



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

Financial Statements

June 30, 2019 and 2018

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, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Guidance

As discussed in Note 2 to the financial statements, United Way adopted new accounting guidance in 2019 resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our 2019 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on pages 23 through 26 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 20, 2019

United Way of Westchester & Putnam, Inc.

Statements of Financial Position

	June 30,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,103,013	\$ 1,180,996
Pledges and contracts receivable, net	541,180	511,509
Other assets	448,570	462,328
Investments	2,607,289	2,445,206
Pension benefit asset	280,836	-
Land, building and equipment, net	<u>273,920</u>	<u>222,432</u>
	<u>\$ 5,254,808</u>	<u>\$ 4,822,471</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 208,826	\$ 251,897
Due to agencies	375,757	421,228
Loans payable to bank	1,324,000	390,599
Pension benefit liability	-	439,738
Other liabilities	<u>108,222</u>	<u>43,536</u>
Total Liabilities	<u>2,016,805</u>	<u>1,546,998</u>
Net Assets		
Without donor restrictions		
Current operations	(48,487)	155,541
Land, building and equipment	185,181	203,224
Designated for:		
Program	88,511	82,888
Quasi-endowment	<u>775,138</u>	<u>705,342</u>
Total without donor restrictions	1,000,343	1,146,995
With donor restrictions	<u>2,237,660</u>	<u>2,128,478</u>
Total Net Assets	<u>3,238,003</u>	<u>3,275,473</u>
	<u>\$ 5,254,808</u>	<u>\$ 4,822,471</u>

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Statements of Activities

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Public Support						
Campaign results	\$ 6,092,837	\$ 164,410	\$ 6,257,247	\$ 6,298,620	\$ 122,367	\$ 6,420,987
Less donor designated funds raised on behalf of others	(2,771,222)	-	(2,771,222)	(2,982,057)	-	(2,982,057)
Less estimated uncollectible receivables	(56,457)	-	(56,457)	(104,926)	-	(104,926)
Net Campaign Results	3,265,158	164,410	3,429,568	3,211,637	122,367	3,334,004
Gifts in Kind	1,506,040	-	1,506,040	2,360,517	-	2,360,517
Bequests and other public support	5,323	13,957	19,280	109,160	14,275	123,435
Total Public Support	4,776,521	178,367	4,954,888	5,681,314	136,642	5,817,956
Revenue						
Investment return	107,594	143,525	251,119	88,140	104,673	192,813
Other income	100,459	2,290	102,749	69,103	4,119	73,222
Donor designated funds raised on behalf of others fees	-	-	-	4,906	-	4,906
Total Revenue	208,053	145,815	353,868	162,149	108,792	270,941
Net Assets Released from Restrictions	215,000	(215,000)	-	217,735	(217,735)	-
Total Public Support and Revenue	5,199,574	109,182	5,308,756	6,061,198	27,699	6,088,897
EXPENSES						
Program Services						
Community impact	2,523,065	-	2,523,065	3,376,873	-	3,376,873
2-1-1 Hudson Valley Region	1,257,337	-	1,257,337	1,352,001	-	1,352,001
Yonkers Thrives	-	-	-	2,379	-	2,379
Total Program Services	3,780,402	-	3,780,402	4,731,253	-	4,731,253
Supporting Services						
Management and general	1,082,718	-	1,082,718	891,412	-	891,412
Fundraising	322,076	-	322,076	429,917	-	429,917
Total Supporting Services	1,404,794	-	1,404,794	1,321,329	-	1,321,329
Total Expenses	5,185,196	-	5,185,196	6,052,582	-	6,052,582
Excess of Public Support and Revenue over Expenses	14,378	109,182	123,560	8,616	27,699	36,315
OTHER CHANGES IN NET ASSETS						
Return of unexpended program funds	-	-	-	(77,722)	-	(77,722)
Pension benefit liability adjustment	(161,030)	-	(161,030)	65,678	-	65,678
Change in Net Assets	(146,652)	109,182	(37,470)	(3,428)	27,699	24,271
NET ASSETS						
Beginning of year	1,146,995	2,128,478	3,275,473	1,150,423	2,100,779	3,251,202
End of year	\$ 1,000,343	\$ 2,237,660	\$ 3,238,003	\$ 1,146,995	\$ 2,128,478	\$ 3,275,473

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Support Services		
	Community Impact	2-1-1 Hudson Valley Region	Total Program	Management and General	Fund Raising	Total
COMMUNITY SUPPORT	<u>\$ 1,705,542</u>	<u>\$ -</u>	<u>\$ 1,705,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,705,542</u>
PERSONNEL						
Salaries	332,995	632,691	965,686	549,442	149,848	1,664,976
Employee benefits	115,608	219,656	335,264	190,753	52,024	578,041
Payroll taxes	32,021	60,840	92,861	52,835	14,410	160,106
Total Personnel Costs	<u>480,624</u>	<u>913,187</u>	<u>1,393,811</u>	<u>793,030</u>	<u>216,282</u>	<u>2,403,123</u>
OTHER EXPENSES						
Professional fees and contract services	11,498	21,845	33,343	18,971	5,174	57,488
Accounting fees	-	-	-	32,375	-	32,375
Office/computer supplies	26,391	50,143	76,534	43,544	11,876	131,954
Telephone	21,420	40,698	62,118	35,344	9,639	107,101
Postage	1,645	3,126	4,771	2,715	740	8,226
Occupancy costs	25,885	49,181	75,066	42,709	11,648	129,423
Promotional and marketing	146,728	89,937	236,665	20,700	38,553	295,918
Local transportation	3,410	6,480	9,890	5,627	1,535	17,052
Conferences, conventions and meetings	3,716	7,061	10,777	6,133	1,671	18,581
Equipment rentals	4,563	30,269	34,832	7,529	2,053	44,414
Bonding and officers' insurance	-	-	-	15,984	-	15,984
Miscellaneous	13,100	24,890	37,990	21,616	5,895	65,501
Interest expense	-	-	-	26,002	-	26,002
National and State United Way dues	68,104	9,502	77,606	-	6,571	84,177
Total Other Expenses	<u>326,460</u>	<u>333,132</u>	<u>659,592</u>	<u>279,249</u>	<u>95,355</u>	<u>1,034,196</u>
Depreciation	10,439	11,018	21,457	10,439	10,439	42,335
Total Expenses	<u>\$ 2,523,065</u>	<u>\$ 1,257,337</u>	<u>\$ 3,780,402</u>	<u>\$ 1,082,718</u>	<u>\$ 322,076</u>	<u>\$ 5,185,196</u>

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			
	Community Impact	2-1-1 Hudson Valley Region	Yonkers Thrives	Total Program	Management and General	Fund Raising	Total
COMMUNITY SUPPORT	<u>\$ 2,555,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555,814</u>
PERSONNEL							
Salaries	342,605	714,457	1,611	1,058,673	442,880	171,302	1,672,855
Employee benefits	118,290	246,746	462	365,498	152,945	59,145	577,588
Payroll taxes	32,518	67,813	152	100,483	42,036	16,259	158,778
Total Personnel Costs	<u>493,413</u>	<u>1,029,016</u>	<u>2,225</u>	<u>1,524,654</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	-	34,713	14,544	5,626	54,883
Accounting fees	-	-	-	-	33,750	-	33,750
Office/computer supplies	25,665	53,520	-	79,185	33,177	12,833	125,195
Telephone	22,904	47,764	-	70,668	29,609	11,452	111,729
Postage	3,126	6,519	-	9,645	4,040	1,563	15,248
Occupancy costs	24,177	50,418	-	74,595	31,253	12,088	117,936
Promotional and marketing	123,903	50,078	-	173,981	20,698	101,589	296,268
Local transportation	2,819	5,879	154	8,852	3,644	1,408	13,904
Conferences, conventions and meetings	2,120	4,421	-	6,541	2,743	1,059	10,343
Equipment rentals	5,752	33,594	-	39,346	7,433	2,877	49,656
Bonding and officers' insurance	-	-	-	-	16,230	-	16,230
Miscellaneous	9,571	19,958	-	29,529	12,372	4,785	46,686
Interest expense	-	-	-	-	23,766	-	23,766
National and State United Way dues	76,066	10,624	-	86,690	-	7,639	94,329
Total Other Expenses	<u>307,354</u>	<u>306,237</u>	<u>154</u>	<u>613,745</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>37,040</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>\$ 4,731,253</u>	<u>\$ 891,412</u>	<u>\$ 429,917</u>	<u>\$ 6,052,582</u>

See notes to financial statements

United Way of Westchester & Putnam, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (37,470)	\$ 24,271
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	42,335	77,624
Gain on disposal of equipment	11,620	451
Provision for uncollectible receivables	5,000	(2,000)
Realized and unrealized gain on investments	(190,986)	(137,104)
Pension liability adjustment	161,030	(65,678)
Change in operating assets and liabilities		
Pledges and contracts receivable	(34,671)	71,160
Other assets	13,758	34,821
Accounts payable and accrued expenses	(43,071)	(215)
Due to agencies	(45,471)	(12,279)
Pension benefit asset (liability)	(881,604)	30,021
Other liabilities	(21,050)	(55,324)
Net Cash from Operating Activities	(1,020,580)	(34,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of building improvements and equipment	-	(20,175)
Purchases of investments	(70,614)	(94,372)
Proceeds from sale of investments	99,517	134,618
Net Cash from Investing Activities	28,903	20,071
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bank loans	(390,599)	(26,977)
Payments on capital lease obligations	(19,707)	(35,800)
Proceeds from bank loans	1,324,000	-
Net Cash from Financing Activities	913,694	(62,777)
Net Change in Cash and Cash Equivalents	(77,983)	(76,958)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,180,996	1,257,954
End of year	\$ 1,103,013	\$ 1,180,996
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 26,002	\$ 23,766
Equipment acquired through capital lease obligation	105,443	-

See notes to financial statements

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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 help local residents in the two counties become self-sufficient and thrive in a stronger community.

In February 2019, United Way amended its certificate of incorporation and by-laws to change the classification from an exempt organization under the Membership Corporation Law of the State of New York to an exempt organization incorporated under the provisions of the New York State Not-for-Profit Corporation Law.

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, providing programs 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”).

Change in Accounting Principle

On July 1, 2019, United Way adopted new U.S. GAAP guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires United Way to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the United Way to make certain expanded disclosures relating to (1) the liquidity of the financial assets, and (2) reporting expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions and temporarily and permanently restricted net assets were reclassified to net assets with donor restrictions.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Significant Accounting Policies (continued)

Net Asset Presentation

Net assets without donor restrictions may be expended for any purpose in performing the primary objective of United Way. Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity.

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.

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.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Significant Accounting Policies (*continued*)

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 are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restriction. 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.

Campaign results include:

- Local campaign pledges and donations without donor restrictions.
- Local campaign pledges restricted by donors to another not for profit agency or other local United Way (referred to as donor choice).
- Campaign pledges received by other United Ways and 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 through partnership with a national in-kind program, and are 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 \$24.69 per hour. Utilizing this calculation for the year ended June 30, 2019, United Way of Westchester and Putnam has determined that \$136,781 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.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Significant Accounting Policies (*continued*)

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."

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.

Functional Expenses

Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Executive's, accounting, information technology personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study performed on a quarterly basis during the year.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. Management does not consider these reclassifications to be significant.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Significant Accounting Policies *(continued)*

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 20, 2019.

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.

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>2019</u>	<u>2018</u>
Pledges receivable	\$ 360,268	\$ 323,632
Contracts receivable	323,912	325,877
Less allowance for uncollectible pledges	<u>(143,000)</u>	<u>(138,000)</u>
	<u>\$ 541,180</u>	<u>\$ 511,509</u>

5. Investments and Investment Return

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

	<u>2019</u>	<u>2018</u>
Level 1 Inputs		
Large blend equity mutual fund *	\$ 1,593,935	\$ 1,523,909
Intermediate bond index mutual fund *	<u>1,013,354</u>	<u>921,297</u>
Total Investments	<u>\$ 2,607,289</u>	<u>\$ 2,445,206</u>

* - represents a single investment

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

5. Investments and Investment Return (continued)

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 60,133	\$ 55,709
Realized gain on investments	73,712	72,555
Unrealized appreciation on investments	<u>117,274</u>	<u>64,549</u>
	<u>\$ 251,119</u>	<u>\$ 192,813</u>

6. Land, Building and Equipment

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

	<u>2019</u>	<u>2018</u>
Land	\$ 100,000	\$ 100,000
Building	306,128	306,128
Building improvements	823,348	823,348
Furniture, fixtures, and equipment	<u>667,848</u>	<u>720,409</u>
	1,897,324	1,949,885
Less accumulated depreciation	<u>(1,623,404)</u>	<u>(1,727,453)</u>
	<u>\$ 273,920</u>	<u>\$ 222,432</u>

Assets under capital lease as of June 30, 2019 and 2018 had a cost of \$105,433 and \$158,004 with accumulated amortization of \$17,574 and \$141,002 at June 30, 2019 and 2018.

7. Other Assets

Other assets consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Beneficial interest in trust	\$ 291,034	\$ 288,744
Cash surrender value of life insurance policy	35,304	32,943
Other receivables	44,929	24,554
Prepaid expenses	<u>77,303</u>	<u>116,087</u>
	<u>\$ 448,570</u>	<u>\$ 462,328</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

7. Other Assets (*continued*)

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 net assets with donor restrictions. Distributions from the Trust are recorded as donor restricted contributions in the statement of activities. Changes in the value of the beneficial interest in the trust is recorded as with donor restrictions in the statement of activities.

8. Loans Payable to Bank

As of June 30, 2018, United Way had a mortgage payable with a financial institution totaling \$390,599 and a \$500,000 line of credit. The mortgage term was a 15 year fully amortizing liability bearing a fixed interest rate of 5.15% and the line of credit interest was based at the floating rate of the institution on all outstanding borrowings.

On May 31, 2019, United Way refinanced its' existing mortgage in order to restructure debt and long term obligations and reduced interest rates and fees. The new agreement contains a 10 year term/15 year amortization loan of \$1,324,000 bearing a fixed rate of 3.88% and a \$250,000 open ended line of credit with an interest rate of 3.5% above the prime rate. The mortgage payable totals \$1,324,000 at June 30, 2019 and is secured by an interest in the building. There were no outstanding borrowings on the line of credit as of June 30, 2019 and 2018. Interest expense incurred was \$22,280 and \$21,397 in fiscal 2019 and 2018.

Future payments at June 30, 2019 are payable as follows:

2020	\$ 65,981
2021	68,764
2022	71,518
2023	74,383
2024	77,254
Thereafter	<u>966,100</u>
	<u>\$ 1,324,000</u>

9. Defined Benefit Pension Plan

United Way maintains a noncontributory defined benefit pension plan ("DB Plan") covering employees hired prior to 2008. 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. On March 27, 2019, after an analysis of annual plan carrying costs and required contributions, the Board of Directors voted to fully fund the estimated obligations through a renegotiation of the mortgage, thereby reducing annual ongoing expenses and defining the term parameters.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

9. Defined Benefit Pension Plan (continued)

The calculations below were determined based on information as of June 30, 2019. Pending the distribution elections from eligible employees, the DB Plan may be over or underfunded after the final distributions are made in the first quarter of 2020. The DB Plan is expected to be terminated after the final distributions are made.

DB Plan information for fiscal 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
DB Plan status at June 30,		
Obligations and funded status at year end		
Projected benefit obligation	\$ 2,705,666	\$ 2,593,747
Fair value of DB Plan assets	<u>2,986,499</u>	<u>2,154,009</u>
Funded status	<u>\$ 280,833</u>	<u>\$ (439,738)</u>
Accumulated benefit obligation	\$ 2,705,666	\$ 2,593,747
Net periodic benefit cost recognized in the statement of activities	\$ 52,169	\$ 44,311
Employer contribution to DB Plan	1,006,670	98,004
Benefits paid	232,862	318,457

DB Plan information for fiscal 2019 and 2018 are as follows:

	<u>2019</u>	<u>2019</u>
Assumptions		
Discount rate	3.75%	3.25%
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 \$838,348 and \$677,318 at June 30, 2019 and 2018. Periodic benefit cost totaling \$(56,972) 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.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

9. Defined Benefit Pension Plan (continued)

DB Plan Assets

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

	<u>2019</u>	<u>2019</u>
Equity securities	\$ 689,394	\$ 640,852
Fixed income securities	2,039,894	-
Insurance company general account	<u>257,211</u>	<u>1,513,157</u>
	<u>\$2,986,499</u>	<u>\$2,154,009</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, including a higher yielding pension money market fund. The asset mix will be rebalanced quarterly if the ratio varies by more than 5%.

Contributions

United Way does not expect to make a contribution to its DB Plan in fiscal 2020.

Estimated Future Benefit Payments

Expected future benefit payments as of June 30, 2019 for each of the next five years and in the aggregate for the subsequent five years are as follows:

Fiscal years beginning July 1,	
2019	\$ 1,406,000
2020	96,000
2021	134,000
2022	-
2023	73,000
2024 to 2027	493,000

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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 \$103,410 and \$101,979 for the years ended June 30, 2019 and 2018.

11. Liquidity and Availability

United Way’s financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019 are as follows:

Cash and cash equivalents	\$ 1,103,013
Accounts receivable	541,180
Investments	2,607,289
Beneficial interest in trust	<u>291,034</u>
Financial assets available as of year end	4,542,516
Less amount unavailable for general expenditures due to:	
Perpetual in nature	(1,577,102)
Subject to donor purpose restrictions	(660,558)
Board-designated quasi-endowment	(775,138)
Plus amount available for general expenditures due to:	
Appropriation from endowment for general expenditures in subsequent year	<u>100,000</u>
Financial assets as of year end available to meet cash needs for general expenditures within one year	<u>\$ 1,629,718</u>

United Way’s endowment consist of donor-restricted funds and a board-designated fund. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in note 12, the endowment fund has a spending rate policy and appropriations from the board-designated quasi-endowment are available upon Board approval.

As part of the United Way’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, United Way invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the organization has committed line of credit in the amount of \$250,000, which it could draw upon. Additionally, United Way has a board-designated quasi-endowment of \$775,138. Although United Way does not intend to spend from its board-designated quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated quasi-endowment could be made available with board approval if necessary.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

12. 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 donor restricted net assets that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment fund, and (c) accumulations of investment returns to the perpetual 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 perpetually restricted net assets is classified as donor restricted net assets with a purpose 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.

Activity in funds held for long-term investment for the years ended June 30, 2019 and 2018 is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2017	\$ 655,754	\$ 1,380,674	\$ 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>(95,232)</u>
Balance, June 30, 2018	705,342	1,421,677	2,127,019
Contributions	6,500	-	6,500
Investment return	107,290	129,447	236,737
Appropriation for expenditures	<u>(43,994)</u>	<u>(55,489)</u>	<u>(99,483)</u>
Balance, June 30, 2019	<u>\$ 775,138</u>	<u>\$ 1,495,635</u>	<u>\$ 2,270,773</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

13. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Subject to a specific purpose or time		
Ruth Taylor Award Fund	\$ 47,870	\$ 47,913
Holland Scholarship Fund	73,753	68,704
Education initiatives	-	3,333
Income initiatives	103,410	5,001
Bendheim Community Disaster Recovery Fund	150,974	141,945
Westchester Disaster Recovery Fund	25,988	25,988
Hurricane Sandy Fund	10,631	10,631
2-1-1 Hudson Valley Region	38,365	38,365
Future periods	-	76,177
Endowment earnings not appropriated	<u>209,567</u>	<u>135,605</u>
Total Purpose or Time Restricted	<u>660,558</u>	<u>553,662</u>
Perpetual in nature		
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>291,034</u>	<u>288,748</u>
Total Perpetual in Nature	<u>1,577,102</u>	<u>1,574,816</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,237,660</u>	<u>\$ 2,128,478</u>

Net assets released from restrictions for the years ended June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Ruth Taylor Award Fund	\$ 14,000	\$ 14,000
Financial Education initiatives	-	9,557
Education initiatives	8,333	25,477
Income initiatives	61,001	55,000
Future periods	76,177	60,583
Endowment	<u>55,489</u>	<u>53,118</u>
	<u>\$ 215,000</u>	<u>\$ 217,735</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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 phone number 2-1-1. The 2-1-1 service, available 24 hours a day/365 days a year, 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. Texting capabilities were launched on a limited schedule on February 11, 2019.

15. Gifts-in-Kind

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

	<u>2019</u>	<u>2018</u>
Community service	\$ 1,505,865	\$ 2,327,370
Promotional and marketing expenses	175	30,813
Technical support and general expenses	<u>-</u>	<u>2,334</u>
	<u>\$ 1,506,040</u>	<u>\$ 2,360,517</u>

16. Other Transactions

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

	<u>2019</u>	<u>2018</u>
United Way Worldwide	\$ 61,876	\$ 72,155
United Way of New York State	15,293	16,919
Gifts in Kind International	<u>7,008</u>	<u>5,255</u>
	<u>\$ 84,177</u>	<u>\$ 94,329</u>

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

17. Commitments and Contingencies

United Way leases certain office equipment under capital lease agreements which extend through fiscal year 2024. Future minimum lease payments at June 30, 2019 are as follows:

2020	\$ 23,392
2021	23,392
2022	23,392
2023	23,392
2024	<u>4,731</u>
Minimum Lease Payments	98,299
Less amounts representing interest	<u>(9,560)</u>
Present Value of Minimum Obligations Under Capital Leases	<u>\$ 88,739</u>

The present value of capital lease obligations of \$88,739 and \$19,208 at June 30, 2019 and 2018 is included in other liabilities in the statements of financial position. Rental expense and other equipment expenses were \$16,731 and \$15,556 in fiscal 2019 and 2018.

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 2019 and 2018, a total (unaudited) of \$470,859 and \$66,137, 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.

United Way of Westchester and Putnam, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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>2019</u>	<u>2018</u>
Total public support and revenue as reported in the accompanying Statements of Activities	\$ 5,308,756	\$ 6,088,897
Add:		
Estimated uncollectible receivables	56,457	104,926
Donor designated funds raised on behalf of others	2,771,222	2,982,057
Emergency Food and Shelter Program (Note 18)	<u>470,859</u>	<u>66,137</u>
Total	<u>\$ 8,607,294</u>	<u>\$ 9,242,017</u>
Supporting Services Expense	<u>\$ 1,404,794</u>	<u>\$ 1,321,329</u>
Administrative Cost Ratio	<u>16.32%</u>	<u>14.30%</u>

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United Way of Westchester and Putnam, Inc.

Supplemental Information
For the Year Ended June 30, 2019

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

Statements of Activities (page 4)

Details related to Campaign Results (page 24)

Details related to Donor Designated Funds Raised on Behalf of Others (page 26)

Statement of Functional Expenses (page 5)

Details related to Community Support (page 25)

United Way of Westchester and Putnam, Inc.

Schedule of Campaign Results
For the Year Ended June 30, 2019

Regional Campaign		\$ 2,789,696
Local Corporate and Employee contributions		501,216
Amounts collected and received directly from United Way of:		
Bronxville - Eastchester - Tuckahoe	\$ 7,030	
Harrison and Purchase	36,493	
Larchmont-Mamaroneck	239,284	
Mid-Hudson	128,819	
Mount Vernon	1,728	
New Rochelle	40,919	
Northern Westchester	264,716	
Pelham	27,938	
Town of Rye, Port Chester, Rye Brook	6,015	
Scarsdale - Edgemont	197,556	
Rye	26,783	
The Tarrytowns	19,827	
Greater White Plains	29,179	
Yonkers	4,776	
Putnam	<u>5,555</u>	
Total Community United Ways		1,036,618
State Employees Federated Appeal		1,289
Westchester County Charitable Contributions Campaign		338
Special Events		607,333
2-1-1 Hudson Valley Region		1,157,170
Ruth Taylor Award Fund		13,957
Other grants		72,720
Legacies and bequests/Term Life		<u>6,861</u>
Total Campaign Funds Raised		6,187,198
Less: Amounts included in reported campaign that are classified differently for financial statement purposes		
Legacies, bequests and other public support		(6,861)
Non campaign contributions		(823)
Sponsorships included in "Other Income"		<u>77,733</u>
Campaign Results, as Reported in the Statement of Activities		<u>\$ 6,257,247</u>

United Way of Westchester and Putnam, Inc.
Schedule of Community Program Services
Year Ended June 30, 2019

Education

Reading Buddies	\$ 5,000
Ruth Taylor Scholarships	14,000
Peekskill Saturday Academy	7,313
United 2 Read Program	15,606
Born Learning Initiative	<u>9,121</u>
Total - Education	<u>\$ 51,040</u>

Income

Teach Me to Fish Initiative	\$ <u>60,000</u>
Total - Income	<u>\$ 60,000</u>

Community and Non-Profit Support

Other Community Partners	\$ 6,200
Not-For-Profit Leadership Summit	<u>82,437</u>
Total - Community and Non-Profit Support	<u>\$ 88,637</u>

Gifts in Kind Program

Local Product Donations and Product Donations received from Good 360	\$ <u>1,505,865</u>
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Total Community Program Support	<u>\$ 1,705,542</u>
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Community Impact program expenses	817,523
Hudson Valley 2-1-1 HelpLine	<u>1,257,337</u>

Total Program Services	<u>\$ 3,780,402</u>
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United Way of Westchester and Putnam, Inc.

Donor Designated Funds Raised on Behalf of Others
As of June 30, 2019

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

Various not-for-profits in Westchester and Putnam	\$ 72,151
Other United Ways	<u>16,936</u>
Donor Designated Funds Raised on Behalf of Others in Westchester and Putnam	89,087
Donor designations outside of Westchester and Putnam	<u>2,682,135</u>
Total Donor Designated Funds Raised on Behalf of Others	<u><u>\$ 2,771,222</u></u>