



**United Way of Westchester
and Putnam, Inc.**

Financial Statements

June 30, 2018 and 2017



Independent Auditors' Report

The Board of Directors United Way of Westchester and Putnam, Inc.

We have audited the accompanying financial statements of United Way of Westchester and Putnam, Inc. ("United Way") which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Westchester and Putnam, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 2018 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on pages 21 through 25 is presented for purposes of additional analysis and is 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.

PKF O'Connor Davies, LLP

Stamford, Connecticut
November 14, 2018

United Way of Westchester & Putnam, Inc.

Statements of Financial Position

	June 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,180,996	\$ 1,257,954
Pledges and contracts receivable, net	511,509	580,669
Other assets	462,328	497,149
Investments	2,445,206	2,348,348
Land, building and equipment, net	<u>222,432</u>	<u>280,332</u>
	<u>\$ 4,822,471</u>	<u>\$ 4,964,452</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 251,897	\$ 252,112
Due to agencies	421,228	433,507
Loans payable to bank	390,599	417,576
Pension benefit liability	439,738	475,395
Other liabilities	<u>43,536</u>	<u>134,660</u>
Total Liabilities	<u>1,546,998</u>	<u>1,713,250</u>
Net Assets		
Unrestricted		
Current operations	155,541	176,562
Land, building and equipment	203,224	225,324
Designated for:		
Program	82,888	92,783
Quasi-endowment	<u>705,342</u>	<u>655,754</u>
Unrestricted	1,146,995	1,150,423
Temporarily restricted	553,662	530,082
Permanently restricted	<u>1,574,816</u>	<u>1,570,697</u>
Total Net Assets	<u>3,275,473</u>	<u>3,251,202</u>
	<u>\$ 4,822,471</u>	<u>\$ 4,964,452</u>

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Statements of Activities

Year Ended June 30, 2018

Year Ended June 30, 2017

	Year Ended June 30, 2018				Year Ended June 30, 2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE								
Public Support								
Campaign results	\$ 6,298,620	\$ 122,367	\$ -	\$ 6,420,987	\$ 7,593,223	\$ 187,583	\$ -	\$ 7,780,806
Less donor designated funds raised on behalf of others	(2,982,057)	-	-	(2,982,057)	(4,118,809)	-	-	(4,118,809)
Less estimated uncollectible receivables	(104,926)	-	-	(104,926)	(111,187)	-	-	(111,187)
Net Campaign Results	3,211,637	122,367	-	3,334,004	3,363,227	187,583	-	3,550,810
Gifts in Kind	2,360,517	-	-	2,360,517	3,272,026	-	-	3,272,026
Bequests and other public support	109,160	14,275	-	123,435	10,169	13,692	-	23,861
Total Public Support	5,681,314	136,642	-	5,817,956	6,645,422	201,275	-	6,846,697
Revenue								
Investment return	88,140	104,673	-	192,813	95,320	138,817	-	234,137
Other income	69,103	-	4,119	73,222	118,067	-	19,681	137,748
Donor designated funds raised on behalf of others fees	4,906	-	-	4,906	7,200	-	-	7,200
Total Revenue	162,149	104,673	4,119	270,941	220,587	138,817	19,681	379,085
Net Assets Released from Restrictions	217,735	(217,735)	-	-	196,934	(196,934)	-	-
Total Public Support and Revenue	6,061,198	23,580	4,119	6,088,897	7,062,943	143,158	19,681	7,225,782
EXPENSES								
Program Services								
Community impact	3,376,873	-	-	3,376,873	4,286,956	-	-	4,286,956
2-1-1 Hudson Valley Region	1,352,001	-	-	1,352,001	1,308,996	-	-	1,308,996
Yonkers Thrives	2,379	-	-	2,379	273,402	-	-	273,402
Total Program Services	4,731,253	-	-	4,731,253	5,869,354	-	-	5,869,354
Supporting Services								
Management and general	891,412	-	-	891,412	784,542	-	-	784,542
Fundraising	429,917	-	-	429,917	432,684	-	-	432,684
Total Supporting Services	1,321,329	-	-	1,321,329	1,217,226	-	-	1,217,226
Total Expenses	6,052,582	-	-	6,052,582	7,086,580	-	-	7,086,580
Excess (Deficit) of Public Support and Revenue over Expenses	8,616	23,580	4,119	36,315	(23,637)	143,158	19,681	139,202
OTHER CHANGES IN NET ASSETS								
Return of unexpended program funds	(77,722)	-	-	(77,722)	-	-	-	-
Pension benefit liability adjustment	65,678	-	-	65,678	187,614	-	-	187,614
Change in Net Assets	(3,428)	23,580	4,119	24,271	163,977	143,158	19,681	326,816
NET ASSETS								
Beginning of year	1,150,423	530,082	1,570,697	3,251,202	986,446	386,924	1,551,016	2,924,386
End of year	\$ 1,146,995	\$ 553,662	\$ 1,574,816	\$ 3,275,473	\$ 1,150,423	\$ 530,082	\$ 1,570,697	\$ 3,251,202

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services			Support Services		Total
	Community Impact	2-1-1 Hudson Valley Region	Yonkers Thrives	Management and General	Fund Raising	
ALLOCATIONS AND GRANTS						
Allocations to agencies and constituency	\$ 2,546,814	\$ -	\$ -	\$ -	\$ -	\$ 2,546,814
Special initiatives	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total Allocations and Grants	<u>2,555,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,555,814</u>
PERSONNEL						
Salaries	342,605	714,457	1,611	442,880	171,302	1,672,855
Employee benefits	118,290	246,746	462	152,945	59,145	577,588
Payroll taxes	<u>32,518</u>	<u>67,813</u>	<u>152</u>	<u>42,036</u>	<u>16,259</u>	<u>158,778</u>
Total Personnel Costs	<u>493,413</u>	<u>1,029,016</u>	<u>2,225</u>	<u>637,861</u>	<u>246,706</u>	<u>2,409,221</u>
OTHER EXPENSES						
Professional fees and contract services	11,251	23,462	-	14,544	5,626	54,883
Accounting fees	-	-	-	33,750	-	33,750
Office/computer supplies	25,665	53,520	-	33,177	12,833	125,195
Telephone	22,904	47,764	-	29,609	11,452	111,729
Postage	3,126	6,519	-	4,040	1,563	15,248
Occupancy costs	24,177	50,418	-	31,253	12,088	117,936
Promotional and marketing	123,903	50,078	-	20,698	101,589	296,268
Local transportation	2,819	5,879	154	3,644	1,408	13,904
Conferences, conventions and meetings	2,120	4,421	-	2,743	1,059	10,343
Equipment rentals	5,752	33,594	-	7,433	2,877	49,656
Bonding and officers' insurance	-	-	-	16,230	-	16,230
Miscellaneous	9,571	19,958	-	12,372	4,785	46,686
Interest expense	-	-	-	23,766	-	23,766
National and State United Way dues	<u>76,066</u>	<u>10,624</u>	<u>-</u>	<u>-</u>	<u>7,639</u>	<u>94,329</u>
Total Other Expenses	<u>307,354</u>	<u>306,237</u>	<u>154</u>	<u>233,259</u>	<u>162,919</u>	<u>1,009,923</u>
Depreciation	<u>20,292</u>	<u>16,748</u>	<u>-</u>	<u>20,292</u>	<u>20,292</u>	<u>77,624</u>
Total Expenses	<u>\$ 3,376,873</u>	<u>\$ 1,352,001</u>	<u>\$ 2,379</u>	<u>\$ 891,412</u>	<u>\$ 429,917</u>	<u>\$ 6,052,582</u>

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services			Support Services		Total
	Community Impact	2-1-1 Hudson Valley Region	Yonkers Thrives	Management and General	Fund Raising	
ALLOCATIONS AND GRANTS						
Allocations to agencies and constituency	\$ 3,363,267	\$ -	\$ -	\$ -	\$ -	\$ 3,363,267
Contract programs	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
Total Allocations and Grants	<u>3,377,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,377,267</u>
PERSONNEL						
Salaries	371,324	645,781	174,359	371,325	161,445	1,724,234
Employee benefits	135,438	235,544	23,554	135,437	58,886	588,859
Payroll taxes	<u>38,310</u>	<u>66,626</u>	<u>6,663</u>	<u>38,310</u>	<u>16,656</u>	<u>166,565</u>
Total Personnel Costs	<u>545,072</u>	<u>947,951</u>	<u>204,576</u>	<u>545,072</u>	<u>236,987</u>	<u>2,479,658</u>
OTHER EXPENSES						
Professional fees and contract services	5,762	54,279	38,037	5,762	2,505	106,345
Accounting fees	-	-	-	33,750	-	33,750
Office/computer supplies	32,139	55,893	5,589	32,140	13,973	139,734
Telephone	25,506	44,358	4,436	25,506	11,090	110,896
Postage	4,502	7,829	783	4,499	1,957	19,570
Occupancy costs	25,764	44,808	4,481	25,764	11,202	112,019
Promotional and marketing	140,928	60,089	11,530	18,055	109,458	340,060
Local transportation	3,288	5,718	572	3,287	1,429	14,294
Conferences, conventions and meetings	4,000	6,956	696	4,001	1,736	17,389
Equipment rentals	5,773	33,140	1,004	5,773	2,510	48,200
Bonding and officers' insurance	-	-	-	15,694	-	15,694
Miscellaneous	9,764	16,981	1,698	9,762	4,245	42,450
Interest expense	-	-	-	27,544	-	27,544
National and State United Way dues	<u>79,257</u>	<u>11,699</u>	<u>-</u>	<u>-</u>	<u>7,658</u>	<u>98,614</u>
Total Other Expenses	336,683	341,750	68,826	211,537	167,763	1,126,559
Depreciation	<u>27,934</u>	<u>19,295</u>	<u>-</u>	<u>27,933</u>	<u>27,934</u>	<u>103,096</u>
Total Expenses	<u>\$ 4,286,956</u>	<u>\$ 1,308,996</u>	<u>\$ 273,402</u>	<u>\$ 784,542</u>	<u>\$ 432,684</u>	<u>\$ 7,086,580</u>
See notes to financial statements						

United Way of Westchester & Putnam, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 24,271	\$ 326,816
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	77,624	103,096
Gain on disposal of equipment	451	-
Provision for uncollectible receivables	(2,000)	(10,000)
Realized and unrealized gain on investments	(137,104)	(178,336)
Pension liability adjustment	(65,678)	(187,614)
Change in operating assets and liabilities		
Pledges and contracts receivable	71,160	98,661
Other assets	34,821	208,419
Accounts payable and accrued expenses	(215)	(21,405)
Due to agencies	(12,279)	(50,971)
Accrued pension cost	30,021	-
Other liabilities	(55,324)	53,320
Net Cash from Operating Activities	(34,252)	341,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of building improvements and equipment	(20,175)	-
Purchases of investments	(59,271)	(57,721)
Proceeds from sale of investments	99,517	134,618
Net Cash from Investing Activities	20,071	76,897
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bank loans	(26,977)	(125,608)
Payments on capital lease obligations	(35,800)	(32,835)
Net Cash from Financing Activities	(62,777)	(158,443)
Net Change in Cash and Cash Equivalents	(76,958)	260,440
CASH AND CASH EQUIVALENTS		
Beginning of year	1,257,954	997,514
End of year	\$ 1,180,996	\$ 1,257,954
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 23,766	\$ 27,544

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

1. The Organization

United Way of Westchester and Putnam, Inc. (“United Way”) is a local, independent not-for-profit health and human services agency exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. United Way’s mission is to advance the common good by creating opportunities for every person within our community to have a better life.

Volunteers and staff work together to manage the United Way. This work includes assessing the needs of the community, developing strategies to meet the most critical needs, raising resources and funding initiatives to implement these strategies and communicating the results back to the community.

Some of the communities within this United Way conduct fund-raising, communication and volunteer recruitment activities in the name of geographically smaller areas that are within Westchester County. These “local community United Ways” function as local affiliates of United Way of Westchester and Putnam. One of these local affiliated United Ways continues to additionally maintain separate status as a community chest and retain non-campaign receipts and title to reserve funds which are not included in these financial statements.

United Way has responsibility for soliciting, billing, and collecting all local donors’ accounts. Amounts collected on behalf of other not-for-profit agencies that have been designated by the Internal Revenue Service as exempt under Section 501(c)(3) are distributed as prescribed by the donor.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein, are classified and reported as unrestricted net assets, temporarily-restricted net assets and permanently-restricted net assets, as applicable.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of the allowance for uncollectible pledges, accrued pension cost and the functional allocation of expenses. Actual results could differ from those estimates.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes currency on hand, demand deposits with financial institutions, and other amounts that have the general characteristics of demand deposits. Cash equivalents include short-term investments with maturities of three months or less at the time of purchase.

Fair Value of Financial Instruments

United Way follows U.S. GAAP on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments and Investment Income

Investments in marketable securities are reported at fair value based on quoted market prices. Money market funds and other highly liquid investments with maturities of 90 days or less are reported at cost, which approximates fair value. Securities are reported on a trade date basis. Realized and unrealized gains and losses are included in investment return in the statements of activities.

Land, Building and Equipment

Land, building and equipment is stated at cost at the date of acquisition or at estimated fair market value at the date of donation, less accumulated depreciation. Expenditures for land, buildings and equipment in excess of \$2,500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: buildings (25 years); capital improvements (5 to 10 years); and furniture, fixtures and equipment (3 to 10 years).

Public Support

Public support represents contributions and is recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as unrestricted and temporarily-restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. United Way uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Significant Accounting Policies (*continued*)

Public Support (*continued*)

Campaign results include:

- Unrestricted local campaign pledges and donations.
- Local campaign pledges restricted by donors to another not for profit agency or other local United Way (referred to as donor choice).
- Campaign pledges from other United Ways designated to United Way of Westchester and Putnam, Inc.

Donor designated amounts raised on behalf of others includes local campaign restricted pledges for agencies not supported by United Way (referred to as donor choice).

Gifts in Kind

Gifts in Kind represent contributed materials and services and are reported at estimated fair value on the date of donation. Contributed materials are received from local vendors and distributed to local agencies. Contributed services provide assistance to the United Way.

A substantial number of volunteers have donated considerable amounts of their time to the United Way's program and supporting services; however, none of these contributed services met the requirements for recognition in the financial statements under U.S. GAAP. It is United Way Worldwide's policy to recognize the value of volunteer services by using the value established by the Independent Sector at \$24.14 per hour. Utilizing this calculation for the year ended June 30, 2018, United Way of Westchester and Putnam has determined that \$95,386 was contributed in service time to the United Way, none of which is reflected in the accompanying financial statements because they do not meet the requirements for recognition.

Allocations and Grants

Amounts which have been allocated to specific agencies in the current fiscal year but have not been disbursed as of June 30 are accrued and reflected in the accompanying statements of financial position as "Due to Agencies." Amounts committed for periods after year end are subject to further review and approval by the United Way Board and the availability of funding. Accordingly, such amounts are not reflected as a liability as of year end. Donor choice funds are paid separately, generally on a quarterly basis, and have also been reflected within "Due to Agencies."

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Significant Accounting Policies (continued)

Impairment or Disposal of Long-lived Assets

U.S. GAAP guidance requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. No impairment losses have been recorded to date.

Asset Retirement Obligations

U.S. GAAP guidance defines an asset retirement obligation as a legal obligation associated with the retirement of tangible long-lived asset and requires recognition of the asset retirement obligation in the period in which incurred, if applicable and if an estimate can be made. United Way evaluated its owned properties for potential asset retirement obligations. Based on this review, United Way has not currently identified any environmental remediation or other such obligations.

Accounting for Uncertainty in Income Taxes

United Way recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that United Way had no uncertain tax positions that would require financial statement recognition.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 14, 2018.

3. Concentrations of Credit Risk

Financial instruments which potentially subject United Way to concentrations of credit risk include bank deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") limits. United Way management believes it mitigates its risk by investing with reputable commercial institutions with satisfactory credit ratings. United Way has not experienced any losses on these financial instruments.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

4. Pledges and Contracts Receivable

Pledges and contracts receivable are expected to be collected within one year and consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 323,632	\$ 478,660
Contracts receivable	325,877	242,009
Less allowance for uncollectible pledges	<u>(138,000)</u>	<u>(140,000)</u>
	<u>\$ 511,509</u>	<u>\$ 580,669</u>

5. Investments and Investment Return

Investments categorized according to the fair value hierarchy consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Level 1 Inputs		
Large blend equity mutual fund *	\$ 1,523,909	\$ 1,414,092
Intermediate bond index mutual fund *	<u>921,297</u>	<u>934,256</u>
Total Investments	<u>\$ 2,445,206</u>	<u>\$ 2,348,348</u>

* - represents a single investment

Investment returns for the years ended June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 55,709	\$ 55,801
Realized gain on investments	72,555	117,651
Unrealized appreciation on investments	<u>64,549</u>	<u>60,685</u>
	<u>\$ 192,813</u>	<u>\$ 234,137</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

6. Land, Building and Equipment

Land, building and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 100,000	\$ 100,000
Building	306,128	306,128
Building improvements	823,348	813,908
Furniture, fixtures, and equipment	<u>720,409</u>	<u>724,554</u>
	1,949,885	1,944,590
Less accumulated depreciation	<u>(1,727,453)</u>	<u>(1,664,258)</u>
	<u>\$ 222,432</u>	<u>\$ 280,332</u>

Assets under capital lease as of June 30, 2018 and 2017 had a cost of \$158,004 with accumulated amortization of \$141,002 and \$103,095 at June 30, 2018 and 2017.

7. Other Assets

Other assets consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Beneficial interest in trust	\$ 288,744	\$ 284,625
Cash surrender value of life insurance policy	32,943	31,437
Other receivables	24,554	52,045
Prepaid expenses	<u>116,087</u>	<u>129,042</u>
	<u>\$ 462,328</u>	<u>\$ 497,149</u>

United Way has a beneficial interest in the Ruth Taylor Award Fund (the "Trust"), a charitable trust which is valued using Level 3 inputs, and is not in the United Way's possession or under its control. U.S. GAAP requires the recognition of the fair value of the future income stream from the Trust. The fair value of the underlying assets of the fund was used to determine the future income stream. The assets of the Trust are classified as temporarily and permanently restricted. Distributions from the Trust are recorded as temporarily restricted contributions in the statement of activities. Changes in the value of the beneficial interest in the trust is recorded as permanently restricted other income (loss) in the statement of activities.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

8. Loans Payable to Bank

On December 30, 2013, United Way entered into a mortgage with a financial institution to convert \$500,000 of a \$1,000,000 open ended line of credit to a 15 year fully amortizing mortgage bearing a fixed interest rate of 5.15%. The proceeds were used to refinance an existing line of credit and provide an open ended line of credit in the amount of \$500,000 bearing interest at the floating rate of the institution on all outstanding borrowings. The mortgage payable totals \$390,599 and \$417,576 at June 30, 2018 and 2017 and is secured by an interest in the building. Interest expense incurred was \$21,397 and \$23,131 in fiscal 2018 and 2017.

Future payments at June 30, 2018 are payable as follows:

2019	\$ 19,435
2020	17,966
2021	16,322
2022	14,641
2023	12,651
Thereafter	<u>309,584</u>
	<u>\$ 390,599</u>

9. Defined Benefit Pension Plan

United Way maintains a noncontributory defined benefit pension plan ("DB Plan") covering substantially all of its employees. On November 19, 2008, the Board of Directors voted to freeze the benefits accruing under the DB Plan, effective January 1, 2009. On May 18, 2011, the Board of Directors voted to begin the process to terminate the plan as soon as administratively feasible.

DB Plan information for fiscal 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
DB Plan status at June 30,		
Obligations and funded status at year end		
Projected benefit obligation	\$ 2,593,747	\$ 2,742,664
Fair value of DB Plan assets	<u>2,154,009</u>	<u>2,267,269</u>
Funded status	<u>\$ (439,738)</u>	<u>\$ (475,395)</u>
Accumulated benefit obligation	\$ 2,593,747	\$ 2,742,664
Net periodic benefit cost recognized in the		
statement of activities	\$ 44,311	\$ 43,577
Employer contribution to DB Plan	98,004	77,100
Benefits paid	318,457	254,598

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

9. Defined Benefit Pension Plan *(continued)*

DB Plan information for fiscal 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Assumptions		
Discount rate	3.25%	2.75%
Expected long-term return on DB Plan assets	5.50%	5.50%
Rate of compensation increase	0.00%	0.00%

Items Not Yet Reflected in Net Periodic Benefit Cost

Unrecognized actuarial losses not yet recognized in the net periodic pension cost are \$677,318 and \$742,996 at June 30, 2018 and 2017. Periodic benefit cost totaling \$(62,380) is expected to be amortized in the next fiscal year.

The Expected Long-Term Rate of Return on Plan Assets assumption of 5.50% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations. Based on United Way’s investment policy for the DB Plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long term historical return on the applicable asset classes. An average inflation rate within the range equal to 3.00% was selected and added to the real rate of return range to arrive at a best estimate range of 5.33% - 6.92%. A rate of 5.50% which is within the best estimate range was selected.

DB Plan Assets

The DB Plan assets as of June 30 by category consist of:

	<u>2018</u>	<u>2017</u>
Equity securities	\$ 640,852	\$ 812,573
Insurance company general account	<u>1,513,157</u>	<u>1,454,696</u>
	<u>\$2,154,009</u>	<u>\$2,267,269</u>

Equity securities are valued using Level 1 inputs. Investments in the insurance company general account are held with Mutual of America and are deemed to be similar to cash equivalents and exempt from classification as a Level 1, 2 or 3 asset. The investment policy of the plan requires an investment allocation mix of 30% in equities and 70% in guaranteed interest accounts. The asset mix will be rebalanced quarterly if the ratio varies by more than 5%.

Contributions

United Way expects to contribute \$98,004 to its DB Plan in fiscal 2019.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

9. Defined Benefit Pension Plan *(continued)*

Estimated Future Benefit Payments

Expected future benefit payments for each of the next five years and in the aggregate for the subsequent five years are as follows:

Fiscal years beginning July 1,	
2018	\$ 1,177,000
2019	275,000
2020	92,000
2021	135,000
2022	10,000
2023 to 2027	237,000

10. Defined Contribution Pension Plan

United Way maintains a defined contribution pension plan (“DC Plan”) covering substantially all of its employees. Contributions to the DC Plan are computed as a percentage of each employee’s basic compensation for all enrolled employees who have completed one year of service and factor in their position and length of service within the United Way. Eligible employees may make voluntary contributions to the DC Plan. Employer contributions were \$101,979 and \$105,743 for the years ended June 30, 2018 and 2017.

11. Funds Held for Long-Term Investment

United Way has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way 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 fund, and (c) accumulations of investment returns 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The primary investment objective is to provide over time a real rate of return over inflation that will maintain (and preferably increase) the real value of the assets in order to support in perpetuity the United Way’s mission. The spending policy of the United Way is to use a 5% payout of the rolling three year average market value of its investments.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

11. Funds Held for Long-Term Investment (continued)

Activity in funds held for long-term investment for the years ended June 30, 2018 and 2017 is summarized as follows:

	Unrestricted Quasi- Endowment	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2016	\$ 602,527	\$ 23,834	\$ 1,286,072	\$ 1,912,433
Contributions	4,000	-	-	4,000
Transfers, net	(2,002)	-	-	(2,002)
Investment return	95,240	126,274	-	221,514
Appropriation for expenditures	<u>(44,011)</u>	<u>(55,506)</u>	<u>-</u>	<u>(99,517)</u>
Balance, June 30, 2017	655,754	94,602	1,286,072	2,036,428
Contributions	4,000	-	-	4,000
Transfers, net	9,692	-	-	9,692
Investment return	78,010	94,121	-	172,131
Appropriation for expenditures	<u>(42,114)</u>	<u>(53,118)</u>	<u>-</u>	<u>(95,232)</u>
Balance, June 30, 2018	<u>\$ 705,342</u>	<u>\$ 135,605</u>	<u>\$ 1,286,072</u>	<u>\$ 2,127,019</u>

12. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
Ruth Taylor Award Fund	\$ 47,913	\$ 47,638
Holland Scholarship Fund	68,704	64,920
Financial Education initiatives	-	9,557
Education initiatives	3,333	6,310
Income initiatives	5,001	55,001
Bendheim Community Disaster Recovery Fund	141,945	135,177
Westchester Disaster Recovery Fund	25,988	25,203
Hurricane Sandy Fund	10,631	10,631
2-1-1 Hudson Valley Region	38,365	20,460
Future periods	76,177	60,583
Endowment earnings not appropriated	<u>135,605</u>	<u>94,602</u>
	<u>\$ 553,662</u>	<u>\$ 530,082</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

12. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets released from restrictions for the years ended June 30 consisted of the following:

	<u>2018</u>	<u>2017</u>
Ruth Taylor Award Fund	\$ 14,000	\$ 10,000
Financial Education initiatives	9,557	18,140
Education initiatives	25,477	33,690
Income initiatives	55,000	64,011
JPMorgan Chase grant	-	9,321
Future periods	60,583	6,266
Endowment	<u>53,118</u>	<u>55,506</u>
	<u>\$ 217,735</u>	<u>\$ 196,934</u>

13. Permanently Restricted Net Assets

Permanently restricted net assets as of June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
Permanent endowment, use of income restricted to program	\$ 1,167,722	\$ 1,167,722
Permanent endowment, with no restriction on the use of income	118,346	118,346
Ruth Taylor Award Fund	<u>288,748</u>	<u>284,629</u>
	<u>\$ 1,574,816</u>	<u>\$ 1,570,697</u>

14. 2-1-1 Hudson Valley Region

In 2000, United Way of Westchester and Putnam convened the other United Ways in the Hudson Valley region (Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester) to develop and maintain a multi-lingual helpline utilizing the nationally designated number 2-1-1. The 2-1-1 service enables those in need or in crisis to reach professionally trained information and referral specialists utilizing a comprehensive database of community and municipal resources to connect callers to health and human services that can assist them. From May 2009 to present, this database has been available to the public (www.hudson211.org) so that anyone can search this comprehensive database at any time. 2-1-1 Hudson Valley Region operates as a program of the United Way and is being underwritten by local United Ways, governments and corporate foundations.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

15. Gifts-in-Kind

Gifts in kind consisted of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Allocations and grants	\$ 2,327,370	\$ 3,155,287
Promotional and marketing expenses	30,813	114,615
Technical support and general expenses	<u>2,334</u>	<u>2,124</u>
	<u>\$ 2,360,517</u>	<u>\$ 3,272,026</u>

16. Other Transactions

United Way recorded dues expense for the years ended June 30 as follows:

	<u>2018</u>	<u>2017</u>
United Way Worldwide	\$ 72,155	\$ 71,802
United Way of New York State	16,919	19,090
Gifts in Kind International	<u>5,255</u>	<u>7,722</u>
	<u>\$ 94,329</u>	<u>\$ 98,614</u>

17. Commitments and Contingencies

United Way leases certain office equipment under capital lease agreements which extend through fiscal year 2019. Future minimum lease payments at June 30, 2018 are as follows:

Minimum Lease Payments	\$19,591
Less amounts representing interest	<u>(383)</u>
Present Value of Minimum Obligations Under Capital Leases	<u>\$19,208</u>

The present value of capital lease obligations of \$19,208 and \$55,008 at June 30, 2018 and 2017 is included in other liabilities in the statements of financial position. Rental expense and other equipment expenses were \$10,962 and \$11,297 in fiscal 2018 and 2017.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

18. Emergency Food and Shelter Program

Each year, the United States Congress appropriates funds for an emergency food and shelter program which is administered by a national board involving nine major not-for-profit organizations, including the United Way Worldwide. In turn, local emergency food and shelter boards, involving local representatives of the nine organizations, including local United Ways and other local public and community leaders, recommend how local shares of the total appropriation, based on several needs-oriented factors, should be distributed among those local 501(c)(3) agencies requesting emergency funds to expand their capacity to serve the newly hungry and homeless. United Way administers the program in Westchester and Putnam, supports the local Board's decision-making process, and monitors the use of all funds allocated. In fiscal years 2018 and 2017, a total (unaudited) of \$66,137 and \$266,175, was granted. Although these are resources managed by United Way, pursuant to U.S. GAAP, the amounts are not included in the statements of activities.

19. Administrative Cost Ratio

United Way calculates its Administrative Cost Ratio as total supporting services expenses divided by total public support and revenue plus certain additional funds raised which are not included in the accompanying financial statements and is reflected below.

	<u>2018</u>	<u>2017</u>
Total public support and revenue as reported in the accompanying Statements of Activities	\$ 6,088,897	\$ 7,225,782
Add:		
Estimated uncollectible receivables	104,926	111,187
Donor designated funds raised on behalf of others	2,982,057	4,118,809
Emergency Food and Shelter Program (Note 18)	<u>66,137</u>	<u>266,175</u>
Total	<u>\$ 9,242,017</u>	<u>\$ 11,721,953</u>
Supporting Services Expense	<u>\$ 1,321,329</u>	<u>\$ 1,217,226</u>
Administrative Cost Ratio	<u>14.30%</u>	<u>10.38%</u>

* * * * *

United Way of Westchester and Putnam, Inc.

Supplemental Information
For the Year Ended June 30, 2018

Detail is provided on the following pages for select line items from the:

Statements of Activities (page 4)

Details related to Campaign Results (page 22)

Details related to Donor Designated Funds Raised on Behalf of Others (page 25)

Statement of Functional Expenses (page 5)

Details related to Allocations and Grants to Agencies (page 23)

Details related to Allocations and Grants to Constituency (page 24)

Details related to Special Initiatives (page 24)

United Way of Westchester and Putnam, Inc.

Schedule of Campaign Results
For the Year Ended June 30, 2018

Regional Campaign		\$ 2,971,596
Local Corporate and Employee contributions		615,693
Amounts collected and received directly from United Way of:		
Bronxville - Eastchester - Tuckahoe	\$ 8,185	
Harrison and Purchase	70,947	
Larchmont-Mamaroneck	311,641	
Mid-Hudson	80,467	
Mount Vernon	2,192	
New Rochelle	47,884	
Northern Westchester	305,829	
Pelham	30,160	
Town of Rye, Port Chester, Rye Brook	6,015	
Scarsdale - Edgemont	221,036	
Rye	54,025	
The Tarrytowns	9,660	
Greater White Plains	35,560	
Yonkers	6,746	
Putnam	<u>5,265</u>	
Total Community United Ways		1,195,612
State Employees Federated Appeal		33,405
Westchester County Charitable Contributions Campaign		520
Special Events		515,438
2-1-1 Hudson Valley Region		1,040,199
Ruth Taylor Award Fund		14,275
Other grants		71,356
Legacies and bequests/Term Life		<u>5,507</u>
Total Campaign Funds Raised		6,463,601
Less: Amounts included in reported campaign that are classified differently for financial statement purposes		
Legacies, bequests and other public support		(5,502)
Non campaign contributions		(105,158)
Sponsorships included in "Other Income"		<u>68,046</u>
Campaign Results, as Reported in the Statement of Activities		<u>\$ 6,420,987</u>

United Way of Westchester and Putnam, Inc.

Schedule of Allocations and Grants to Agencies and Constituency
As of June 30, 2018

ALLOCATIONS AND GRANTS TO AGENCIES

Education

Family Service Society of Yonkers	\$ 5,000
Hunter College	4,000
Lehman College	2,000
New York Medical College	4,000
New York University	4,000
United 2 Read Program	<u>20,477</u>

Total Education **\$ 39,477**

Income

Careers for People with Disabilities	\$ 15,000
Family Service Society of Yonkers	15,000
Financial Education Program	25,156
Urban League of Westchester	15,000
WESTHAB	15,000
2-1-1 Hudson Valley Region	75,000
Adjustment for reporting purposes to reflect United Way's role as Fiscal & Operating Agent for the 2-1-1 Hudson Valley Region	<u>(75,000)</u>

Total Income **\$ 85,156**

Community and Non Profit Support/Contract Programs

Nonprofit Westchester	\$ 1,200
Not-For-Profit Leadership Summit	88,286
Pro Bono Partnership	<u>5,000</u>

Total Community and Non Profit Support/Contract Programs **\$ 94,486**

Total Allocations and Grants to Agencies \$ 219,119

United Way of Westchester and Putnam, Inc.

Schedule of Allocations and Grants to Agencies and Constituency
As of June 30, 2018

ALLOCATIONS AND GRANTS TO CONSTITUENCY

Gifts in Kind Program	
Local Product Donations and Product Donations received from	
Gifts in Kind	\$ 2,327,370
United Way - Pace University Not for Profit Management Center	325
Total Allocations and Grants to Constituency	<u>\$ 2,327,695</u>
Total Allocations and Grants to Agencies and Constituency	<u>\$ 2,546,814</u>

SPECIAL INITIATIVES

Local Presence Community Grants	
Duchesne Center for Religious & Social Justice	\$ 1,000
Greyston Foundation	1,200
Junior League of Central Westchester	1,200
Lifiting Up Westchester	1,200
Rivertowns Village Green	1,000
Search for Change	1,000
Support Connection	1,200
The Community Center of Northern Westchester	1,200
Total Special Initiatives	<u>\$ 9,000</u>

United Way of Westchester and Putnam, Inc.

Donor Designated Funds Raised on Behalf of Others
June 30, 2018

**DONOR DESIGNATED FUNDS RAISED ON BEHALF OF OTHERS
IN WESTCHESTER AND PUTNAM**

Various not-for-profits in Westchester and Putnam	\$ 9,744
Other United Ways	<u>1,572</u>
Donor Designated Funds Raised on Behalf of Others in Westchester and Putnam	11,316
Donor designations outside of Westchester and Putnam	<u>2,970,741</u>
Total Donor Designated Funds Raised on Behalf of Others	<u>\$ 2,982,057</u>