

**UNITED WAY
OF THE SOUTHERN TIER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2014

UNITED WAY OF THE SOUTHERN TIER, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the United Way of the Southern Tier, Inc.
Corning, New York

We have audited the accompanying financial statements of the United Way of the Southern Tier, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 audits 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 risk 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 the United Way of the Southern Tier, Inc. as of June 30, 2014 and 2013, 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.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Corning, New York
October 21, 2014

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Financial Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 812,890	\$ 917,478
Short-term investments	526,315	832,061
Accounts receivable	4,861	10,100
Pledges receivable	2,184,272	1,918,482
Prepaid expenses	19,658	-
Note receivable - current portion	-	675
Total current assets	3,547,996	3,678,796
Investments - Unrestricted	2,141,593	1,366,389
Investments - Restricted Endowment	316,960	316,960
Property and Equipment - Net	28,172	25,416
Total Assets	\$ 6,034,721	\$ 5,387,561
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 17,416	\$ 10,473
Allocations payable	1,479,042	1,493,835
Due to other agencies	1,072,853	438,964
Deferred revenue	19,750	17,000
Total current liabilities	2,589,061	1,960,272
Net Assets		
Unrestricted		
Operating fund	2,615,251	2,640,768
Strategic investment fund	407,456	363,579
Fixed asset fund	28,172	25,416
Austin loan fund	40,000	40,000
Total unrestricted	3,090,879	3,069,763
Temporarily restricted		
Campaign support for subsequent years	26,717	28,462
Gabielli fund	1,986	2,986
Total temporarily restricted	28,703	31,448
Permanently restricted		
Endowment fund	316,960	316,960
Purdue fund	4,594	4,594
Shand fund	4,524	4,524
Total permanently restricted	326,078	326,078
Total Net Assets	3,445,660	3,427,289
Total Liabilities and Net Assets	\$ 6,034,721	\$ 5,387,561

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Activities
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>				<u>2013</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support								
Total campaign support	\$ 4,493,344	\$ 26,717	\$ -	\$ 4,520,061	\$ 4,577,354	\$ 28,462	\$ -	\$ 4,605,816
Campaign net assets released from temporary restrictions	28,462	(28,462)	-	-	158,642	(158,642)	-	-
	4,521,806	(1,745)	-	4,520,061	4,735,996	(130,180)	-	4,605,816
Donor designations	(755,411)	-	-	(755,411)	(806,984)	-	-	(806,984)
Provisions for uncollectible pledges	(123,432)	-	-	(123,432)	(176,315)	-	-	(176,315)
Prior campaign pledge recapture	15,098	-	-	15,098	37,222	-	-	37,222
Net campaign support	3,658,061	(1,745)	-	3,656,316	3,789,919	(130,180)	-	3,659,739
In-kind contributions	3,766	-	-	3,766	9,073	-	-	9,073
Other contributions	-	-	-	-	2,100	-	1,300	3,400
Other net assets released from temporary restrictions	1,000	(1,000)	-	-	1,000	(1,000)	-	-
Total public support	3,662,827	(2,745)	-	3,660,082	3,802,092	(131,180)	1,300	3,672,212
Revenues								
CASH program revenue	67,266	-	-	67,266	69,628	-	-	69,628
Investment income	37,822	3,983	-	41,805	44,367	7,544	-	51,911
Service fee	110,753	-	-	110,753	114,965	-	-	114,965
Special events income	47,325	-	-	47,325	43,221	-	-	43,221
Rental income	12,838	-	-	12,838	12,875	-	-	12,875
Miscellaneous	1,950	-	-	1,950	23,663	-	-	23,663
Unrealized gain on investments	174,325	27,295	-	201,620	62,721	14,513	-	77,234
Realized gain on investments	35,545	7,051	-	42,596	12,920	2,989	-	15,909
Investment earnings released from restrictions	38,329	(38,329)	-	-	25,046	(25,046)	-	-
Total revenues	526,153	-	-	526,153	409,406	-	-	409,406
Total Public Support and Revenues	4,188,980	(2,745)	-	4,186,235	4,211,498	(131,180)	1,300	4,081,618
Funds Awarded and Functional Expenses								
Gross funds awarded	3,728,531	-	-	3,728,531	3,596,543	-	-	3,596,543
Less, donor designations	(755,411)	-	-	(755,411)	(806,984)	-	-	(806,984)
Net funds awarded	2,973,120	-	-	2,973,120	2,789,559	-	-	2,789,559
Functional expenses								
Program services	409,009	-	-	409,009	419,945	-	-	419,945
Fundraising	394,475	-	-	394,475	406,676	-	-	406,676
Management and general	391,260	-	-	391,260	423,141	-	-	423,141
Total functional expenses	1,194,744	-	-	1,194,744	1,249,762	-	-	1,249,762
Total Funds Awarded and Functional Expenses	4,167,864	-	-	4,167,864	4,039,321	-	-	4,039,321
Changes in Net Assets	21,116	(2,745)	-	18,371	172,177	(131,180)	1,300	42,297
Net Assets - Beginning	3,069,763	31,448	326,078	3,427,289	2,897,586	162,628	324,778	3,384,992
Net Assets - Ending	\$ 3,090,879	\$ 28,703	\$ 326,078	\$ 3,445,660	\$ 3,069,763	\$ 31,448	\$ 326,078	\$ 3,427,289

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 18,371	\$ 42,297
Adjustments		
Provisions for uncollectible pledges	123,432	176,315
Realized gain on investments	(42,596)	(15,909)
Unrealized gain on investments	(201,620)	(77,234)
Depreciation	9,226	32,630
Changes in assets and liabilities		
Accounts receivable	5,239	(10,100)
Prepaid expenses	(19,658)	-
Pledges receivable	(389,222)	(150,961)
Accounts payable and accrued expenses	6,943	(8,997)
Allocations payable	(14,793)	24,174
Due to other agencies	633,889	340
Deferred revenue	2,750	(3,000)
Net cash flows from operating activities	<u>131,961</u>	<u>9,555</u>
Cash Flows from Investing Activities		
Repayment of note receivable	675	1,451
Net change in short-term investments	305,746	(7,337)
Sale of investments	485,895	524,931
Purchase of investments	(1,016,883)	(553,514)
Purchase of property and equipment	(11,982)	(17,229)
Net cash flows from investing activities	<u>(236,549)</u>	<u>(51,698)</u>
Net Change in Cash and Cash Equivalents	(104,588)	(42,143)
Cash and Cash Equivalents - Beginning	<u>917,478</u>	<u>959,621</u>
Cash and Cash Equivalents - Ending	<u>\$ 812,890</u>	<u>\$ 917,478</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>	
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>2014</u>	<u>2013</u>
Salaries	\$ 22,206	\$ 135,817	\$ 158,023	\$ 190,040	\$ 168,351	\$ 516,414	\$ 525,458
Employee benefits	3,706	22,665	26,371	31,716	28,098	86,185	92,868
Payroll taxes	2,071	12,663	14,734	17,720	15,698	48,152	53,179
Total Salaries and Related Expenses	27,983	171,145	199,128	239,476	212,147	650,751	671,505
Professional fees	-	-	-	-	42,185	42,185	30,800
Supplies	368	2,253	2,621	3,153	2,793	8,567	20,915
Telephone	654	4,001	4,655	5,597	4,958	15,210	18,235
Postage and shipping	289	1,765	2,054	2,471	2,189	6,714	15,380
Occupancy	3,715	22,722	26,437	31,794	28,165	86,396	80,851
Printing and publications	-	-	-	-	1,058	1,058	811
Transportation	982	1,452	2,434	4,330	930	7,694	8,703
Conferences and meetings	1,138	89	1,227	32	10,575	11,834	15,821
Marketing	-	9,248	9,248	5,398	-	14,646	8,279
Miscellaneous	-	45	45	-	13,437	13,482	9,460
Insurance	-	-	-	-	4,809	4,809	6,059
Promotions	-	-	-	53,763	-	53,763	44,035
Special events	-	-	-	34,705	16,914	51,619	55,430
SEFA campaign	-	-	-	1,743	-	1,743	13,320
CFC campaign	-	-	-	4,732	-	4,732	10,099
CASH program	-	151,530	151,530	-	-	151,530	144,749
Payments to United Way Worldwide	-	-	-	-	44,650	44,650	43,213
Payments to United Way of New York	454	2,777	3,231	3,886	3,442	10,559	10,394
In-kind expenses	3,576	-	3,576	-	-	3,576	9,073
Total other expenses	11,176	195,882	207,058	151,604	176,105	534,767	545,627
Total Expenses Before Depreciation	39,159	367,027	406,186	391,080	388,252	1,185,518	1,217,132
Depreciation	397	2,426	2,823	3,395	3,008	9,226	32,630
Total Expenses	\$ 39,556	\$ 369,453	\$ 409,009	\$ 394,475	\$ 391,260	\$ 1,194,744	\$ 1,249,762

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2013

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total Functional Expenses</u>
	<u>Community Building</u>	<u>Community Investment</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Salaries	\$ 22,595	\$ 138,195	\$ 160,790	\$ 193,369	\$ 171,299	\$ 525,458
Employee benefits	3,993	24,424	28,417	34,175	30,276	92,868
Payroll taxes	2,287	13,986	16,273	19,570	17,336	53,179
Total Salaries and Related Expenses	28,875	176,605	205,480	247,114	218,911	671,505
Professional fees	-	-	-	-	30,800	30,800
Supplies	899	5,501	6,400	7,697	6,818	20,915
Telephone	784	4,796	5,580	6,710	5,945	18,235
Postage and shipping	661	4,045	4,706	5,660	5,014	15,380
Occupancy	3,477	21,264	24,741	29,753	26,357	80,851
Printing and publications	-	-	-	-	811	811
Transportation	1,037	1,559	2,596	4,188	1,919	8,703
Conferences and meetings	468	33	501	1,425	13,895	15,821
Marketing	333	2,025	2,358	2,698	3,223	8,279
Miscellaneous	-	145	145	-	9,315	9,460
Insurance	-	-	-	-	6,059	6,059
Promotions	-	-	-	44,035	-	44,035
Special events	-	450	450	38,196	16,784	55,430
SEFA campaign	-	-	-	2,415	10,905	13,320
CFC campaign	-	-	-	952	9,147	10,099
CASH program	-	144,749	144,749	-	-	144,749
Payments to United Way Worldwide	-	-	-	-	43,213	43,213
Payments to United Way of New York	447	2,734	3,181	3,825	3,388	10,394
In-kind expenses	9,073	-	9,073	-	-	9,073
Total other expenses	17,179	187,301	204,480	147,554	193,593	545,627
Total Expenses Before Depreciation	46,054	363,906	409,960	394,668	412,504	1,217,132
Depreciation	1,403	8,582	9,985	12,008	10,637	32,630
Total Expenses	\$ 47,457	\$ 372,488	\$ 419,945	\$ 406,676	\$ 423,141	\$ 1,249,762

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Agency

Nature of Agency - The United Way of the Southern Tier, Inc. (the "Agency") is a nonprofit fundraising, fund distribution and community service agency. The mission of the Agency is to effectively mobilize the caring power of the community to help people improve their lives. The Agency raises funds on an annual basis each fall through employee payroll deductions at the workplace and corporate contributions. A volunteer Board of Directors provides governance over the Agency.

Method of Accounting - The Agency maintains its books and prepares its financial statements on the accrual basis of accounting.

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

Basis of Presentation - Under ASC 958-205, *Presentation of Financial Statements*, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net asset classifications used by the Agency are as follows:

Unrestricted Net Assets - Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out the general activities and operations of the Agency in accordance with its by-laws. Certain unrestricted net assets have been appropriated for various operational activities by the Board of Directors and are listed as such in the statements of financial position.

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of contributions received in advance of the subsequent year campaign and other contributions restricted to specific uses or time periods by donors. When donor or grantor restrictions expire, temporarily restricted net assets are reclassified as unrestricted and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - The principal portion of the endowment fund consists of gifts from donors and is reported as permanently restricted because it cannot be used for operating purposes. The accumulated earnings of the endowment fund are temporarily restricted until appropriated for expenditure and reclassified as unrestricted resources in the statements of activities.

Cash and Cash Equivalents - For the purpose of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits and all highly liquid investments with an original maturity of three months or less. The Agency maintains cash and cash equivalents at financial institutions which may periodically exceed federally insured limits.

Short-term Investments - These investments include certificates of deposit with original maturities greater than three months.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses, if any, on balances outstanding at year-end will be immaterial to the financial statements.

Pledges Receivable - Pledges receivable represent contributions received from various campaigns held by the Agency. Contributions receivable are expected to be collected within one year. An allowance for uncollectible accounts is recorded based on management's evaluation of the average collections over the previous five years and an analysis of each individual account balance.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Investments - Investments are presented in the statements of financial position at fair market value as determined by the related professional managers. The net increase or decrease in the fair market value of non-current investments is reflected as an increase or decrease in the appropriate statements of activities. ASC 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. The fair value of investments is disclosed in Note 3 to the financial statements.

Property and Equipment - Property and equipment purchased in excess of \$500 is capitalized and recorded at cost. Donated property and equipment are recorded at fair market value. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Property and equipment have depreciable lives ranging from three to seven years.

Allocations Payable - The Agency's Board of Directors has elected an allocation payable policy to make allocation commitments to participating agencies payable in the subsequent campaign year contingent upon the success of the subsequent year's campaign. Each year the Board identifies fifty percent of its funding allocations as allocations to be paid from the preceding year's fundraising effort.

Due to Other Agencies - Under ASC 958-605, *Revenue Recognition*, a liability is reported for contributions received which have been donor designated for specific beneficiary organizations. When the designation is paid to the beneficiary organization, the corresponding liability is eliminated.

Revenue Recognition - ASC 958-605, *Revenue Recognition*, requires that contributions received be recognized as revenues or gains in the period received. Such contributions include unconditional promises to give, in the form of pledges. Contributions made are recognized in the period made, and also include unconditional promises to give, in the form of allocations. Contributions received for subsequent year's campaigns are recognized as temporarily restricted in the year received. These amounts are released from restriction and recognized as unrestricted revenues in the applicable campaign years.

Donated Facilities and Services - Donated services are recognized as contributions in accordance with ASC 958, *Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Volunteers also provided many services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 were not met.

Functional Expenses - Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service. Program expenses are categorized as either community building expenses or community investment expenses.

Advertising - The Agency expenses all advertising costs as they are incurred.

Income Taxes - The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Agency recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. Management believes that the Agency is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Agency's financial statements. The exempt Agency's informational returns are subject to audit by various taxing authorities and its open audit periods are 2011 through 2013.

Subsequent Events - The Agency's management has evaluated subsequent events through the date of the report which is the date these financial statements were available to be issued.

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

Note 2. Pledges Receivable

Pledges receivable and the related allowance for uncollectible pledges consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Gross pledges receivable	\$ 2,346,279	\$ 2,152,562
Less, allowance for uncollectible pledges	<u>(162,007)</u>	<u>(234,080)</u>
Pledges receivable - net	<u>\$ 2,184,272</u>	<u>\$ 1,918,482</u>

Provisions for uncollectible pledges consisted of the following for the year ended June 30:

	<u>2014</u>	<u>2013</u>
Write off of pledges receivable	\$ 195,505	\$ 198,489
Changes in allowance	<u>(72,073)</u>	<u>(22,174)</u>
Provisions for uncollectible pledges	<u>\$ 123,432</u>	<u>\$ 176,315</u>

Note 3. Investments

The Agency has determined the fair value of investments through the application of ASC 820, which places assets into one of three levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs are primarily valued using management's analysis about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Following is the description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and foreign bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Agency are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded.

Investments consisted of the following at June 30:

	<u>Total 2014</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Other Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Cash and cash equivalents	<u>\$ 55,216</u>	<u>\$ 55,216</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed income				
Corporate bonds	630,819	-	630,819	-
Certificate of deposit	60,574	-	60,574	-
Foreign government bonds	80,807	-	80,807	-
Total fixed income	<u>\$ 772,200</u>	<u>\$ -</u>	<u>\$ 772,200</u>	<u>\$ -</u>

UNITED WAY OF THE SOUTHERN TIER, INC.
Notes to Financial Statements

	Total 2014	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Common stocks				
Basic material	136,301	136,301	-	-
Consumer goods	24,190	24,190	-	-
Exchange-traded funds	95,792	95,792	-	-
Financial	43,962	43,962	-	-
Healthcare	259,585	259,585	-	-
Industrial goods	166,028	166,028	-	-
Services	29,612	29,612	-	-
Technology	239,237	239,237	-	-
Utilities	100,715	100,715	-	-
Total common stocks	<u>1,095,422</u>	<u>1,095,422</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	482,234	482,234	-	-
Growth	53,481	53,481	-	-
Total mutual funds	<u>535,715</u>	<u>535,715</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 2,458,553</u>	<u>\$ 1,686,353</u>	<u>\$ 772,200</u>	<u>\$ -</u>
	Total 2013	Quoted Prices in Active Markets Level 1	Significant Other Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	<u>\$ 7,553</u>	<u>\$ 7,553</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed income				
Corporate bonds	469,468	-	469,468	-
Municipal bonds	100,286	-	100,286	-
Certificate of deposit	51,368	-	51,368	-
Foreign government bonds	135,266	-	135,266	-
Total fixed income	<u>756,388</u>	<u>-</u>	<u>756,388</u>	<u>-</u>
Common stocks				
Basic material	108,552	108,552	-	-
Consumer goods	23,420	23,420	-	-
Exchange-traded funds	83,125	83,125	-	-
Financial	32,735	32,735	-	-
Healthcare	219,495	219,495	-	-
Industrial goods	127,362	127,362	-	-
Services	19,951	19,951	-	-
Technology	183,825	183,825	-	-
Utilities	120,943	120,943	-	-
Total common stocks	<u>919,408</u>	<u>919,408</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>\$ 1,683,349</u>	<u>\$ 926,961</u>	<u>\$ 756,388</u>	<u>\$ -</u>

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Note 4. Note Receivable

During the year ended June 30, 2011, the Agency issued a note receivable to aid a local non-profit organization in performing pool repairs. The contract entered into by the United Way of the Southern Tier, Inc. and the local nonprofit organization totaled \$4,000. The payment terms of the contract were monthly payments of \$113, bearing interest at 1.0%, for 36 months. The balance at June 30, 2014 and 2013, was \$0 and \$675, respectively.

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Equipment, furniture, and fixtures	\$ 170,212	\$ 219,457
Less, accumulated depreciation	(142,040)	(194,041)
Property and equipment - net	<u>\$ 28,172</u>	<u>\$ 25,416</u>

Note 6. Endowment Fund

Permanently restricted net assets at June 30, 2014 and 2013, consist of an endowment fund established in the early 1990's to support the Agency's operating expenses. The original contribution stipulates that the gift is to be held and invested by the Agency indefinitely and income, which is considered unrestricted, from the fund is to be expended on operating expenses of the Agency. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Agency has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Agency, (7) alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives have on the Agency, and (8) the Agency's investment policies.

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The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2014 and 2013, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment Net Assets, June 30, 2012	\$ -	\$ 315,660
Contributions	-	1,300
Investment income	7,544	-
Net appreciation	17,502	-
Amounts appropriated for expenditure	<u>(25,046)</u>	<u>-</u>
Endowment Net Assets, June 30, 2013	-	316,960
Contributions	-	-
Investment income	3,983	-
Net appreciation	34,346	-
Amounts appropriated for expenditure	<u>(38,329)</u>	<u>-</u>
Endowment Net Assets, June 30, 2014	<u>\$ -</u>	<u>\$ 316,960</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Agency to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, losses on the investment of a donor-restricted endowment fund shall reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss shall reduce unrestricted net assets. There were no losses for the years ended June 30, 2014 and 2013.

Note 7. In-Kind Contributions

Contributions of non-cash assets are recorded at their fair value in the period received. The following is a summary of in-kind contributions which are reported as revenue and related expense in the financial statements for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Advertising	\$ 1,242	\$ 6,217
Other goods and services	2,524	2,856
Total	<u>\$ 3,766</u>	<u>\$ 9,073</u>

Note 8. Concentration of Revenue

The Agency's campaign success is heavily dependent on pledges from a local corporation and its employees. Pledges from this local corporation accounted for 52.11% and 51.29% of total campaign support for the fiscal years ended June 30, 2014 and 2013, respectively. Pledges receivable from the local corporation accounted for 46.59% and 50.89% of the gross pledges receivable at June 30, 2014 and 2013, respectively.

Note 9. Pension Plan

The Agency participates in a nationally sponsored defined contribution pension plan for nonprofit organizations. The non-contributory plan is available to all full-time employees with at least one year of service who have reached the age of twenty-one. Contributions are calculated at 8% of the participants' compensation. Pension costs for the years ended June 30, 2014 and 2013, amounted to \$36,735 and \$41,380, respectively, and are included in the Agency's employee benefits.

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Note 10. Lease Contracts

The Agency leases various office equipment at a total monthly rental cost of approximately \$486. Expiration of these lease agreements ranges from October of 2016 to August of 2017. Expense as a result of these lease agreements amounted to \$5,692 and \$5,587 as of June 30, 2014 and 2013, respectively. The future minimum lease commitments as of June 30, 2014, were as follows:

2015	\$	5,837
2016		5,837
2017		3,158
2018		70
Total	<u>\$</u>	<u>14,902</u>

The Agency also leases its office space on a month to month basis for \$3,503 per month.

Note 11. Related Parties

Employees of certain financial institutions, which hold deposits on behalf of the Agency, serve as members of the Board of Directors. A board member of the Agency also serves on a board of a funded agency.

Note 12. Temporarily Restricted Net Assets

The Agency's temporarily restricted net assets consisted of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Campaign support for subsequent years	\$ 26,717	\$ 28,462
Gabrielli fund	1,986	2,986
Total temporarily restricted net assets	<u>\$ 28,703</u>	<u>\$ 31,448</u>

Note 13. Reclassification

Certain reclassifications have been made to the financial statements for the year ended June 30, 2013. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.