

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

**FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

# Contents

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**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2017**

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<b>ASSETS</b>	<u><b>2017</b></u>
Cash and Cash Equivalents	\$1,345,440
Restricted Cash	\$348,483
Pledges, Grants and Bequests Receivable, Net of Allowance for Uncollectible Pledges of \$100,205	700,948
Investment Income Receivable	16,279
Other Receivables and Prepayments	283,198
Investments, At Market	27,606,520
Beneficial Interest in Trusts	303,165
Property and Equipment, At Cost, Net of Accumulated Depreciation	<u>225,679</u>
<b>TOTAL ASSETS</b>	<u><u><b>\$30,829,712</b></u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Allocations Payable to Member Agencies, Other Grants Payable	\$3,531
Other Liabilities	765,816
Lease Liability	<u>19,537</u>
<b>Total Liabilities</b>	<b>788,884</b>
<b>Net Assets</b>	
Unrestricted:	
Board Designated	10,005,543
Undesignated	<u>\$2,368,358</u>
<b>Total Unrestricted</b>	<b>12,373,901</b>
Temporarily Restricted	6,799,907
Permanently Restricted	<u>10,867,020</u>
<b>Total Net Assets</b>	<u><u><b>30,040,828</b></u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u><b>\$30,829,712</b></u></u>

See the accompanying notes to financial statements.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>	<b>Total 2017</b>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross Campaign Results (2016/2017)	\$ 387,057	\$ -	\$ -	\$ 387,057
Add: Collection Surplus	-	-	-	-
Less : Collection Losses	(58,317)	-	-	(58,317)
Net Campaign Revenue (2016/2017)	<u>328,740</u>	<u>-</u>	<u>-</u>	<u>328,740</u>
Gross Campaign Results (2017/2018)	-	2,500	-	2,500
Less: Provision for Net Collection Losses	-	-	-	-
Net Campaign Revenue (2017/2018)	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Bequests and Other Contributions	-	11,091	23,125	34,216
Interest and Dividend Income, Net of Investment Fees of \$56,931 and for 2017	83,133	121,427	-	204,560
Realized Gains on Investments	81,288	144,921	-	226,209
Unrealized Gains (Losses) on Investments	491,398	524,978	5,694	1,022,070
Donated Equipment and Merchandise	-	-	-	-
Grants and Program Income	224,405	-	-	224,405
Service Fees	6,291	-	-	6,291
Other Income	149	-	-	149
Net assets released from restrictions	<u>1,711,733</u>	<u>(1,711,733)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b><u>\$ 2,927,137</u></b>	<b><u>\$ (906,816)</u></b>	<b><u>\$ 28,819</u></b>	<b><u>\$ 2,049,140</u></b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

<b>EXPENSES</b>	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>	<b>Total 2017</b>
Gross Funds Awarded/Distributed	\$ 793,661	\$ -	\$ -	\$ 793,661
<b>Net Allocations and Grants</b>	<b>793,661</b>	<b>-</b>	<b>-</b>	<b>793,661</b>
Community Investments	18,371	-	-	18,371
2-1-1	139,586	-	-	139,586
Volunteer Engagement	49,257	-	-	49,257
Community Impact & Initiatives Programs	317,776	-	-	317,776
Community Planning & Relations	82,260	-	-	82,260
<b>Total Program Services</b>	<b>1,400,911</b>	<b>-</b>	<b>-</b>	<b>1,400,911</b>
<b>Supporting Services</b>				
Management and General	196,280	-	-	196,280
Fund Raising	147,099	-	-	147,099
<b>Total Support Services</b>	<b>343,379</b>	<b>-</b>	<b>-</b>	<b>343,379</b>
<b>Total Functional Expense</b>	<b>1,744,290</b>	<b>-</b>	<b>-</b>	<b>1,744,290</b>
<b>TOTAL ALLOCATIONS AND OTHER EXPENSE</b>	<b>1,744,290</b>	<b>-</b>	<b>-</b>	<b>1,744,290</b>
Change in Net Assets	1,182,847	(906,816)	28,819	304,850
Net Assets at the Beginning of the Year, as previously reported	11,191,054	7,706,723	11,350,447	30,248,224
Prior Period Adjustment to record correction of third party trust investment			(512,246)	(512,246)
Net Assets at the Beginning of the Year, as restated	11,191,054	7,706,723	10,838,201	29,735,978
<b>Net Assets - End of Year</b>	<b>\$ 12,373,901</b>	<b>\$ 6,799,907</b>	<b>\$ 10,867,020</b>	<b>\$ 30,040,828</b>

See the accompanying notes to financial statements.

**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

	Community Investments	2-1-1/ First Call For Help	Volunteer Engagement	Community Impact Initiatives Programs	Community Planning & Relations	Total Program Services	Management & General	Fund Raising	Total 2017
Allocations	\$ 765,851	\$ -	\$ -	\$ -	\$ -	\$ 765,851	\$ -	\$ -	\$ 765,851
Venture and other miscellaneous grants	20,310	-	-	46,297	-	66,607	-	-	66,607
Capacity Grants	7,500	-	-	-	-	7,500	-	-	7,500
Sub-Total	793,661	-	-	46,297	-	839,958	-	-	839,958
Staff Salaries	3,875	88,200	24,246	125,913	50,197	292,431	114,306	79,251	485,988
Personnel Benefits & Taxes	179	13,987	7,352	18,821	8,355	48,694	21,971	18,394	89,059
Sub-Total	4,054	102,187	31,598	144,734	58,552	341,125	136,277	97,645	575,047
Professional Services	97	5,549	3,786	44,809	5,329	59,570	15,468	2,284	77,322
Supplies and Program Costs	174	2,561	8,371	40,935	1,047	53,088	2,855	956	56,899
Telephone	20	4,326	127	725	308	5,506	1,307	440	7,253
Postage	10	459	103	549	173	1,294	357	1,327	2,978
Occupancy Costs	102	3,283	629	9,847	1,525	15,386	3,203	2,182	20,771
Printing, Publication, Publicity	11	4,191	2,622	6,485	689	13,998	824	18,369	33,191
Travel	10	2,948	168	1,614	773	5,513	5,024	5,724	16,261
Dues and Subscriptions	1	429	224	116	1,112	1,882	3,520	2,536	7,938
Equipment Maintenance, Rental	78	8,955	563	7,604	1,532	18,732	5,251	3,491	27,474
Business Insurance	41	1,294	248	1,992	601	4,176	1,308	1,157	6,641
Depreciation	13,762	2,061	727	4,692	1,215	22,457	2,898	2,172	27,527
Dues to Affiliates	-	-	-	-	-	-	14,060	-	14,060
Other Expenses	11	1,343	91	7,377	9,404	18,226	3,928	8,816	30,970
Sub-Total	14,317	37,399	17,659	126,745	23,708	219,828	60,003	49,454	329,285
<b>Total Functional Expense</b>	<b>\$ 812,032</b>	<b>\$ 139,586</b>	<b>\$ 49,257</b>	<b>\$ 317,776</b>	<b>\$ 82,260</b>	<b>\$ 1,400,911</b>	<b>\$ 196,280</b>	<b>\$ 147,099</b>	<b>\$ 1,744,290</b>

See the accompanying notes to financial statements.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

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	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>	
Increase in Net Assets	<b>\$ 304,850</b>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:</b>	
Depreciation	27,527
Unrealized Gain on Investments	(1,022,070)
Realized Gain on Investments	(226,209)
Decrease in Allowance for Uncollectible Pledges	(64,041)
<b>(Increase) Decrease in Operating Assets</b>	
Pledges, Grants and Bequests Receivable	525,203
Investment Income Receivable	2,112
Other Receivables and Prepayments	(145,718)
<b>Increase (Decrease) in Operating Liabilities</b>	
Allocations Payable	(119,975)
Other Liabilities	(63,521)
<b>Net Adjustments</b>	<b>(1,086,692)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(781,842)</b>
<b>Cash Flows From Investing Activities:</b>	
Purchase of Investments	(11,384,245)
Proceeds from the Sale of Investments	10,981,926
Adjustment for Third Party Trust	(512,246)
Short-Term Investment Portfolio Transactions in Transit	495,106
Payments for Property and Equipment	(40,076)
<b>Net Cash Used in Investing Activities</b>	<b>(459,535)</b>
<b>Cash Flows From Financing Activities:</b>	
Payments on Capital Lease	(2,859)
<b>Net Cash Used in Financing Activities</b>	<b>(2,859)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,244,236)</b>
Beginning Cash and Cash Equivalents	<b>2,938,159</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,693,923</b>

See the accompanying notes to financial statements.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(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 drive change that will have a positive impact on the critical needs of our community by strategically leveraging the collective resources of community partners. 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 Engagement, Community Impact, Community Planning, and Community Investments.

**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 temporarily 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; they are reported as increases in unrestricted net assets in all other cases.



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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(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 to be used 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.

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.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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

- 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 June 30, 2017 management has deemed allowances of \$100,205 to be sufficient.
- 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 393 volunteers served during 2017, as fund raisers, committee members, and/or participators in the annual Day of Caring, VITA, the Strategic Volunteer Engagement Committee, National Volunteer Week, BCCOAD/Disaster volunteers, and activities organized in conjunction with Volunteer Administrators of the Southern Tier (VAST).

- 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 June 30, 2017 this liability amounted to \$40,371 and has been included in other liabilities in the accompanying financial statements.
- J. Cash and Cash Equivalents** - For purposes of the statements of cash flow, 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 \$1,000 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

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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

**K. Property, Equipment, and Depreciation (continued)** - At June 30, the cost basis of such assets was as follows:

<u>Asset Class</u>	<u>2017</u>
Land	\$ 12,881
Building and Improvements	586,753
Equipment, Furniture and Fixtures	345,008
Intangible Assets	<u>100,609</u>
<b>Total Costs</b>	1,045,251
Less: Accumulated Depreciation	<u>(819,572)</u>
<b>Net</b>	<b>\$ <u>225,679</u></b>

**L. Advertising** - The Organization expenses advertising charges as incurred. Advertising and promotional expenses for the six months period ended June 30, 2017 was \$48,849.

**M. 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.

**N. Investments** - The Organization records investments in securities at the fair value on the date of purchase or when the donation is made, 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.

**O. Subsequent Events** - The Organization has evaluated events and transactions that have occurred between July 1, 2017 and March 6, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTE 3 – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances at three banking institutions which are all insured by the Federal Deposit Insurance Corporation (FDIC) up to the first \$250,000. At various times throughout the six-month period, cash balances held have exceeded this limit.

All interest bearing and all noninterest bearing accounts were insured up to \$250,000 by FDIC in 2017.

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 \$250,000 limit for cash.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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**NOTE 3 – CONCENTRATIONS OF CREDIT RISK (continued)**

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.

**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 values 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.

**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(See Independent Auditor's Report)

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

			<b>Fair Value Measurements at <u>Reporting Date Using:</u></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>June 30, 2017</b>				
Beneficial interest in trusts	\$ <u>280,635</u>	\$ <u>303,165</u>	\$ _____ -	\$ <u>303,165</u>
<b>Debt securities – available for sale</b>				
Domestic and foreign corporate bonds	1,970,803	2,063,140	-	2,063,140
Taxable bond funds	<u>7,877,406</u>	<u>7,940,107</u>	_____ -	<u>7,940,107</u>
<b>Total debt securities available for sale</b>	<u>9,848,209</u>	<u>10,003,247</u>	_____	<u>10,003,247</u>
<b>Equity securities – available for sale</b>				
Domestic equities	5,859,011	7,483,983	7,483,983	-
Foreign equities	38,312	39,083	39,083	-
Domestic mutual equity funds	6,847,631	7,464,636	7,464,636	-
Foreign mutual equity funds	<u>2,509,322</u>	<u>2,615,571</u>	<u>2,615,571</u>	_____ -
<b>Total equity securities available for sale</b>	<u>15,254,276</u>	<u>17,603,273</u>	<u>17,603,273</u>	_____ -
<b>Total investments</b>	\$ <u>25,383,120</u>	\$ <u>27,909,685</u>	\$ <u>17,603,273</u>	\$ <u>10,306,412</u>

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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**NOTE 6 – RETIREMENT PLANS**

**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. Total employee contributions January through June 2017 were \$5,935.

**SEP IRA Plan**

The Organization has adopted a SEP IRA plan for eligible permanent employees. Contributions to the plan made by the Organization are based on a percentage of the employees' earnings. The contribution rate for 2017 was 3%. The rate of contributions is approved each year by the Board during the budget process. Total employer contributions amount to \$5,824 for January through June 2017.

**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 reviewed all endowment funds and 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.

**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 \$9,436,145 for the six-month period ended June 30, 2017.

In addition, the Board has established a reserve equal to two months' allocation expense in 2017 as a contingency fund. The total amount reserved under these policies was \$569,398 for 2017

**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(See Independent Auditor's Report)

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

Temporarily restricted net assets result primarily from timing restrictions on campaign pledges received in the six months period ended June 30, 2017 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 June 30, 2017.

	<u>2017</u>
Deferred campaign revenue	\$ 2,500
Donor restricted endowment funds	6,717,497
Flood relief contributions	37,120
Deferred grant income	31,854
Deferred sponsorship income	<u>10,936</u>
Total	<u>\$ 6,799,907</u>

**NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS**

The following is a table of the composition of permanently restricted net assets as of June 30, 2017.

	<u>2017</u>
Donor restricted endowment	\$ 10,563,855
Donor restricted interest in beneficial trusts	<u>303,165</u>
Total	<u>\$ 10,867,020</u>

**NOTE 9 – ENDOWMENTS**

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

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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**NOTE 9 – ENDOWMENTS (continued)**

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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.

**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, 2017. The amount approved for distribution from these two funds was \$581,760 for the six-month period ended June 30, 2017. Accordingly, over



**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(See Independent Auditor's Report)

**NOTE 9 – ENDOWMENTS (continued)**

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 are 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 Six Months Period 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>June 30, 2017</b>				
Endowment net assets, beginning of the period	\$ 10,015,140	\$ 6,244,789	\$ 10,540,730	\$ 26,800,659
Contributions	-	-	23,125	23,125
Appropriation of endowment Funds pension termination	-	-	-	-
- Appropriation of endowment Funds for Community Investments and Community Impact Activity	(263,143)	(318,617)	-	(581,760)
Investment Return: Investment income	72,450	121,427	-	193,877
Realized and unrealized appreciation (depreciation)	<u>572,679</u>	<u>669,899</u>	<u>-</u>	<u>1,242,578</u>
Total	<u>\$ 10,397,126</u>	<u>\$ 6,717,498</u>	<u>\$ 10,563,855</u>	<u>\$ 27,678,479</u>

**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(See Independent Auditor's Report)

**NOTE 9 – ENDOWMENTS (continued)**

**Net Asset Composition**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>June 30, 2017</b>				
Donor restricted endowment	\$ -	\$ 6,717,498	\$ 10,563,855	\$ 17,281,353
Board-designated endowment	<u>10,397,126</u>	<u>-</u>	<u>-</u>	<u>10,397,126</u>
Total	<u>\$ 10,397,126</u>	<u>\$ 6,717,498</u>	<u>\$ 10,563,855</u>	<u>\$ 27,678,479</u>

**NOTE 10 – BENEFICIAL INTEREST IN TRUST**

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

Under the terms of the perpetual trust, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives 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 Trust is as follows:

	<u>2017</u>
Perpetual trust	\$ <u>303,165</u>

During the six months period ended June 30, 2017, management discovered that the Organization had previously overstated permanently restricted net assets due to a misunderstanding regarding classification of a third party trust. The Organization adjusted beginning permanently restricted net assets as of January 1, 2017 by \$512,346 to correct the misunderstanding.

**NOTE 11 – CHANGE IN FISCAL YEAR**

On November 30, 2016, the Organization's Board approved changing its fiscal year from ending December 31 of a given year to June 30 of a given year. As a result, the Organization's first new fiscal year, reported in these financials, is a short year - January 1 to June 30, 2017.

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**UNITED WAY OF BROOME COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
**(See Independent Auditor's Report)**

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**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

During the six months period ended June 30, 2017, management discovered that the Organization had previously overstated permanently restricted net assets due to a misunderstanding regarding the classification of a third party trust. As a result, the Organization reduced beginning permanently restricted net assets as of January 1, 2017 by \$512,346 to correct this misunderstanding.

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**UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF ALLOCATIONS AND GRANTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

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**Local Member Agencies:**

ACCORD	\$	6,998
Action for Older Persons		18,463
American Civic Association		14,632
American Red Cross, Southern Tier Chapter		119,975
Baden-Powell Council, Boy Scouts of America		38,378
Boys and Girls Club of Binghamton		54,870
Boys and Girls Club of Western Broome		56,563
Catholic Charities of Broome County		96,263
Crime Victims Assistance Center		9,855
Deposit Foundation, Inc.		7,596
Family and Children's Society		47,498
Family Planning of South Central NY		29,721
Girl Scouts of NYPENN Pathways		19,976
Handicapped Children's Association		3,248
Jewish Community Center		48,773
Literacy Volunteers of Broome/Tioga		6,621
Mental Health Association		36,017
Mothers & Babies Perinatal Network of South Central New York		13,000
Rise NY a/k/a SOS Shelter		35,002
Salvation Army		26,625
Wilson Children's Center		23,002
Young Men's Christian Association		134,748
Young Women's Christian Association		38,002
<b>Subtotal Local Partner Agencies</b>		<b>885,826</b>
<b>Less Accrual Adjustment</b>		<b>(119,975)</b>
<b>Subtotal Local Partner Agencies Expense</b>		<b>765,851</b>

**Other Allocations and Grants:**

Venture Grant and Miscellaneous Grants		66,607
Capacity Building Fund		7,500
		839,958
<b>TOTALS</b>	<b>\$</b>	<b>839,958</b>

See independent auditor's report.

**UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF SERVICES RENDERED  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

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**Community Investments**

**Program Expenditures** \$ 812,032

The **Community Investment** function supports the work of community volunteers in making recommendations to the Board of Directors on the allocation of organizational resources. Campaign and trust fund proceeds are provided to support community priorities as developed through community planning and engagement efforts. Community volunteer recommendations include the allocation of funds for funded partner programs, Planned Capital Grants, Emergency grants, and Venture Grants. Funds are monitored to insure that agreed upon goals for each program/project are met in an economical and effective manner. Periodic and annual program and financial reports of funded agencies are submitted for careful review by the community volunteers.

**2-1-1**

**Program Expenditures** \$ 139,586

The **2-1-1** information and referral program, links people in need with the appropriate service in Broome, Tioga, Chenango, Delaware and Otsego Counties and maintains an extensive database of agency and program information.

**Volunteer Engagement**

**Program Expenditures** \$ 49,257

The **Volunteer Engagement** function supports efforts to engage individuals in service opportunities throughout the community. This includes the mobilization of more than 800 community volunteers annually as part of United Way's Annual Day of Caring. Efforts to mobilize young people through Student United Way are also supported through this function. The mobilization of community volunteers is becoming an increasingly important function as United Way seeks to align volunteer efforts with community priorities.

**Community Impact & Initiatives Programs**

**Program Expenditures** \$ 317,776

**Community Impact & Initiatives Programs** refers to efforts designed to bring about lasting community change on a limited number of priority issues. This includes training and community events to build capacity around the Community Impact Model as well as the management and direct delivery of services such as the Healthy Lifestyles Coalition, Binghamton-Broome Anti-poverty Initiative, and other multi-partner collaborative community programs.

**UNITED WAY OF BROOME COUNTY, INC.  
SCHEDULE OF SERVICES RENDERED  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017**

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**Community Planning and Relations**

**Program Expenditures** **\$ 82,260**

The **Community Planning and Relations** 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.

See independent auditor's report.

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### INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of United Way of Broome County, Inc., Inc. (a nonprofit organization), which comprises the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the six-month period ended June 30, 2017, 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., Inc as of June 30, 2017, and the changes in its net assets and its cash flows for the six-month period ended June 30, 2017 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 January 1, 2017 balance for permanently restricted net assets has been restated to correct a misstatement. 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 financial statements as a whole. The supplementary schedules on pages 18-20 are presented for purposes of additional analysis and are not a required part of the 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.

*Davidson, Fox & Company, LLP*

Binghamton, New York  
March 6, 2018