not the organization is subject to UPMIFA. See Note 7 regarding the ASC Topic 958-205.

Net Asset Classification - Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions:

Unrestricted net assets - Net assets for which no donor has imposed any restrictions that the assets be used for a specific purpose or held for a certain period of time. Contributions received with time and/or purpose restrictions which are fully expended in the same period are classified as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investment for general or specific purposes.

- D. **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

- E. **Income Taxes** - The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not liable for income taxes or federal unemployment insurance.

Generally accepted accounting principles contain a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Organization considers many factors when evaluating and estimating its tax positions, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Based on guidance set forth in professional standards, the Organization has not recorded any liabilities for uncertain tax positions or any related interest and penalties. The Organization's tax returns are open to audit for years ending December 31, 2010 through 2013.

- F. **Allowance for Uncollectible Pledges** - The Organization uses the allowance method to provide for uncollectible pledge receivables. The allowance is based on prior years' experience and management's analysis of specific promises made and applied to gross campaign. Pledges receivable that are not collected are subject to Board approval for write-off. At December 31, 2013 and 2012, respectively, management has deemed allowances of \$249,417 and \$228,943 to be adequate.

- G. **Functional Expenses** - Expenses are charged to each program based upon direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on time records and estimates made by management.

- H. **Donated Fixed Assets/Services** - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted, unless the donor has restricted the donated asset to a specific purpose.

The value of donated services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, the organization's management estimates that over 1,800 and 1,600 volunteers served during 2013 and 2012, respectively, as fund raisers, committee members, and/or participators in the annual Day of Caring.

- I. **Compensated Absences** - A liability is accrued where future vacation benefits are attributable to employee services already rendered. The obligation relates to rights that are accumulated or vested; payment of compensation is probable and can be reasonably estimated. At December 31, 2013 and 2012, this liability amounted to \$27,703 and \$24,427, respectively, and has been included in other liabilities in the accompanying financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**K. Property, Equipment, and Depreciation** - The Organization considers expenditures of \$250 or more made for items expected to have a useful life of three years or more to be capital in nature. The fair value of donated fixed assets is similarly capitalized. Depreciation is then recorded for these assets as an expense, using the straight-line method over estimated useful lives, as follows:

	<u>Years</u>
Equipment, furniture and fixtures	3 - 10
Building and improvements	10 - 40
Intangible assets	5 - 10

At December 31, the cost basis of such assets was as follows:

<u>Asset Class</u>	<u>2013</u>	<u>2012</u>
Land	\$ 12,881	\$ 12,881
Building and improvements	567,638	567,638
Equipment, furniture and fixtures	242,542	201,078
Intangible assets	60,234	57,976
<b>Total Costs</b>	883,295	839,573
Less: accumulated depreciation	(647,330)	(611,735)
<b>Net</b>	\$ <b>235,965</b>	\$ <b>227,838</b>

**L. Comparative Data** - The data for the year ended December 31, 2012 has been included for comparison purposes only. It is not intended to fully reflect the Organization's financial position or results of activities for that period.

**M. Advertising** - The Organization expenses advertising charges as incurred. Advertising and promotion expenses for the years ended December 31, 2013 and 2012 were \$63,583 and \$71,230, respectively.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

- N. Agency Transactions** - The Organization, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and others. These donations are transferred to the designated recipients based on the wishes of the donor.
- O. Investments** - The Organization records investment in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the Statement of Financial Position.
- P. Subsequent Events** - The Organization has evaluated events and transactions that have occurred between January 1, 2014 and November 14, 2014, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. See Note 13 for significant subsequent events.
- Q. Reclassifications** - Certain amounts from the 2012 financial statements have been reclassified to conform to the presentation for 2013. Net asset classifications previously reported were not impacted by this reclassification.

**NOTE 3 – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances at a banking institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to the first \$250,000. At various times throughout the year, cash balances held have exceeded this limit.

All interest bearing accounts were insured up to \$250,000 and all noninterest bearing accounts were subject to unlimited insurance coverage by FDIC for 2012.

The Organization also maintains accounts with stock brokerage firms and has beneficial interests in trusts which maintain accounts with brokerage firms. The accounts contain cash, securities and other investments. The balances are insured by the Securities Investors Protection Corporation (“SIPC”) up to \$500,000 with a \$100,000 limit for cash.

Credit risk for pledges receivable and contribution revenue is concentrated as substantially all receivable balances and contributions earned are from individuals located within the same geographic region.

**NOTE 4 – 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 fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**  
**(See Independent Auditor's Report)**

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**NOTE 5 – FAIR VALUE MEASUREMENTS**

Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. There were no investments valued using Level 3 inputs.

Level 1 - Fair Value Measurements

The fair values of common stock, equity mutual funds, and U.S. Government securities are based on quoted market prices. The unit price for these investments held by the Organization are revalued and published on an actively traded market at least daily.

Level 2 - Fair Value Measurements

The fair value of auction rate preferred securities, corporate bonds, money market funds, bond funds, and government agency obligations are determined using quoted market prices currently available for securities with similar terms and maturity dates. Beneficial interests in trust are valued at the quoted market price of the securities held in trust, adjusted for the Organization's beneficial share of the trust.

Investment securities are subject to various risks, including credit, interest rate, and overall market risk. Due to these risks associated with investment securities, the amount the Organization will ultimately realize could differ materially from the estimated value in the near term.

Cash equivalents, investments and beneficial interest in trusts are stated at fair value. The following table presents fair value measurement information for certain financial instruments.

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**NOTE 5 – FAIR VALUE MEASUREMENTS (continued)**

		<b>Fair Value Measurements at Reporting Date Using:</b>			
		<b>Cost</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets For Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<b>December 31, 2013</b>					
Cash equivalents	\$	<u>725,673</u>	\$ <u>725,673</u>	\$ -	\$ <u>725,673</u>
Beneficial interest in trusts	\$	<u>793,457</u>	\$ <u>903,010</u>	\$ -	\$ <u>903,010</u>
<b>Debt securities – available for sale</b>					
U.S. Government securities	\$	475,158	\$ 520,824	\$ 520,824	\$ -
U.S. Government backed securities		77,220	77,574	-	77,574
Domestic and foreign corporate bonds		1,765,460	1,814,217	-	1,814,217
Taxable bond funds		5,660,544	5,676,566	-	5,676,566
Foreign fixed income mutual funds		550,405	517,637	-	517,637
Int'l fixed income corp. bonds		<u>105,221</u>	<u>99,043</u>	-	<u>99,043</u>
<b>Total debt securities available for sale</b>		<u>8,634,008</u>	<u>8,705,861</u>	<u>520,824</u>	<u>8,185,037</u>
<b>Equity securities – available for sale</b>					
Domestic equities		9,554,804	13,384,667	13,384,667	-
Foreign equities		202,810	236,959	236,959	-
Domestic mutual equity funds		2,976,748	3,880,283	3,880,283	-
Foreign mutual equity funds		2,272,834	2,651,657	2,651,657	-
Mutual funds alternative investments		<u>151,129</u>	<u>152,162</u>	-	<u>152,162</u>
<b>Total equity securities available for sale</b>		<u>15,158,325</u>	<u>20,305,728</u>	<u>20,153,566</u>	<u>152,162</u>
<b>Total investments</b>	\$	<u>23,792,333</u>	\$ <u>29,011,589</u>	\$ <u>20,674,390</u>	\$ <u>8,337,199</u>

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**NOTE 5 – FAIR VALUE MEASUREMENTS (continued)**

		<b>Fair Value Measurements at Reporting Date Using:</b>		
			<b>Quoted Prices in Active Markets For Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
	<b>Cost</b>	<b>Fair Value</b>		
<b>December 31, 2012</b>				
Cash equivalents	\$ <u>909,950</u>	\$ <u>909,950</u>	\$ -	\$ <u>909,950</u>
Beneficial interest in trusts	\$ <u>779,028</u>	\$ <u>818,827</u>	\$ -	\$ <u>818,827</u>
<b>Debt securities – available for sale</b>				
U.S. Government securities	\$ 651,046	\$ 778,782	\$ 778,782	\$ -
U.S. Government backed securities	336,946	359,066	-	359,066
Domestic and foreign corporate bonds	1,615,142	1,716,917	-	1,716,917
Taxable bond funds	5,682,579	5,908,357	-	5,908,357
Foreign fixed income mutual Funds	199,334	213,769	-	213,769
Int'l fixed income corp. bonds	<u>61,971</u>	<u>66,592</u>	-	<u>66,592</u>
<b>Total debt securities available for sale</b>	<u>8,547,018</u>	<u>9,043,483</u>	<u>778,782</u>	<u>8,264,701</u>
<b>Equity securities – available for sale</b>				
Domestic equities	9,256,603	11,055,176	11,055,176	-
Foreign equities	243,891	247,992	247,992	-
Domestic mutual equity funds	3,053,905	3,275,514	3,275,514	-
Foreign mutual equity funds	1,638,467	1,834,957	1,834,957	-
Mutual funds alternative investments	<u>150,409</u>	<u>148,770</u>	-	<u>148,770</u>
<b>Total equity securities available for sale</b>	<u>14,343,275</u>	<u>16,562,409</u>	<u>16,413,639</u>	<u>148,770</u>
<b>Total investments</b>	\$ <u>22,890,293</u>	\$ <u>25,605,892</u>	\$ <u>17,192,421</u>	\$ <u>8,413,471</u>

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**NOTE 6 – RETIREMENT PLANS**

The Organization sponsors a noncontributory defined benefit Pension Plan covering substantially all of its employees. The Plan provides normal, death, and disability benefits based on a percentage of qualifying compensation during the final 36 months of employment. The Organization's funding policy is to make at least the required annual contribution under applicable standards and attempt to increase the contribution to the recommended level when funding is available. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The Plan was amended effective July 1, 2010 to reduce the formula for future benefit accruals for each year of service from 1.50% of final average 3-year compensation in excess of Covered Compensation, to 1.0% of final average 5-year compensation. The early retirement factors were also adjusted. Effective October 1, 2011 the plan was frozen, with participation and accruals permanently ceased.

<b>Pension Plan Obligations and Funded Status As of December 31:</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Projected benefit obligation	\$ <u>1,650,585</u>	\$ <u>1,823,860</u>
Fair value of plan assets	\$ <u>1,286,920</u>	\$ <u>1,083,852</u>
Funded status	\$ <u>(363,665)</u>	\$ <u>(740,008)</u>
Accumulated benefit obligation	\$ 1,650,585	\$ 1,823,860
Employer contributions	117,143	129,615
Benefits paid and expense charges	74,119	59,314
Net periodic benefit cost	145,500	66,892

Amounts recognized in the statement of financial position

Accrued pension cost	\$ <u>363,665</u>	\$ <u>740,008</u>
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Net Periodic Benefit Cost (Credit)

Service cost	\$ -	\$ -
Interest cost	72,464	73,732
Expected return on assets	(87,748)	(86,972)
Unrecognized (gain) loss	160,784	80,132
Curtailement credit	-	-
Unrecognized past service liability	-	-
Net periodic benefit cost (credit)	\$ <u>145,500</u>	\$ <u>66,892</u>



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**NOTE 6 – RETIREMENT PLANS (continued)**

	<u>2013</u>	<u>2012</u>
Net (gain) or loss	\$ 452,981	\$ 857,681
Past service credit	-	-
<u>Less: Amounts previously recognized in unrestricted net assets not recognized as periodic pension costs</u>	<u>(857,681)</u>	<u>(824,169)</u>
Total charge to net assets	\$ <u>(404,700)</u>	\$ <u>33,512</u>

The following assumptions were used in accounting for the pension plan

Weighted Average Assumptions used to determine net periodic benefit cost

Discount rate	4.05%	4.40%
Long-term rate of return on plan assets	8.00%	9.00%
Salary increase rate	N/A	N/A

Weighted Average Assumptions used to determine pension benefit obligations

Discount rate	4.95%	4.05%
Salary increase rate	N/A	N/A

**Determination of Long-Term Rate-of-Return**

The long-term rate-of-return-on-assets assumption was set based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn real rates of return in the ranges of 5%-9% and 2%-6%, respectively. The long-term inflation rate was estimated to be 3%. When these overall return expectations are applied to the plan's target allocation, the result is an expected rate of return of 7% to 11%.

**Investment Policies and Strategies**

Plan assets are invested in the diversified investment funds of the RSI Retirement Trust (the "Trust"), a private placement investment fund. The investment funds include a series of equity and bond mutual funds or commingled trust funds, each with its own investment objectives, investment strategies and risks.

The long-term investment objectives are to maintain plan assets at a level that will sufficiently cover long-term obligations and to generate a return on plan assets that will meet or exceed the rate at which long-term obligations will grow. A broadly diversified combination of equity and fixed income portfolios and various risk management techniques are used to help achieve these objectives.

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**NOTE 6 – RETIREMENT PLANS (continued)**

**Investment Policies and Strategies (continued)**

The investment goal is to achieve investment results that will contribute to the proper funding of the pension plan by exceeding the rate of inflation over the long-term. In addition, the Trust's actively managed portfolios are expected to provide above-average performance when compared to their peers, while the passively managed portfolios are expected to provide performance in line with the appropriate index. Performance volatility is also monitored. Risk/volatility is further managed by the distinct investment objectives of each of the Trust's funds and the diversification within each fund.

Prior to October 1, 2011, the Trust had been given discretion by the Plan Sponsor to determine the appropriate strategic asset allocation versus plan liabilities. If the plan was considered to be well funded, approximately 65% of the plan's assets were allocated to equities and approximately 35% allocated to intermediate-term duration fixed income. If the plan did not satisfy the criteria for a well-funded plan, approximately 50% of the plan's assets were allocated to equities and approximately 50% allocated to intermediate-term duration fixed-income.

Effective October 1, 2011, the Trustees of the Trust established a framework to eventually transition the investment policy of the Trust to a liability driven investment ("LDI") strategy with a higher weighting of long-duration fixed income securities. Subsequently, the Plan Sponsor has taken partial discretion for the Plan's asset allocation. As a Plan of Partial Participation, the Plan Sponsor determines the macro-asset allocation structure, i.e., the equity vs. fixed-income exposure. However, the Plan Sponsor directs the Trust to assume responsibility for the asset allocation and selection of the investment strategies and managers utilized within the equity and fixed-income segments, as well as to set and implement the rebalancing policy. Asset rebalancing normally occurs when the allocations vary by more than 10% from their respective targets (i.e., policy range guideline is target +/- 10%). The Plan's current targeted asset allocation structure is 50% allocated to equities and 50% allocated to intermediate-term duration fixed-income securities, which was also the target allocation of the Plan prior to October 1, 2011.

**Current Asset Allocation**

The Organization's pension plan weighted-average asset allocations by asset category are as follows:

Asset Category	Plan assets at December 31, 2013	Plan assets at December 31, 2012
Mutual Funds – Equity Securities	41%	30%
Mutual Funds – Fixed Income Securities	45%	52%
Real Estate	0%	0%
Common/Collective Trusts Equities	<u>14%</u>	<u>18%</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>

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**NOTE 6 – RETIREMENT PLANS (continued)**

**Current Asset Allocation (continued)**

<b><u>Major Categories of Plan Assets Fair Value Measurements</u></b>	<b><u>Fair Value</u></b>	<b><u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u></b>	<b><u>Significant Other Observable Inputs (Level 2)</u></b>
<b><u>December 31, 2013</u></b>			
Mutual Funds-Equity	\$ 521,931	\$ 521,931	\$ -
Common/Collective Trusts-Equity	179,840	-	179,840
Common/Collective Trusts-Fixed Income	186,100	-	186,100
Mutual Funds- Fixed Income	<u>375,264</u>	<u>375,264</u>	<u>-</u>
Total	\$ <u>1,263,135</u>	\$ <u>897,195</u>	\$ <u>365,940</u>
<b><u>December 31, 2012</u></b>			
Mutual Funds-Equity	\$ 326,224	\$ 326,224	\$ -
Common/Collective Trusts-Equity	193,921	-	193,921
Common/Collective Trusts-Fixed Income	<u>563,707</u>	<u>-</u>	<u>563,707</u>
Total	\$ <u>1,083,852</u>	\$ <u>326,224</u>	\$ <u>757,628</u>

**Level 1 - Fair Value Measurements**

The fair values of equity mutual funds are based on quoted market prices. The unit price for these investments held in the Organization's pension account are revalued and published on an actively traded market at least daily.

**Level 2 - Fair Value Measurements**

The fair values of common collective trusts are determined using quoted market prices currently available for securities with similar terms and maturity dates.

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**NOTE 6 – RETIREMENT PLANS (continued)**

**Cash Flows**

Expected Contributions

For the Fiscal Year ending December 31, 2014 the Organization expects to contribute \$109,269 to the Plan.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid.

2014	\$	78,890
2015	\$	81,751
2016	\$	84,877
2017	\$	100,822
2018	\$	100,349
Years 2019-2023	\$	487,687

**Tax Deferred Annuity Plan**

The Organization has adopted a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all permanent employees of the Organization and is funded through employee voluntary contributions to the plan. There are no expenses for the Organization for this plan.

**NOTE 7 – TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS**

**Adoption of Uniform Prudent Management of Institutional Funds Act (UPMIFA)** – The State of New York adopted UPMIFA effective September 17, 2010. As a result of that enactment, the Organization has adopted FAS 117-1, now located in Accounting Standards Codification (ASC) Topic 958-205, Financial Statement Presentation, for the year ending December 31, 2010. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Organization is governed subject to the Governing Documents of the Organization and most contributions received are subject to the terms of the Governing Documents.

During the year ended December 31, 2010, the Organization has reviewed all endowment funds and has transferred to temporarily restricted net assets those amounts that are subject to UPMIFA that were previously classified as unrestricted. The total amount transferred amounted to \$4,230,375.

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**NOTE 7 – TEMPORARILY RESTRICTED AND BOARD  
DESIGNATED NET ASSETS (continued)**

**Board designated net assets** are a result of two actions by the Board of Directors of the Organization. Effective December 31, 1996, the Board of Directors designated a portion of the unrestricted net asset balance of the trust and endowment funds to support a pledge to the annual campaign. This designation was made to reflect the spending policy of the Trust and Endowment Funds which allows contributions to the annual campaign from the trust and endowment funds of 5% of the fair market value of these funds. Therefore, the Board has reserved the lesser of the unrestricted portion of the trust and endowment funds, or the portion of the available net assets needed to meet the succeeding year pledge from the trust and endowment funds. The amount reserved based upon this formula amounted to \$9,535,145 and \$9,534,687 at December 31, 2013 and 2012, respectively.

In addition, the Board has established a reserve equal to one month's allocation expense as a contingency fund. The total amount reserved under these policies was \$253,700 for both 2013 and 2012.

**Temporarily restricted net assets** result primarily from timing restrictions on campaign pledges received in the current fiscal year but designated for use in the next fiscal year and the portion of perpetual endowment funds subject to a time restriction under UPMIFA.

The following is a table of the composition of temporarily restricted assets as of the end of the year.

	<u>2013</u>	<u>2012</u> (Restated)
Deferred campaign revenue	\$ 1,578,195	\$ 1,808,649
Donor restricted endowment funds	7,393,156	5,626,888
Flood relief contributions	-	234,145
Deferred grant income	963	21,309
Deferred sponsorship income	8,287	29,626
Interest beneficial trusts	<u>-</u>	<u>-</u>
Total	\$ <u>8,980,601</u>	\$ <u>7,720,617</u>

**NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS**

The following is a table of the composition of permanently restricted net assets as of the end of the year:

	<u>2013</u>	<u>2012</u>
Donor restricted endowment	\$ 10,464,855	\$ 10,464,855
Donor restricted interest in beneficial trusts	<u>903,010</u>	<u>818,827</u>
Total	\$ <u>11,367,865</u>	\$ <u>11,283,682</u>

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**NOTE 9 – ENDOWMENTS**

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The Organization's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of New York as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers 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 Organization 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 Organization.
7. The investment policies of the Organization.

**Return objectives and risk parameters** - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested to provide an average rate of return of approximately nine percent annually. Actual returns in any given year may vary from this amount.

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**NOTE 9 – ENDOWMENTS (continued)**

**Strategies employed for achieving objectives** - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment objective relates to spending policy** - Distribution of endowment funds are approved annually by the Trust Fund Committee. A guideline for distributions from the two main trust and endowment funds is calculated based upon 5% of the five-year average of the fair market value of these two funds as of June 30 of each year. The amount approved for distribution from these two funds was \$1,000,000 for 2013 and 2012, respectively. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of four percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Distributions from the Emergency and Capital Needs Fund is also approved annually by the Trust Fund Committee and caps the annual distribution to a five-year average of the fair market value of the account, less 120% of the original restricted bequest. To establish the approved maximum distribution from the Emergency & Capital Needs Fund, the Trust Fund Committee also considers the projected income from the fund for the next year, the estimated funding requests, and the amount of emergency funds remaining from the prior year(s). Distributions from the Robert L. McDevitt Fund are based upon the income earned, as the donor has stipulated that any income not distributed will revert to restricted balances.

The following tables report endowment net asset composition and changes in net assets by type of fund:

<b><u>Changes in Endowment Net Assets for the Year Ended</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
<b>December 31, 2013</b>				
Endowment net assets, beginning of the year	\$ 10,113,301	\$ 5,626,883	\$ 10,464,855	\$ 26,205,039
Contributions	148,297	-	-	148,297
Other adjustments	(12,650)	-	-	(12,650)
Appropriation of endowment funds for expenditure	(498,419)	(735,789)	-	(1,234,208)

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**NOTE 9 – ENDOWMENTS (continued)**

<b><u>Changes in Endowment Net Assets for the Year Ended</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
<b>December 31, 2013</b>				
Investment Return:				
Investment income	739,587	341,983	-	1,081,570
Realized and unrealized appreciation (depreciation)	<u>999,474</u>	<u>2,164,632</u>	<u>-</u>	<u>3,164,106</u>
Total	\$ <u>11,489,590</u>	\$ <u>7,397,709</u>	\$ <u>10,464,855</u>	\$ <u>29,352,154</u>

**December 31, 2012**

Endowment net assets, beginning of the year	\$ 9,172,379	\$ 4,825,649	\$ 10,454,855	\$ 24,452,883
Contributions	302,240	-	-	302,240
Other increases	12,645	-	10,000	22,645
Appropriation of endowment funds for expenditure	(496,089)	(673,825)	-	(1,169,914)

Investment Return:

Investment income	723,436	882,376	-	1,605,812
Realized and unrealized appreciation (depreciation)	<u>398,690</u>	<u>592,683</u>	<u>-</u>	<u>991,373</u>
Total	\$ <u>10,113,301</u>	\$ <u>5,626,883</u>	\$ <u>10,464,855</u>	\$ <u>26,205,039</u>

**Net Asset Composition**

	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
<b>December 31, 2013</b>				
Donor restricted endowment	\$ -	\$ 7,397,709	\$ 10,464,855	\$ 17,862,564
Board-designated endowment	<u>11,489,590</u>	<u>-</u>	<u>-</u>	<u>11,489,590</u>
Total	\$ <u>11,489,590</u>	\$ <u>7,397,709</u>	\$ <u>10,464,855</u>	\$ <u>29,352,154</u>



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**NOTE 9 – ENDOWMENTS (continued)**

**Net Asset Composition (continued)**

<b>December 31, 2012</b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Donor restricted endowment	\$ -	\$ 5,626,883	\$ 10,464,855	\$ 16,091,738
Board-designated endowment	<u>10,113,301</u>	-	-	<u>10,113,301</u>
Total	<u>\$ 10,113,301</u>	<u>\$ 5,626,883</u>	<u>\$ 10,464,855</u>	<u>\$ 26,205,039</u>

**NOTE 10 – BENEFICIAL INTEREST IN TRUST**

The Organization has recognized as contributions the United Way's respective beneficial interest in a two perpetual trusts.

Under the terms of the perpetual trusts, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receive the assets held in trust. The Organization has recorded the asset at the estimated fair value of the Organization's share of the beneficial interest in trust assets. Income earned on the trust assets is recorded as unrestricted revenue in the accompanying statement of activities unless otherwise restricted by the donor. Changes in fair value of the beneficial interest in the trust assets are recorded as unrealized gains or losses in the permanently restricted net asset class.

A summary of the Beneficial Interest in Trusts is as follows:

	<b><u>2013</u></b>	<b><u>2012</u></b>
Perpetual trusts	\$ <u>903,010</u>	\$ <u>818,827</u>

**NOTE 11 – GOVERNMENT CAMPAIGNS**

The Organization served as the campaign agent for the Broome County State Employees Campaign for both 2013 and 2012. Amounts raised as part of this campaign are included in Gross Campaign results reported. The following is a summary of the campaign results.

	<b><u>2013</u></b>	<b><u>2012</u></b>
Gross Campaign-Broome County State Employees	\$ 173,308	\$ 177,959
Less: amounts designated to other agencies	<u>(148,986)</u>	<u>(161,423)</u>
Net campaign revenue	<u>\$ 24,322</u>	<u>\$ 16,536</u>

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**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

During 2013, management determined that the previously issued financial statements for 2012 required correction due to the inadvertent overstatement of net assets released from temporarily restricted in the endowment fund. The beginning temporarily restricted and unrestricted net assets of January 1, 2013 have been restated by \$113,004 to correct the duplication.

The effect of this adjustment as of January 1, 2013 was to increase beginning temporarily restricted net assets by \$113,004 and decrease beginning unrestricted net assets by \$113,004.

**NOTE 13 – SUBSEQUENT EVENTS**

The Organization approved to terminate the defined benefit plan as of July 1, 2014. Currently, the Organization is in the process of completing the process; however until it is complete, the total cost of terminating the defined benefit plan is undetermined.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**SCHEDULE OF ALLOCATIONS AND GRANTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**

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**Local Member Agencies:**

ACCORD	\$	12,622
Action for Older Persons		66,172
American Civic Association		31,788
American Red Cross, Southern Tier Chapter		249,501
Baden-Powell Council, Boy Scouts of America		89,631
Boys and Girls Club of Binghamton		182,256
Boys and Girls Club of Western Broome		155,228
Catholic Social Services-Broome County		181,634
Broome County Catholic Youth Organization		14,985
Crime Victims Assistance Center		14,961
Deposit Foundation and Rural Housing Services		14,715
Family and Children's Society		147,500
Family Planning of South Central NY		60,651
Girl Scouts of NYPENN Pathways		48,888
Handicapped Children's Association		18,118
Haven After School		3,750
Jewish Community Center		66,582
Johnson City Senior Citizens Center		18,924
Legal Aid Society, Mid-New York Binghamton Chapter		12,268
Literacy Volunteers of Broome/Tioga		12,717
Mental Health Association		76,748
Mothers & Babies Perinatal Network of South Central New York		20,225
National MS Society, Upstate New York Chapter		10,631
Retired and Senior Volunteer Program		34,995
Salvation Army		68,349
SOS Shelter		71,925
Southern Tier Alternative Therapies		36,293
Wilson Children's Center		43,122
Young Men's Christian Association		278,556
Young Women's Christian Association		92,736
<b>Total Local Member Agencies</b>		<b>2,136,471</b>

**Other Allocations and Grants:**

Venture Grant and Miscellaneous Grants		339,621
Capacity Building Fund		25,015
Less: Allocations Funded By Donor Designations		(172,725)
<b>TOTALS</b>	<b>\$</b>	<b>2,328,382</b>

See independent auditor's report.

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**UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF SERVICES RENDERED  
YEAR ENDED DECEMBER 31, 2013**

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**Allocations and Agency Relations**

**Program Expenditures** **\$ 32,908**

The **Allocations and Agency Relations** function is designated to identify and gain consensus on the long-range objectives of the United Way and its member agencies. Programs are monitored to insure that agreed upon needs of the community are met in an economical and effective manner. Recommendations for allocations of Campaign proceeds are based upon an appraisal of needs, past performance, and expected accomplishments. Periodic and annual financial reports of member agencies are submitted for careful review by the committees.

**2-1-1/First Call For Help**

**Program Expenditures** **\$ 227,009**

The 2-1-1 information and referral program formerly entitled "**First Call For Help**" links people in need with the appropriate service in Broome, Tioga, or Chenango Counties, maintains an extensive database of agency and program information.

**Day of Caring/Voluntary Action Center**

**Program Expenditures** **\$ 30,904**

**Day of Caring** is a community-wide volunteer event which serves numerous nonprofit agencies and charitable organizations throughout Broome County and surrounding areas. The **Voluntary Action Center** of Broome County (VAC) works to promote active volunteerism in the local community.

**Community Planning and Programs**

**Program Expenditures** **\$ 748,115**

The **Community Planning** function develops community partnerships, linkages, and coalitions aimed at seeking solutions to human services issues. It assists in the identification of current human service needs, and evaluates the services provided to meet those needs. For 2013 it includes costs associated with relief efforts for the 2011 Flood. Total payment of direct assistance to community members affected by the Flood amounted to \$249,159 in 2013.

See independent auditor's report.

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of Broome County, Inc.

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Broome County, Inc. (a nonprofit organization), which comprises the statement of financial position as of December 31, 2013 and 2012, and the related statements of cash flows for the years then ended, and the accompanying statements of activities and functional expenses for the year ended December 31, 2013 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 audit. We conducted our audit 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.

**INDEPENDENT AUDITOR'S REPORT**  
**(Continued)**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Broome County, Inc as of December 31, 2013 and 2012, and the changes in its net assets for the year ended as of December 31, 2013 and its cash flows for the years ended December 31, 2013 and 2012 in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the 2012 financial statements have been restated to correct a misstatement between temporarily restricted and unrestricted net assets. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedules on pages 25-26 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Report on Summarized Comparative Information**

We have previously audited the United Way of Broome County, Inc's. 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Davidson, Fox & Company, LLP*

Binghamton, New York  
November 14, 2014