

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**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, 2015 and 2014, 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, 2015 and 2014, 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  
September 22, 2015

**UNITED WAY OF THE SOUTHERN TIER, INC.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 664,014	\$ 819,375
Short-term investments	373,973	519,830
Accounts receivable	2,508	4,861
Pledges receivable - net	2,098,180	2,184,272
Prepaid expenses	9,208	19,658
Total current assets	3,147,883	3,547,996
<b>Investments - Unrestricted</b>	2,165,382	2,141,593
<b>Investments - Restricted Endowment</b>	318,010	316,960
<b>Property and Equipment - Net</b>	12,263	28,172
<b>Total Assets</b>	\$ 5,643,538	\$ 6,034,721
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 49,119	\$ 35,398
Allocations payable	1,457,538	1,461,060
Due to other agencies	835,581	1,072,853
Deferred revenue	-	19,750
Total current liabilities	2,342,238	2,589,061
<b>Net Assets</b>		
Unrestricted		
Operating fund	2,481,051	2,615,251
Strategic investment fund	384,828	407,456
Fixed asset fund	12,263	28,172
Austin loan fund	40,000	40,000
Total unrestricted	2,918,142	3,090,879
Temporarily restricted		
Campaign support for subsequent years	54,913	26,717
Gabielli fund	986	1,986
Gannett fund	131	-
Total temporarily restricted	56,030	28,703
Permanently restricted		
Endowment fund	318,010	316,960
Purdue fund	4,594	4,594
Shand fund	4,524	4,524
Total permanently restricted	327,128	326,078
<b>Total Net Assets</b>	3,301,300	3,445,660
<b>Total Liabilities and Net Assets</b>	\$ 5,643,538	\$ 6,034,721

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, 2015 and 2014

	<u>2015</u>				<u>2014</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>
<b>Public Support</b>								
Total campaign support	\$ 4,430,050	\$ 54,913	\$ -	\$ 4,484,963	\$ 4,493,344	\$ 26,717	\$ -	\$ 4,520,061
Campaign net assets released from temporary restrictions	26,717	(26,717)	-	-	28,462	(28,462)	-	-
	4,456,767	28,196	-	4,484,963	4,521,806	(1,745)	-	4,520,061
Donor designations	(754,762)	-	-	(754,762)	(755,411)	-	-	(755,411)
Provisions for uncollectible pledges	(192,591)	-	-	(192,591)	(123,432)	-	-	(123,432)
Prior campaign pledge recapture	3,108	-	-	3,108	15,098	-	-	15,098
Net campaign support	3,512,522	28,196	-	3,540,718	3,658,061	(1,745)	-	3,656,316
In-kind contributions	1,010	-	-	1,010	3,766	-	-	3,766
Other contributions	22,413	4,500	1,050	27,963	-	-	-	-
Other net assets released from temporary restrictions	1,000	(1,000)	-	-	1,000	(1,000)	-	-
Total public support	3,536,945	31,696	1,050	3,569,691	3,662,827	(2,745)	-	3,660,082
<b>Revenues</b>								
CASH program revenue	-	-	-	-	67,266	-	-	67,266
Investment income	49,753	5,998	-	55,751	37,822	3,983	-	41,805
Service fee	120,305	-	-	120,305	110,753	-	-	110,753
Special events income	33,790	-	-	33,790	47,325	-	-	47,325
Other grant income	17,500	-	-	17,500	-	-	-	-
Rental income	8,700	-	-	8,700	12,838	-	-	12,838
Miscellaneous	-	-	-	-	1,950	-	-	1,950
Loss on disposal of property and equipment	(13,251)	-	-	(13,251)	-	-	-	-
Unrealized gain (loss) on investments	(57,735)	(13,909)	-	(71,644)	174,325	27,295	-	201,620
Realized gain on investments	37,041	7,372	-	44,413	35,545	7,051	-	42,596
Investment earnings (loss) released from restrictions	(539)	539	-	-	38,329	(38,329)	-	-
Total revenues	195,564	-	-	195,564	526,153	-	-	526,153
<b>Total Public Support and Revenues</b>	3,732,509	31,696	1,050	3,765,255	4,188,980	(2,745)	-	4,186,235
<b>Funds Awarded and Functional Expenses</b>								
Gross funds awarded	3,738,967	-	-	3,738,967	3,728,531	-	-	3,728,531
Less, donor designations	(754,762)	-	-	(754,762)	(755,411)	-	-	(755,411)
Net funds awarded	2,984,205	-	-	2,984,205	2,973,120	-	-	2,973,120
Functional expenses								
Program services	244,550	4,369	-	248,919	409,009	-	-	409,009
Fundraising	361,489	-	-	361,489	394,475	-	-	394,475
Management and general	315,002	-	-	315,002	391,260	-	-	391,260
Total functional expenses	921,041	4,369	-	925,410	1,194,744	-	-	1,194,744
<b>Total Funds Awarded and Functional Expenses</b>	3,905,246	4,369	-	3,909,615	4,167,864	-	-	4,167,864
<b>Changes in Net Assets</b>	(172,737)	27,327	1,050	(144,360)	21,116	(2,745)	-	18,371
<b>Net Assets - Beginning</b>	3,090,879	28,703	326,078	3,445,660	3,069,763	31,448	326,078	3,427,289
<b>Net Assets - Ending</b>	\$ 2,918,142	\$ 56,030	\$ 327,128	\$ 3,301,300	\$ 3,090,879	\$ 28,703	\$ 326,078	\$ 3,445,660

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (144,360)	\$ 18,371
Adjustments		
Provisions for uncollectible pledges	192,591	123,432
Realized gain on investments	(44,413)	(42,596)
Unrealized (gain) loss on investments	71,644	(201,620)
Loss on disposal of property and equipment	13,251	-
Depreciation	5,353	9,226
Changes in assets and liabilities		
Accounts receivable	2,353	5,239
Prepaid expenses	10,450	(19,658)
Pledges receivable - net	(106,499)	(389,222)
Accounts payable and accrued expenses	13,721	6,943
Allocations payable	(3,522)	(14,793)
Due to other agencies	(237,272)	633,889
Deferred revenue	(19,750)	2,750
Net cash flows from operating activities	<u>(246,453)</u>	<u>131,961</u>
<b>Cash Flows from Investing Activities</b>		
Repayment of note receivable	-	675
Net change in short-term investments	145,857	312,231
Sale of investments	460,641	485,895
Purchase of investments	(512,711)	(1,016,883)
Purchase of property and equipment	(2,695)	(11,982)
Net cash flows from investing activities	<u>91,092</u>	<u>(230,064)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(155,361)	(98,103)
<b>Cash and Cash Equivalents - Beginning</b>	<u>819,375</u>	<u>917,478</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 664,014</u>	<u>\$ 819,375</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, 2015  
(With Comparative Totals for 2014)

	<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>2015</u>	<u>2014</u>
Salaries	\$ 17,925	\$ 109,633	\$ 127,558	\$ 153,403	\$ 135,895	\$ 416,856	\$ 516,414
Employee benefits	2,530	15,475	18,005	21,653	19,182	58,840	86,185
Payroll taxes	1,643	10,048	11,691	14,060	12,455	38,206	48,152
<b>Total Salaries and Related Expenses</b>	<b>22,098</b>	<b>135,156</b>	<b>157,254</b>	<b>189,116</b>	<b>167,532</b>	<b>513,902</b>	<b>650,751</b>
Professional fees	-	-	-	-	29,502	29,502	42,185
Supplies	259	1,585	1,844	2,218	1,964	6,026	8,567
Telephone	496	3,035	3,531	4,246	3,762	11,539	15,210
Postage and shipping	431	2,637	3,068	3,689	3,268	10,025	6,714
Occupancy	3,897	23,834	27,731	33,350	29,544	90,625	86,396
Printing and publications	-	-	-	-	483	483	1,058
Transportation	-	1,993	1,993	6,112	947	9,052	7,694
Conferences and meetings	188	4,037	4,225	153	10,945	15,323	11,834
Marketing	14,628	6,684	21,312	9,000	1,387	31,699	14,646
Miscellaneous	-	50	50	-	9,689	9,739	13,482
Insurance	-	-	-	-	5,326	5,326	4,809
Promotions	-	-	-	57,757	-	57,757	53,763
Special events	1,606	-	1,606	42,394	366	44,366	51,619
SEFA campaign	-	-	-	1,002	-	1,002	1,743
CFC campaign	-	-	-	6,575	-	6,575	4,732
CASH program	-	-	-	-	-	-	151,530
Payments to United Way Worldwide	-	-	-	-	45,081	45,081	44,650
Payments to United Way of New York	457	2,793	3,250	3,907	3,461	10,618	10,559
Strategy-Aligned expenses	4,369	-	4,369	-	-	4,369	-
Grant expense	-	16,038	16,038	-	-	16,038	-
In-kind expenses	1,010	-	1,010	-	-	1,010	3,576
Total other expenses	27,341	62,686	90,027	170,403	145,725	406,155	534,767
<b>Total Expenses Before Depreciation</b>	<b>49,439</b>	<b>197,842</b>	<b>247,281</b>	<b>359,519</b>	<b>313,257</b>	<b>920,057</b>	<b>1,185,518</b>
Depreciation	230	1,408	1,638	1,970	1,745	5,353	9,226
<b>Total Expenses</b>	<b>\$ 49,669</b>	<b>\$ 199,250</b>	<b>\$ 248,919</b>	<b>\$ 361,489</b>	<b>\$ 315,002</b>	<b>\$ 925,410</b>	<b>\$ 1,194,744</b>

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**

	<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	\$ 22,206	\$ 135,817	\$ 158,023	\$ 190,040	\$ 168,351	\$ 516,414
Employee benefits	3,706	22,665	26,371	31,716	28,098	86,185
Payroll taxes	2,071	12,663	14,734	17,720	15,698	48,152
<b>Total Salaries and Related Expenses</b>	<b>27,983</b>	<b>171,145</b>	<b>199,128</b>	<b>239,476</b>	<b>212,147</b>	<b>650,751</b>
Professional fees	-	-	-	-	42,185	42,185
Supplies	368	2,253	2,621	3,153	2,793	8,567
Telephone	654	4,001	4,655	5,597	4,958	15,210
Postage and shipping	289	1,765	2,054	2,471	2,189	6,714
Occupancy	3,715	22,722	26,437	31,794	28,165	86,396
Printing and publications	-	-	-	-	1,058	1,058
Transportation	982	1,452	2,434	4,330	930	7,694
Conferences and meetings	1,138	89	1,227	32	10,575	11,834
Marketing	-	9,248	9,248	5,398	-	14,646
Miscellaneous	-	45	45	-	13,437	13,482
Insurance	-	-	-	-	4,809	4,809
Promotions	-	-	-	53,763	-	53,763
Special events	-	-	-	34,705	16,914	51,619
SEFA campaign	-	-	-	1,743	-	1,743
CFC campaign	-	-	-	4,732	-	4,732
CASH program	-	151,530	151,530	-	-	151,530
Payments to United Way Worldwide	-	-	-	-	44,650	44,650
Payments to United Way of New York	454	2,777	3,231	3,886	3,442	10,559
In-kind expenses	3,576	-	3,576	-	-	3,576
Total other expenses	11,176	195,882	207,058	151,604	176,105	534,767
<b>Total Expenses Before Depreciation</b>	<b>39,159</b>	<b>367,027</b>	<b>406,186</b>	<b>391,080</b>	<b>388,252</b>	<b>1,185,518</b>
Depreciation	397	2,426	2,823	3,395	3,008	9,226
<b>Total Expenses</b>	<b>\$ 39,556</b>	<b>\$ 369,453</b>	<b>\$ 409,009</b>	<b>\$ 394,475</b>	<b>\$ 391,260</b>	<b>\$ 1,194,744</b>

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



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

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**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**

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**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 2012 through 2014.

**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**

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**Note 2. Pledges Receivable**

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

	<u>2015</u>	<u>2014</u>
Gross pledges receivable	\$ 2,279,254	\$ 2,346,279
Less, allowance for uncollectible pledges	<u>(181,074)</u>	<u>(162,007)</u>
Pledges receivable - net	<u>\$ 2,098,180</u>	<u>\$ 2,184,272</u>

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

	<u>2015</u>	<u>2014</u>
Write off of pledges receivable	\$ 211,658	\$ 195,505
Changes in allowance	<u>(19,067)</u>	<u>(72,073)</u>
Provisions for uncollectible pledges	<u>\$ 192,591</u>	<u>\$ 123,432</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, 2015 and 2014.

*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.

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

Investments consisted of the following at June 30:

	<u>Total 2015</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	\$ 21,214	\$ 21,214	\$ -	\$ -
Fixed income				
Corporate bonds	742,728	-	742,728	-
Certificate of deposit	83,021	-	83,021	-
Foreign government bonds	24,212	-	24,212	-
Total fixed income	<u>849,961</u>	<u>-</u>	<u>849,961</u>	<u>-</u>
Common stocks				
Basic material	133,614	133,614	-	-
Consumer goods	7,846	7,846	-	-
Exchange-traded funds	60,027	60,027	-	-
Financial	45,134	45,134	-	-
Healthcare	227,464	227,464	-	-
Industrial goods	199,863	199,863	-	-
Services	38,758	38,758	-	-
Technology	258,405	258,405	-	-
Utilities	86,669	86,669	-	-
Total common stocks	<u>1,057,780</u>	<u>1,057,780</u>	<u>-</u>	<u>-</u>
Mutual funds				
Blended	381,183	381,183	-	-
Growth	173,254	173,254	-	-
Total mutual funds	<u>554,437</u>	<u>554,437</u>	<u>-</u>	<u>-</u>
<b>Total Investments at Fair Value</b>	<u>\$ 2,483,392</u>	<u>\$ 1,633,431</u>	<u>\$ 849,961</u>	<u>\$ -</u>

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

	<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	\$ 55,216	\$ 55,216	\$ -	\$ -
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>
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>
<b>Total Investments at Fair Value</b>	<u>\$ 2,458,553</u>	<u>\$ 1,686,353</u>	<u>\$ 772,200</u>	<u>\$ -</u>

**Note 4. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Equipment, furniture, and fixtures	\$ 120,640	\$ 170,212
Less, accumulated depreciation	(108,377)	(142,040)
Property and equipment - net	<u>\$ 12,263</u>	<u>\$ 28,172</u>

**Note 5. Endowment Fund**

Permanently restricted net assets at June 30, 2015 and 2014, 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.

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

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2015 and 2014, are as follows:

	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>
<b>Endowment Net Assets, June 30, 2013</b>	\$ -	\$ 316,960
Contributions	-	-
Investment income	3,983	-
Net appreciation	34,346	-
Amounts appropriated for expenditure	<u>(38,329)</u>	<u>-</u>
<b>Endowment Net Assets, June 30, 2014</b>	-	316,960
Contributions	-	1,050
Investment income	5,998	-
Net depreciation	(6,537)	-
Amounts appropriated from unrestricted net assets	<u>539</u>	<u>-</u>
<b>Endowment Net Assets, June 30, 2015</b>	<u>\$ -</u>	<u>\$ 318,010</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. The loss of \$539 for the year ended June 30, 2015, reduced the unrestricted net assets for the year then ended.

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

**Note 6. 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>2015</u>	<u>2014</u>
Advertising	\$ -	\$ 1,242
Other goods and services	1,010	2,524
Total	<u>\$ 1,010</u>	<u>\$ 3,766</u>

**Note 7. 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 52.03% and 52.11% of total campaign support for the fiscal years ended June 30, 2015 and 2014, respectively. Pledges receivable from the local corporation accounted for 45.40% and 46.59% of the gross pledges receivable at June 30, 2015 and 2014, respectively.

**Note 8. 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, 2015 and 2014, amounted to \$30,287 and \$36,735, respectively, and are included in the Agency's employee benefits.

**Note 9. 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 \$5,713 and \$5,692 as of June 30, 2015 and 2014, respectively. The future minimum lease commitments as of June 30, 2015, were as follows:

2016	\$ 5,837
2017	3,158
2018	70
Total	<u>\$ 9,065</u>

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

**Note 10. 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 11. Temporarily Restricted Net Assets**

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

	<u>2015</u>	<u>2014</u>
Campaign support for subsequent years	\$ 54,913	\$ 26,717
Gabrielli fund	986	1,986
Gannett fund	131	-
Total temporarily restricted net assets	<u>\$ 56,030</u>	<u>\$ 28,703</u>

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

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**Note 12. Reclassification**

Certain reclassifications have been made to the financial statements for the year ended June 30, 2014. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.