

**UNITED WAY OF NEW YORK STATE
AND AFFILIATE**

**Consolidated Financial Statements as of
December 31, 2017 and 2016
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 10, 2018

To the Board of Directors and Management
United Way of New York State and Affiliate:

We have audited the accompanying consolidated financial statements of United Way of New York State (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of New York State and Affiliate as of December 31, 2017 and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The summarized comparative information has been derived from the 2016 consolidated financial statements of United Way New York State and Affiliate, which were audited by other auditors whose report dated August 10, 2017, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in Schedules I, II, and III is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and activities of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 344,526	\$ 343,063
Restricted cash	5,636	4,510
Accounts and grants receivable, net	466,209	421,421
Prepaid expenses	2,326	1,850
Office furnishings and equipment, net	<u>757</u>	<u>1,578</u>
 Total assets	 <u>\$ 819,454</u>	 <u>\$ 772,422</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 390,821	\$ 373,187
Accrued payroll and related liabilities	1,533	3,552
Accrued 401(k) benefits	<u>1,533</u>	<u>9,289</u>
 Total liabilities	 <u>393,887</u>	 <u>386,028</u>
NET ASSETS:		
Unrestricted net assets	408,102	381,654
Temporarily restricted net assets	<u>17,465</u>	<u>4,740</u>
 Total net assets	 <u>425,567</u>	 <u>386,394</u>
	 <u>\$ 819,454</u>	 <u>\$ 772,422</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**
(With Comparative Totals for 2016)

	2017			2016
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE AND SUPPORT:				
Grants and sponsorships	\$ 1,288,562	\$ -	\$ 1,288,562	\$ 1,395,320
Local United Way support	247,727	-	247,727	261,085
ALICE revenue	-	17,465	17,465	50,090
Contributions	13,677	-	13,677	24,889
Program services	11,428	-	11,428	16,346
Interest income	645	-	645	1,209
Net assets released from restrictions	4,740	(4,740)	-	-
Total revenue and support	<u>1,566,779</u>	<u>12,725</u>	<u>1,579,504</u>	<u>1,748,939</u>
EXPENSES:				
Program service expenses:				
Membership services	72,193	-	72,193	184,373
2-1-1 New York	1,276,389	-	1,276,389	1,332,660
Public Policy	97,010	-	97,010	106,876
Total program expenses	<u>1,445,592</u>	<u>-</u>	<u>1,445,592</u>	<u>1,623,909</u>
Supporting services expenses:				
General and administrative costs	93,919	-	93,919	109,860
Depreciation	820	-	820	831
Total supporting services	<u>94,739</u>	<u>-</u>	<u>94,739</u>	<u>110,691</u>
Total expenses	<u>1,540,331</u>	<u>-</u>	<u>1,540,331</u>	<u>1,734,600</u>
CHANGE IN NET ASSETS	26,448	12,725	39,173	14,339
NET ASSETS - beginning of year	<u>381,654</u>	<u>4,740</u>	<u>386,394</u>	<u>372,055</u>
NET ASSETS - end of year	<u>\$ 408,102</u>	<u>\$ 17,465</u>	<u>\$ 425,567</u>	<u>\$ 386,394</u>

The accompanying notes are an integral part of these schedules.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 39,173	\$ 14,339
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	820	831
Changes in:		
Restricted cash	(1,126)	(4,510)
Accounts and grants receivable	(44,788)	76,459
Prepaid expenses	(476)	115
Accounts payable	17,635	(67,905)
Accrued payroll and related liabilities	(2,019)	(1,010)
Accrued 401(k) benefits	(7,756)	3,534
Deferred revenue and expendable advances	<u>-</u>	<u>(76,200)</u>
Net cash flow from operating activities	<u>1,463</u>	<u>(54,347)</u>
CHANGES IN CASH AND CASH EQUIVALENTS	1,463	(54,347)
CASH AND CASH EQUIVALENTS - beginning of year	<u>343,063</u>	<u>397,410</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 344,526</u>	<u>\$ 343,063</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. THE ORGANIZATION

The United Way of New York State (UWNYS) is a nonprofit organization dedicated to strengthening the capacity of local United Ways through their charitable human service activities to be leaders in achieving results that improve the lives of all New Yorkers.

UWNYS provides public policy, training, technical assistance and resource development activities and promotes the sharing of information, expertise, materials and best practices among local United Ways.

2-1-1 New York, Inc. (2-1-1 New York) is a nonprofit corporation formed to lead and oversee the development and operation of a state-wide, free, health and human services information and referral system, accessible through the 2-1-1 dialing code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America.

Consolidation

The consolidated financial statements include the accounts of UWNYS and 2-1-1 New York (collectively, the Organization). UWNYS is the sole member of 2-1-1 New York, and has the power to appoint its board of directors. All significant inter-entity transactions and balances have been eliminated in consolidation.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in demand deposit and savings bank accounts. The balances in the accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash represents the amount that is required to be held in a separate account under the Fiscal Sponsorship Agreement with the New York State ALICE Project. These funds are allowed to be expended on behalf of the project. The funds cannot be expended on salaries or employee benefits.

Accounts and Grants Receivable

Accounts receivable includes uncollateralized obligations from local United Ways, as well as various grants and contracts. The carrying amount of accounts receivable is reduced by a valuation that reflects management's best estimate of amounts that will not be collected. The Organization reviews all accounts receivable balances and estimates the portion of the balance that will not be collected based on historical collection percentages. After all collection efforts are exhausted, the account is written off. There was no allowance for doubtful accounts recorded at December 31, 2017 and 2016.

Office Furnishings and Equipment

Office furnishings and equipment is stated at cost, net of accumulated depreciation. All significant assets with an estimated useful life beyond one year and cost of more than \$1,000 are capitalized. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method with lives ranging from 3-10 years.

Deferred Revenue and Expendable Advances

Deferred revenue and expendable advances consists of committed contractual and member support received in advance and to be used for subsequent periods. The revenue will be recognized during the period in which the expenses are incurred.

Financial Reporting

The Organization reports information regarding its financial position and activities according to three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include resources available for the support of the Organization's operating activities.

Temporarily restricted net assets represent donor-imposed or contract defined restrictions that permit the Organization to use up or expend the assets as specified. This temporary restriction is satisfied by the passage of time or by actions of the Organization. As of December 31, 2017 and 2016, there were \$17,465 and \$4,740, respectively, related to ALICE pledges.

Permanently restricted net assets include resources that have donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Organization to use up or expend all of the income derived from the donated assets for operating purposes. As of December 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

Revenue Recognition

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. Grants that are considered exchange transactions are recorded as revenue when earned, which is generally when the related expenditures are incurred.

Core member support and additional member support is recognized as the assessments are billed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributed services are recognized at fair value if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, additions to property and equipment or investments.

Special event revenue is recognized when the event occurs. Revenues received for events scheduled for the following year, if any, are reported as deferred revenue.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited.

Income Tax Status

UWNYS and 2-1-1 New York are New York not-for-profit corporations that are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. They have also been classified by the Internal Revenue Services as entities that are not private foundations.

3. OFFICE FURNISHINGS AND EQUIPMENT

Office furnishings and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 6,278	\$ 6,278
Office computer equipment	<u>8,563</u>	<u>8,563</u>
	14,841	14,841
Less: Accumulated depreciation	<u>(14,084)</u>	<u>(13,263)</u>
	<u>\$ 757</u>	<u>\$ 1,578</u>

Depreciation for the years ended December 31, 2017 and 2016 was \$820 and \$831, respectively.

4. LINE OF CREDIT

UWNYS maintains a secured revolving line of credit with Pioneer Savings Bank. The line of credit has a limit of \$100,000, has a stated interest rate of published prime plus 1% and is secured by substantially all of UWNYS's assets. During 2017 and 2016, no draws were made on the line of credit.

5. GRANTS AND SPONSORSHIPS

2-1-1 New York Support

2-1-1 New York entered into a contract renewal with the New York State Office of Children and Family Services (NYSOCFS), during the fiscal year ended December 31, 2017, to provide funding for expansion and support of 2-1-1 services on a statewide basis. The grant is for a total of \$1,250,000 covering the funding period September 1, 2016 through August 31, 2017. The grant was renewed for the 2017 – 2018 year for a total of \$1,250,000. The grant includes funding for 2-1-1 New York administration and sub-grants to organizations serving as fiscal agents to 2-1-1 regional collaborations across the state of New York. Funds are provided for support of current 2-1-1 operations, expansion of services, database maintenance and related costs. During the year ending December 31, 2017, 2-1-1 New York expended approximately \$1,266,000 of these funds.

2-1-1 New York entered into a contract with New York State Developmental Disabilities Planning Council (DDPC), during the fiscal year ended December 31, 2016, to provide funding for the current 2-1-1 operations, expansion of services, database maintenance and related costs on a statewide basis. The contract with DDPC ended December 31, 2016 and was not renewed for 2017.

Other Support

During the fiscal years ended December 31, 2017 and 2016 grants of \$25,000 and \$57,000, respectively, were received and released by UWNYS. These grants supported Earned Income Tax Credit outreach and the provision of free tax preparation services, and provided donated professional services to help the Organization develop a high-level strategic plan.

6. CONCENTRATIONS OF CREDIT RISK CORE SUPPORT

UWNYS receives core operating support from local United Way Organizations in the State of New York. The United Way of New York City, the United Way of Greater Rochester, the United Way of Buffalo and Erie County and the United Way of Westchester and Putnam combined provided approximately 65% and 63% of UWNYS's total core support for the fiscal years ended December 31, 2017 and 2016, respectively.

7. LEASE COMMITMENTS

Office Space

UWNYS leases office space under an operating lease agreement which expired November 2017. The lease agreement was renewed for an additional year, expiring November 30, 2018. The lease requires monthly rental payments of \$1,086. Minimum future rental payments for the year ending December 31, 2018 is \$11,946.

Office Equipment

UWNYS leases a copy machine under an operating lease agreement which expired December 31, 2017. The Organization entered into a lease agreement for a new copy machine, which requires monthly rental payments of \$110 and expires December 31, 2022. Minimum future rental payments for the years ending December 31, 2018 to December 31, 2022 are \$1,320.

Total rental expenses under all lease agreements amounted to \$15,153 and \$14,857 for the years ended December 31, 2017 and 2016, respectively.

8. RETIREMENT PLAN

Effective January 1, 2012, UWNYS had established a 401(k) defined contribution plan (the DC plan) covering all employees who meet certain eligibility requirements. The DC plan contributions are determined by management, but are subject to certain limitations imposed by law. The DC plan has a 3% safe-harbor provision which entitles employees to have at least 3% of their eligible compensation contributed annually. The DC plan contribution made by UWNYS was \$7,568 and \$9,289 for the years ended December 31, 2017 and 2016, respectively. Effective July 28, 2017, the Board terminated the DC plan.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 10, 2018, which is the date the financial statements were available to be issued.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

Schedule I

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

	United Way of New York State	2-1-1 New York	Elimination	Consolidated
ASSETS				
Cash and cash equivalents	\$ 323,493	\$ 21,033	\$ -	\$ 344,526
Restricted cash	5,636	-	-	5,636
Accounts and grants receivable, net	49,059	417,150	-	466,209
Due from affiliate	37,875	-	(37,875)	-
Prepaid expenses	2,326	-	-	2,326
Office furnishings and equipment, net	<u>757</u>	<u>-</u>	<u>-</u>	<u>757</u>
Total assets	<u>\$ 419,146</u>	<u>\$ 438,183</u>	<u>\$ (37,875)</u>	<u>\$ 819,454</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	\$ 6,574	\$ 384,247	\$ -	\$ 390,821
Due to affiliate	-	37,875	(37,875)	-
Accrued payroll and related liabilities	1,533	-	-	1,533
Accrued 401(k) benefits	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Total liabilities	<u>9,640</u>	<u>422,122</u>	<u>(37,875)</u>	<u>393,887</u>
NET ASSETS				
Unrestricted net assets	392,041	16,061	-	408,102
Temporarily restricted net assets	<u>17,465</u>	<u>-</u>	<u>-</u>	<u>17,465</u>
Total net assets	<u>409,506</u>	<u>16,061</u>	<u>-</u>	<u>425,567</u>
	<u>\$ 419,146</u>	<u>\$ 438,183</u>	<u>\$ (37,875)</u>	<u>\$ 819,454</u>

The accompanying notes are an integral part of these schedules.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

Schedule II

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	United Way of New York State	2 -1 -1 New York	Eliminations	Consolidated
SUPPORT AND REVENUE:				
Grants and sponsorships	\$ 29,350	\$ 1,259,212	\$ -	\$ 1,288,562
Local United Way support	247,727	-	-	247,727
ALICE revenue	17,465	-	-	17,465
Contributions	13,677	-	-	13,677
Program services	11,428	-	-	11,428
Interest income	645	-	-	645
Support from related party	<u>93,750</u>	<u>-</u>	<u>(93,750)</u>	<u>-</u>
Total support and revenue	<u>414,042</u>	<u>1,259,212</u>	<u>(93,750)</u>	<u>1,579,504</u>
EXPENSES:				
Regional 2-1-1 grants	120	1,151,532	-	1,151,652
Salaries and benefits	194,595	-	-	194,595
Program contractual services	79,265	14,606	-	93,871
Professional services	54,346	5,000	-	59,346
Occupancy	12,801	-	-	12,801
Conferences and meetings	9,871	-	-	9,871
Telephone	5,714	-	-	5,714
Travel	4,285	-	-	4,285
Equipment leasing and maintenance	2,214	-	-	2,214
Insurance	1,807	-	-	1,807
Printing	-	1,018	-	1,018
Office supplies	967	-	-	967
Depreciation	820	-	-	820
Publications and subscriptions	321	180	-	501
Other	275	150	-	425
Postage and shipping	357	-	-	357
Volunteer recognition	87	-	-	87
Affiliate administrative services	<u>-</u>	<u>93,750</u>	<u>(93,750)</u>	<u>-</u>
Total expenses	<u>367,845</u>	<u>1,266,236</u>	<u>(93,750)</u>	<u>1,540,331</u>
CHANGE IN NET ASSETS	<u>\$ 46,197</u>	<u>\$ (7,024)</u>	<u>\$ -</u>	<u>\$ 39,173</u>

The accompanying notes are an integral part of these schedules.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Member Services	2-1-1 New York	Public Policy	Total Program	Management and General	Total
Regional 2-1-1 grants	\$ 120	\$ 1,151,532	\$ -	\$ 1,151,652	\$ -	\$ 1,151,652
Salaries and benefits	47,190	76,842	33,515	157,547	37,109	194,656
Program contractual services	-	14,703	61,227	75,930	18,038	93,968
Professional services	13,933	31,985	1,969	47,887	9,154	57,041
Occupancy	-	-	-	-	12,801	12,801
Conferences and meetings	8,238	100	299	8,637	1,334	9,971
Telephone	-	110	-	110	5,603	5,713
Equipment leasing and maintenance	-	-	-	-	4,467	4,467
Travel	1,616	-	-	1,616	2,667	4,283
Insurance	759	(156)	-	603	1,048	1,651
Printing	-	1,018	-	1,018	149	1,167
Office supplies	16	25	-	41	926	967
Publications and subscriptions	321	180	-	501	-	501
Postage and shipping	-	-	-	-	358	358
Miscellaneous	-	50	-	50	125	175
Volunteer recognition	-	-	-	-	87	87
Other costs	-	-	-	-	53	53
Total expenses before depreciation	72,193	1,276,389	97,010	1,445,592	93,919	1,539,511
Depreciation	-	-	-	-	820	820
TOTAL EXPENSES	\$ 72,193	\$ 1,276,389	\$ 97,010	\$ 1,445,592	\$ 94,739	\$ 1,540,331

The accompanying notes are an integral part of these schedules.