



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

Financial Statements

June 30, 2016 and 2015



## Independent Auditors' Report

**To 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, 2016 and 2015 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, 2016 and 2015, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on pages 22 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 16, 2016

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

Statements of Financial Position

	June 30,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 997,514	\$ 606,396
Pledges receivable, net	669,330	1,027,990
Other assets	705,568	483,928
Investments	2,246,909	2,711,980
Land, building and equipment, net	<u>383,428</u>	<u>520,644</u>
	<u>\$ 5,002,749</u>	<u>\$ 5,350,938</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 273,517	\$ 299,374
Due to agencies	484,478	843,049
Loans payable to bank	543,184	567,430
Pension liability cost	663,009	465,339
Other liabilities	<u>114,175</u>	<u>132,656</u>
Total Liabilities	<u>2,078,363</u>	<u>2,307,848</u>
Net Assets		
Unrestricted	986,446	611,121
Temporarily restricted	386,924	858,475
Permanently restricted	<u>1,551,016</u>	<u>1,573,494</u>
Total Net Assets	<u>2,924,386</u>	<u>3,043,090</u>
	<u>\$ 5,002,749</u>	<u>\$ 5,350,938</u>

See notes to financial statements

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

Statements of Activities

Year Ended June 30, 2016

Year Ended June 30, 2015

	<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>
<b>PUBLIC SUPPORT AND REVENUE</b>								
Public Support								
Campaign results	\$ 7,971,893	\$ 235,922	\$ -	\$ 8,207,815	\$ 8,947,297	\$ 182,295	\$ -	\$ 9,129,592
Less donor designated funds raised on behalf of others	(4,330,594)	-	-	(4,330,594)	(5,051,392)	-	-	(5,051,392)
Less estimated uncollectible receivables	<u>(188,333)</u>	<u>-</u>	<u>-</u>	<u>(188,333)</u>	<u>(200,843)</u>	<u>-</u>	<u>-</u>	<u>(200,843)</u>
Net Campaign Results	3,452,966	235,922	-	3,688,888	3,695,062	182,295	-	3,877,357
Gifts in Kind	3,519,832	-	-	3,519,832	1,920,867	-	-	1,920,867
Bequests and other public support	<u>277,123</u>	<u>14,326</u>	<u>-</u>	<u>291,449</u>	<u>225,278</u>	<u>18,325</u>	<u>-</u>	<u>243,603</u>
Total Public Support	<u>7,249,921</u>	<u>250,248</u>	<u>-</u>	<u>7,500,169</u>	<u>5,841,207</u>	<u>200,620</u>	<u>-</u>	<u>6,041,827</u>
Revenue								
Investment return	46,340	66,957	-	113,297	66,917	78,514	-	145,431
Other income (loss)	86,644	-	(22,478)	64,166	97,547	-	(21,839)	75,708
Donor designated funds raised on behalf of others fees	<u>8,321</u>	<u>-</u>	<u>-</u>	<u>8,321</u>	<u>9,241</u>	<u>-</u>	<u>-</u>	<u>9,241</u>
Total Revenue	<u>141,305</u>	<u>66,957</u>	<u>(22,478)</u>	<u>185,784</u>	<u>173,705</u>	<u>78,514</u>	<u>(21,839)</u>	<u>230,380</u>
Net Assets Released from Restrictions	<u>788,756</u>	<u>(788,756)</u>	<u>-</u>	<u>-</u>	<u>489,669</u>	<u>(489,669)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>8,179,982</u>	<u>(471,551)</u>	<u>(22,478)</u>	<u>7,685,953</u>	<u>6,504,581</u>	<u>(210,535)</u>	<u>(21,839)</u>	<u>6,272,207</u>
<b>EXPENSES</b>								
Program Services								
Community impact	1,223,150	-	-	1,223,150	1,751,147	-	-	1,751,147
Constituency services	3,485,272	-	-	3,485,272	2,026,677	-	-	2,026,677
2-1-1 Hudson Valley Region	1,305,223	-	-	1,305,223	1,585,579	-	-	1,585,579
Yonkers Thrives	<u>127,713</u>	<u>-</u>	<u>-</u>	<u>127,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Services	<u>6,141,358</u>	<u>-</u>	<u>-</u>	<u>6,141,358</u>	<u>5,363,403</u>	<u>-</u>	<u>-</u>	<u>5,363,403</u>
Supporting Services								
Management and general	905,573	-	-	905,573	782,302	-	-	782,302
Fundraising	<u>627,078</u>	<u>-</u>	<u>-</u>	<u>627,078</u>	<u>469,787</u>	<u>-</u>	<u>-</u>	<u>469,787</u>
Total Supporting Services	<u>1,532,651</u>	<u>-</u>	<u>-</u>	<u>1,532,651</u>	<u>1,252,089</u>	<u>-</u>	<u>-</u>	<u>1,252,089</u>
Total Expenses	<u>7,674,009</u>	<u>-</u>	<u>-</u>	<u>7,674,009</u>	<u>6,615,492</u>	<u>-</u>	<u>-</u>	<u>6,615,492</u>
Excess (Deficit) of Public Support and Revenue over Expenses	505,973	(471,551)	(22,478)	11,944	(110,911)	(210,535)	(21,839)	(343,285)
<b>OTHER CHANGES IN NET ASSETS</b>								
Pension liability adjustment	<u>(130,648)</u>	<u>-</u>	<u>-</u>	<u>(130,648)</u>	<u>(150,966)</u>	<u>-</u>	<u>-</u>	<u>(150,966)</u>
Change in Net Assets	375,325	(471,551)	(22,478)	(118,704)	(261,877)	(210,535)	(21,839)	(494,251)
<b>NET ASSETS</b>								
Beginning of year	<u>611,121</u>	<u>858,475</u>	<u>1,573,494</u>	<u>3,043,090</u>	<u>872,998</u>	<u>1,069,010</u>	<u>1,595,333</u>	<u>3,537,341</u>
End of year	<u>\$ 986,446</u>	<u>\$ 386,924</u>	<u>\$ 1,551,016</u>	<u>\$ 2,924,386</u>	<u>\$ 611,121</u>	<u>\$ 858,475</u>	<u>\$ 1,573,494</u>	<u>\$ 3,043,090</u>

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services				Support Services		Total
	Community Impact	Constituency Services	2-1-1 Hudson Valley Region	Yonkers Thrives	Management and General	Fund Raising	
<b>ALLOCATIONS AND GRANTS</b>							
Allocations to agencies	\$ 305,000	\$ 3,391,489	\$ -	\$ -	\$ -	\$ -	\$ 3,696,489
Special initiatives	-	14,000	-	-	-	-	14,000
Total Allocations and Grants	<u>305,000</u>	<u>3,405,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,710,489</u>
<b>PERSONNEL</b>							
Salaries	424,772	19,308	675,774	57,923	463,387	289,617	1,930,781
Employee benefits	122,241	5,556	194,474	16,669	133,353	83,346	555,639
Payroll taxes	<u>40,918</u>	<u>1,860</u>	<u>65,096</u>	<u>5,580</u>	<u>44,639</u>	<u>27,898</u>	<u>185,991</u>
Total Personnel Costs	<u>587,931</u>	<u>26,724</u>	<u>935,344</u>	<u>80,172</u>	<u>641,379</u>	<u>400,861</u>	<u>2,672,411</u>
<b>OTHER EXPENSES</b>							
Professional fees and contract services	5,997	273	46,829	20,772	6,543	4,089	84,503
Accounting fees	-	-	-	-	32,750	-	32,750
Office/computer supplies	31,508	1,432	50,126	4,297	34,372	21,483	143,218
Telephone	25,789	1,172	41,028	3,517	28,133	17,583	117,222
Postage	3,507	159	5,580	478	3,827	2,391	15,942
Occupancy costs	24,929	1,133	39,660	3,399	27,196	16,997	113,314
Promotional and marketing	141,962	-	60,677	11,802	21,592	117,748	353,781
Local transportation	4,237	193	6,741	578	4,622	2,889	19,260
Conferences, conventions and meetings	3,780	172	6,014	516	4,123	2,578	17,183
Equipment rentals	5,145	234	31,655	702	5,610	3,508	46,854
Bonding and officers' insurance	-	-	-	-	15,690	-	15,690
Miscellaneous	10,853	493	17,266	1,480	11,843	7,400	49,335
Interest expense	-	-	-	-	33,496	-	33,496
National and State United Way dues	<u>36,683</u>	<u>46,365</u>	<u>14,142</u>	<u>-</u>	<u>-</u>	<u>8,054</u>	<u>105,244</u>
Total Other Expenses	<u>294,390</u>	<u>51,626</u>	<u>319,718</u>	<u>47,541</u>	<u>229,797</u>	<u>204,720</u>	<u>1,147,792</u>
Depreciation	<u>35,829</u>	<u>1,433</u>	<u>50,161</u>	<u>-</u>	<u>34,397</u>	<u>21,497</u>	<u>143,317</u>
Total Expenses	<u>\$ 1,223,150</u>	<u>\$ 3,485,272</u>	<u>\$ 1,305,223</u>	<u>\$ 127,713</u>	<u>\$ 905,573</u>	<u>\$ 627,078</u>	<u>\$ 7,674,009</u>

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services			Support Services		Total
	Community Impact	Constituency Services	2-1-1 Hudson Valley Region	Management and General	Fund Raising	
<b>ALLOCATIONS AND GRANTS</b>						
Allocations to agencies	\$ 506,058	\$ 1,855,209	\$ -	\$ -	\$ -	\$ 2,361,267
Contract programs	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total Allocations and Grants	<u>656,058</u>	<u>1,855,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,511,267</u>
<b>PERSONNEL</b>						
Salaries	556,188	41,200	844,581	391,391	226,595	2,059,955
Employee benefits	155,807	11,541	236,596	109,642	63,477	577,063
Payroll taxes	<u>59,893</u>	<u>4,436</u>	<u>90,949</u>	<u>42,149</u>	<u>24,401</u>	<u>221,828</u>
Total Personnel Costs	<u>771,888</u>	<u>57,177</u>	<u>1,172,126</u>	<u>543,182</u>	<u>314,473</u>	<u>2,858,846</u>
<b>OTHER EXPENSES</b>						
Professional fees and contract services	6,789	122	49,774	4,967	1,246	62,898
Accounting fees	-	-	-	38,250	-	38,250
Office/computer supplies	39,263	2,908	59,622	27,631	15,996	145,420
Telephone	39,228	2,906	59,568	27,604	15,982	145,288
Postage	5,186	384	7,875	3,650	2,113	19,208
Occupancy costs	34,870	2,582	52,951	24,540	14,206	129,149
Promotional and marketing	85,535	23,095	59,959	11,436	67,747	247,772
Local transportation	5,243	388	7,962	3,691	2,136	19,420
Conferences, conventions and meetings	7,724	572	11,730	5,436	3,147	28,609
Equipment rentals	8,736	26,248	13,266	6,146	3,559	57,955
Bonding and officers' insurance	-	-	-	16,088	-	16,088
Miscellaneous	10,515	778	15,967	7,399	4,284	38,943
Interest expense	-	-	-	34,933	-	34,933
National and State United Way dues	<u>41,248</u>	<u>51,430</u>	<u>15,764</u>	<u>-</u>	<u>9,065</u>	<u>117,507</u>
Total Other Expenses	<u>284,337</u>	<u>111,413</u>	<u>354,438</u>	<u>211,771</u>	<u>139,481</u>	<u>1,101,440</u>
Depreciation	<u>38,864</u>	<u>2,878</u>	<u>59,015</u>	<u>27,349</u>	<u>15,833</u>	<u>143,939</u>
Total Expenses	<u>\$ 1,751,147</u>	<u>\$ 2,026,677</u>	<u>\$ 1,585,579</u>	<u>\$ 782,302</u>	<u>\$ 469,787</u>	<u>\$ 6,615,492</u>

See notes to financial statements

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

Statements of Cash Flows

	<u>Years Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (118,704)	\$ (494,251)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	143,317	143,939
Gain on disposal of equipment	-	128
Provision for uncollectible receivables	(10,500)	(13,500)
Net gain on investments	(58,814)	(79,007)
Pension liability adjustment	130,648	150,966
Change in operating assets and liabilities		
Pledges receivable	369,160	(97,166)
Other assets	(221,640)	7,488
Accounts payable and accrued expenses	(25,857)	8,968
Due to agencies	(358,571)	18,317
Accrued pension cost	67,022	(4,328)
Other liabilities	<u>12,431</u>	<u>2,669</u>
Net Cash from Operating Activities	<u>(71,508)</u>	<u>(355,777)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of building improvements and equipment	(6,101)	(30,699)
Purchases of investments	(206,170)	(318,635)
Proceeds from sale of investments	<u>730,055</u>	<u>255,520</u>
Net Cash from Investing Activities	<u>517,784</u>	<u>(93,814)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of bank loans	(24,246)	(23,077)
Payments on capital lease obligations	(30,912)	(29,102)
Proceeds from bank loans	<u>-</u>	<u>100,000</u>
Net Cash from Financing Activities	<u>(55,158)</u>	<u>47,821</u>
Net Change in Cash and Cash Equivalents	391,118	(401,770)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>606,396</u>	<u>1,008,166</u>
End of year	<u>\$ 997,514</u>	<u>\$ 606,396</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 33,496	\$ 34,933
Disposal of fully depreciated equipment and furniture	29,408	28,929

See notes to financial statements



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

Notes to Financial Statements  
June 30, 2016 and 2015

## **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, 2016 and 2015

**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 consisting of 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, 2016 and 2015

**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 \$23.07 per hour. Utilizing this calculation for the year ended June 30, 2016, United Way of Westchester and Putnam has determined that \$137,786 was contributed in service time to the United Way, none of which is reflected in the accompanying financial statements.

**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, 2016 and 2015

### **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. United Way is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to July 1, 2012.

#### ***Reclassification***

Certain information in the prior year's financial statements has been reclassified to conform to the current year's presentation.

#### ***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 16, 2016.

### **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, 2016 and 2015

**4. Pledges Receivable**

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

	<u>2016</u>	<u>2015</u>
Total pledges receivable	\$ 819,330	\$ 1,188,490
Less allowance for uncollectible pledges	<u>(150,000)</u>	<u>(160,500)</u>
	<u>\$ 669,330</u>	<u>\$ 1,027,990</u>

**5. Investments and Investment Return**

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

	<u>2016</u>	<u>2015</u>
Level 1 Inputs		
Large blend equity mutual fund *	\$ 1,353,762	\$ 1,737,774
Intermediate bond index mutual fund *	<u>893,147</u>	<u>974,206</u>
Total Investments	<u>\$ 2,246,909</u>	<u>\$ 2,711,980</u>

\* - represents a single investment

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 54,483	\$ 66,424
Realized gain on investments	359,099	81,107
Unrealized depreciation on investments	<u>(300,285)</u>	<u>(2,100)</u>
	<u>\$ 113,297</u>	<u>\$ 145,431</u>

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

Notes to Financial Statements  
June 30, 2016 and 2015

**6. Land, Building and Equipment**

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

	<u>2016</u>	<u>2015</u>
Land	\$ 100,000	\$ 100,000
Building	306,128	306,128
Building improvements	813,908	813,908
Furniture, fixtures, and equipment	<u>724,554</u>	<u>747,861</u>
	1,944,590	1,967,897
Less accumulated depreciation	<u>(1,561,162)</u>	<u>(1,447,253)</u>
	<u>\$ 383,428</u>	<u>\$ 520,644</u>

Assets under capital lease as of June 30, 2016 and 2015 had a cost of \$158,004 with accumulated amortization of \$76,427 and \$44,140 at June 30, 2016 and 2015.

**7. Other Assets**

Other assets consisted of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Beneficial interest in trust	\$ 264,944	\$ 287,422
Cash surrender value of life insurance policy	29,954	30,427
Other receivables	300,693	54,267
Prepaid expenses	<u>109,977</u>	<u>111,812</u>
	<u>\$ 705,568</u>	<u>\$ 483,928</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. Generally accepted accounting principles require 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, 2016 and 2015

**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 \$443,184 and \$467,430 at June 30, 2016 and 2015 and is secured by an interest in the building. Borrowing against the line of credit was \$100,000 at June 30, 2016 and 2015. Interest expense incurred was \$27,160 and \$26,788 in fiscal 2016 and 2015.

Future payments at June 30, 2016 are payable as follows:

2016	\$ 22,245
2017	20,876
2018	19,435
2019	17,966
2020	16,322
Thereafter	<u>346,340</u>
Total Mortgage Payable	443,184
Line of Credit Borrowing	<u>100,000</u>
	<u>\$ 543,184</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 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
DB Plan status at June 30,		
Obligations and funded status at year end		
Projected benefit obligation	\$ 2,977,182	\$ 3,119,119
Fair value of DB Plan assets	2,314,173	2,653,780
Funded status	(663,009)	(465,339)
Accumulated benefit obligation	2,977,182	3,119,119
Net periodic benefit cost recognized in the		
statement of activities	131,022	72,722
Employer contribution to DB Plan	64,000	77,100
Benefits paid	440,626	396,619

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

Notes to Financial Statements  
June 30, 2016 and 2015

**9. Defined Benefit Pension Plan (continued)**

DB Plan information for fiscal 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Assumptions		
Discount rate	3.50%	3.50%
Expected long-term return on DB Plan assets	6.00%	6.00%
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 \$961,695 and \$831,047 at June 30, 2016 and 2015. Periodic benefit cost totaling \$64,414 is expected to be amortized in the next fiscal year.

The Expected Long-Term Rate of Return on Plan Assets assumption of 6.0% 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 5.07% - 7.44%. A rate of 6.00% 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>2016</u>	<u>2015</u>
Equity securities	\$ 831,773	\$ 803,108
Insurance company general account	<u>1,482,400</u>	<u>1,850,672</u>
	<u>\$ 2,314,173</u>	<u>\$ 2,653,780</u>

Equity securities are valued using Level 1 inputs. Investments in the insurance company general account are held with Mutual of America and are valued using Level 3 inputs. 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 \$77,100 to its DB Plan in fiscal 2016.



## United Way of Westchester and Putnam, Inc.

Notes to Financial Statements  
June 30, 2016 and 2015

### 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,	
2016	\$ 1,357,000
2017	-
2018	89,000
2019	273,000
2020	91,000
2021 to 2025	262,000

### 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 \$27,112 and \$87,874 for the years ended June 30, 2016 and 2015.

### 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, 2016 and 2015

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

Activity in funds held for long-term investment for the years ended June 30, 2016 and 2015 is summarized as follows:

	Unrestricted Quasi- Endowment	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2014	\$ 480,668	\$ 489,734	\$ 1,286,072	\$ 2,256,474
Contributions	189,299	-	-	189,299
Transfers, net	(243,771)	-	-	(243,771)
Investment gain	66,893	70,886	-	137,779
Appropriation for expenditures	<u>(59,987)</u>	<u>(75,645)</u>	-	<u>(135,632)</u>
Balance, June 30, 2015	433,102	484,975	1,286,072	2,204,149
Contributions	4,500	-	-	4,500
Transfers, net	(268,956)	-	-	(268,956)
Investment gain	46,261	61,096	-	107,357
Appropriation for expenditures	<u>(59,536)</u>	<u>(522,237)</u>	-	<u>(581,773)</u>
Balance, June 30, 2016	<u>\$ 155,371</u>	<u>\$ 23,834</u>	<u>\$ 1,286,072</u>	<u>\$ 1,465,277</u>

**12. Temporarily Restricted Net Assets**

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

	<u>2016</u>	<u>2015</u>
JPMorgan Chase grant	\$ 9,321	\$ 11,164
Ruth Taylor Award Fund	43,946	37,120
Holland Scholarship Fund	60,421	58,319
Financial Education initiatives	27,697	64,026
Education initiatives	20,000	22,500
Income initiatives	14,012	-
Health initiatives	-	-
Bendheim Community Disaster Recovery Fund	127,133	123,374
Westchester Disaster Recovery Fund	25,203	25,203
Hurricane Sandy Fund	10,631	2,194
2-1-1 Hudson Valley Region	18,460	-
Future periods	6,266	29,600
Endowment earnings not appropriated	<u>23,834</u>	<u>484,975</u>
	<u>\$ 386,924</u>	<u>\$ 858,475</u>

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

Notes to Financial Statements  
June 30, 2016 and 2015

**12. Temporarily Restricted Net Assets (continued)**

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

	<u>2016</u>	<u>2015</u>
Intergenerational Initiative grant	\$ -	\$ 168,328
JPMorgan Chase grant	1,843	36,025
Ruth Taylor Award Fund	7,500	14,062
Financial Education initiatives	43,829	5,000
Education initiatives	22,500	10,000
Income initiatives	60,988	-
Health initiatives	75,000	75,000
Hurricane Sandy Fund	25,259	70,009
Future periods	29,600	35,600
Endowment	<u>522,237</u>	<u>75,645</u>
	<u>\$ 788,756</u>	<u>\$ 489,669</u>

**13. Permanently Restricted Net Assets**

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

	<u>2016</u>	<u>2015</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	118,350	118,350
Ruth Taylor Award Fund	<u>264,944</u>	<u>287,422</u>
	<u>\$ 1,551,016</u>	<u>\$ 1,573,494</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, Rockland, Sullivan, and Ulster) 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](http://www.hudson211.org)) so that anyone can search this comprehensive database at anytime. 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, 2016 and 2015

**15. Gifts-in-Kind**

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

	<u>2016</u>	<u>2015</u>
Allocations and grants	\$ 3,389,647	\$ 1,815,369
Promotional and marketing expenses	129,350	81,613
Technical support and general expenses	<u>835</u>	<u>23,885</u>
	<u>\$ 3,519,832</u>	<u>\$ 1,920,867</u>

**16. Other Transactions**

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

	<u>2016</u>	<u>2015</u>
United Way Worldwide	\$ 74,585	\$ 84,019
United Way of New York State	23,809	26,488
Gifts in Kind International	<u>6,850</u>	<u>7,000</u>
	<u>\$ 105,244</u>	<u>\$ 117,507</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, 2016 are as follows:

2017	\$ 37,248
2018	37,248
2019	<u>20,517</u>
Minimum Lease Payments	95,013
Less amounts representing interest	<u>(7,170)</u>
Present Value of Minimum Obligations Under Capital Leases	<u>\$ 87,843</u>

The present value of capital lease obligations of \$87,843 and \$118,755 at June 30, 2016 and 2015 is included in other liabilities in the statements of financial position. Rental expense and other equipment expenses were \$13,968 and \$13,168 in fiscal 2016 and 2015.

## United Way of Westchester and Putnam, Inc.

Notes to Financial Statements  
June 30, 2016 and 2015

### 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 2016 and 2015, a total (unaudited) of \$340,650 and \$376,153, 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>2016</u>	<u>2015</u>
Total public support and revenue as reported in the accompanying Statements of Activities	\$ 7,685,953	\$ 6,272,207
Add:		
Estimated uncollectible pledges receivable	188,333	200,843
Donor designated funds raised on behalf of others	4,330,594	5,051,392
Emergency Food and Shelter Program (Note 18)	<u>340,650</u>	<u>376,153</u>
Total	<u>\$ 12,545,530</u>	<u>\$ 11,900,595</u>
Supporting Services Expense	<u>\$ 1,532,651</u>	<u>\$ 1,252,089</u>
Administrative Cost Ratio	<u>12.22%</u>	<u>10.52%</u>

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

Notes to Financial Statements  
June 30, 2016 and 2015

**20. Plans to Enhance Net Assets for Operations**

Along with the Board's guidance, management will continue to monitor the organization's operating results and will continue the practice of closely reviewing the campaign results throughout the year. In accordance with this practice, the operating budget and/or initiatives will be adjusted as deemed necessary to ensure a fiscally stable environment for the organization. The operating budget has continually been reduced the last six years and through strict monitoring the organization again ended the fiscal year under the approved budget and in addition, the Board and management continue to implement steps to address the considerable pension and investment income liabilities. Also, in fiscal 2016, management under the direction of the Board, utilized a portion of the accrued earnings from the organization's quasi-endowment to reduce outstanding obligations related to program work.

Resources again continue to be focused on raising increased and new undesignated and targeted funds for mission work. During fiscal 2017, management and staff are currently pursuing and submitting requests for large federal and other grants which will support its K-3 and United2Read reading initiatives while also providing support to the operating budget. Also, in 2016, United Way was named and continues to be the backbone agency in collaboration with the City of Yonkers (Yonkers Thrives) which will allow for the enhancement and expansion of work in the education area and again provide support to the operating budget. Additionally, a gala and golf outing were held in Spring 2016 and raised additional net revenues of approximately \$156,000 which exceeded projections by nearly \$35,000. Both events are scheduled to take place again in Spring 2017.

Management, in consultation with the Board, continually monitors the budget associated with the 2-1-1 service. Efforts to secure new contracts and grants with private and public funders to sustain the viability and mission of 2-1-1 are ongoing.

\* \* \* \* \*

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

### Supplemental Information

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

#### **Statements of Activities (page 4)**

Details related to Campaign Results (page 23)

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

#### **Statement of Functional Expenses (page 5)**

Details related to Total Community Impact (page 24)

Details related to Total Special Initiatives (page 25)

Details related to Total Constituency Services (page 25)

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

Schedule of Campaign Results  
For the Year Ended June 30, 2016

Regional Campaign		\$ 3,649,605
Local Corporate and Employee contributions		1,531,938
Amounts collected and received directly from United Way of:		
Bronxville - Eastchester - Tuckahoe	\$ 9,065	
Harrison and Purchase	75,995	
Larchmont-Mamaroneck	285,751	
Mid-Hudson	79,578	
Mount Vernon	2,300	
New Rochelle	106,690	
Northern Westchester	303,622	
Pelham	29,259	
Town of Rye, Port Chester, Ryebrook	6,985	
Scarsdale - Edgemont	281,200	
Rye	65,100	
The Tarrytowns	21,110	
Greater White Plains	32,596	
Yonkers	6,054	
Putnam	<u>7,890</u>	
Total Community United Ways		1,313,195
State Employees Federated Appeal		56,718
Westchester County Charitable Contributions Campaign		1,128
Special Events		411,516
2-1-1 Hudson Valley Region		968,055
Yonkers Thrives		147,575
Ruth Taylor Award Fund		14,326
Other grants		220,234
Legacies and bequests/Term Life		<u>270,934</u>
Total Campaign Funds Raised		8,585,224
Less: Amounts included in reported campaign that are classified differently for financial statement purposes		
Legacies, bequests and other public support		(290,976)
Sponsorships included in "Other Income"		<u>(86,433)</u>
<b>Campaign Results, as Reported in the Statement of Activities</b>		<b><u>\$ 8,207,815</u></b>



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

Schedule of Funds Distributed to Partner Agencies  
As of June 30, 2016

	<b><u>Board Allocated</u></b>
<b>COMMUNITY IMPACT</b>	
Education	
Columbia University (Ruth Taylor Scholarship)	\$ 5,000
Family Service Society of Yonkers	5,000
George Washington University (Ruth Taylor Scholarship)	2,500
STRIVE Program	405
Total Education	<b><u>\$ 12,905</u></b>
Income	
Careers for People with Disabilities	\$ 15,000
Family Service Society of Yonkers	20,800
Financial Education Program	21,269
Urban League of Westchester	25,689
WESTCOP	20,301
WESTHAB	17,000
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	<b><u>\$ 120,059</u></b>
Health	
Cornell Cooperative Extension	\$ 10,000
Open Door Family Medical Center	18,000
Rye YMCA	18,000
Yonkers Family YMCA	18,000
Total Health	<b><u>\$ 64,000</u></b>
Community and Non Profit Support/Contract Programs	
Brewster Emergency Shelter	\$ 1,177
Hispanaic Resource Center	10,000
Nonprofit Westchester	1,200
Not-For-Profit Leadership Summit	90,659
Pro Bono Partnership	5,000
Total Community and Non Profit Support/Contract Programs	<b><u>\$ 108,036</u></b>
<b>Total Community Impact</b>	<b><u>\$ 305,000</u></b>

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

Schedule of Funds Distributed to Partner Agencies  
As of June 30, 2016

	<b><u>Board Allocated</u></b>
<b>Special Initiatives</b>	
Local Presence Community Grants	
A-Home	\$ 1,200
APEX Network Center Inc.	1,200
Boys & Girls Club of Northern Westchester	1,000
Cardinal McCloskey Community Services	1,200
Caring for the Homeless of Peekskill	1,200
Friends of Karen	1,200
Westchester Exceptional Children's School	1,200
Cerebal Palsy of Westchester	1,200
Don Bosco Community Center	1,200
Elinor Martin Residence for Mother & Child	1,200
North American Family Institute NY Region	1,000
Scarsdale Foundation	1,200
<b>Total Special Initiatives</b>	<b><u>\$ 14,000</u></b>
<b>CONSTITUENCY SERVICES</b>	
Gifts in Kind Program	
Local Product Donations and Product Donations received from Gifts in Kind	\$ 3,389,647
United Way - Pace University Not for Profit Management Center	1,842
<b>Total Constituency Services</b>	<b><u>\$ 3,391,489</u></b>

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

Donor Designated Funds Raised on Behalf of Others  
June 30, 2016

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

Various not-for-profits in Westchester and Putnam	\$ 54,069
Other United Ways	<u>1,352</u>
Donor Designated Funds Raised on Behalf of Others in Westchester and Putnam	55,421
Donor designations outside of Westchester and Putnam	<u>4,275,173</u>
<b>Total Donor Designated Funds Raised on Behalf of Others</b>	<b><u>\$ 4,330,594</u></b>