

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

**Consolidated Financial Statements as of
December 31, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 18, 2019

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, 2018 and the related consolidated statements of activities, cash flows, and functional expenses 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.

(Continued)

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, 2018, and the changes in their net assets, cash flows, and functional expenses for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, United Way of New York State and Affiliate implemented Accounting Standards Update 2016-14, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited United Way of New York State and Affiliate's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 and II 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, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 347,841	\$ 344,526
Restricted cash	5,343	5,636
Accounts and grants receivable, net	428,544	466,209
Prepaid expenses	2,372	2,326
Office furnishings and equipment, net	<u>2,534</u>	<u>757</u>
Total assets	<u>\$ 786,634</u>	<u>\$ 819,454</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 402,506	\$ 390,821
Accrued payroll and related liabilities	3,866	1,533
Accrued 401(k) benefits	<u>-</u>	<u>1,533</u>
Total liabilities	<u>406,372</u>	<u>393,887</u>
 NET ASSETS:		
Without donor restrictions	374,919	408,102
With donor restrictions	<u>5,343</u>	<u>17,465</u>
Total net assets	<u>380,262</u>	<u>425,567</u>
Total liabilities and net assets	<u>\$ 786,634</u>	<u>\$ 819,454</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, 2018**

(With Comparative Totals for 2017)

	2018			2017
	Without donor restrictions	With donor restrictions	Total	Total
REVENUE AND SUPPORT:				
Grants and sponsorships	\$ 1,261,628	\$ -	\$ 1,261,628	\$ 1,288,562
Local United Way support	236,203	-	236,203	247,727
ALICE revenue	-	22,878	22,878	17,465
Contributions	14,510	-	14,510	13,677
Program services	26,347	-	26,347	11,428
Interest income	2,440	-	2,440	645
Other	690	-	690	-
Net assets released from restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,576,818</u>	<u>(12,122)</u>	<u>1,564,696</u>	<u>1,579,504</u>
EXPENSES:				
Program service expenses:				
Membership services	119,132	-	119,132	72,193
2-1-1 New York	1,281,271	-	1,281,271	1,276,389
Public Policy	<u>103,935</u>	<u>-</u>	<u>103,935</u>	<u>97,010</u>
Total program expenses	<u>1,504,338</u>	<u>-</u>	<u>1,504,338</u>	<u>1,445,592</u>
Supporting services expenses:				
General and administrative costs	104,906	-	104,906	93,919
Depreciation	<u>757</u>	<u>-</u>	<u>757</u>	<u>820</u>
Total supporting services	<u>105,663</u>	<u>-</u>	<u>105,663</u>	<u>94,739</u>
Total expenses	<u>1,610,001</u>	<u>-</u>	<u>1,610,001</u>	<u>1,540,331</u>
CHANGE IN NET ASSETS	(33,183)	(12,122)	(45,305)	39,173
NET ASSETS - beginning of year	<u>408,102</u>	<u>17,465</u>	<u>425,567</u>	<u>386,394</u>
NET ASSETS - end of year	<u>\$ 374,919</u>	<u>\$ 5,343</u>	<u>\$ 380,262</u>	<u>\$ 425,567</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Member Services</u>	<u>2-1-1 New York</u>	<u>Public Policy</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total</u>
Regional 2-1-1 grants	\$ -	\$ 1,134,137	\$ -	\$ 1,134,137	\$ -	\$ 1,134,137
Salaries and benefits	68,055	99,186	42,856	210,097	48,399	258,496
Program contractual services	-	14,999	61,025	76,024	4,796	80,820
Professional services	-	28,815	-	28,815	16,439	45,254
ALICE grant	35,000	-	-	35,000	-	35,000
Conferences and meetings	14,882	2,057	-	16,939	1,327	18,266
Occupancy	-	-	-	-	13,032	13,032
Travel	1,137	409	54	1,600	6,944	8,544
Equipment leasing and maintenance	-	-	-	-	5,579	5,579
Telephone	-	-	-	-	4,444	4,444
Insurance	-	1,301	-	1,301	1,722	3,023
Miscellaneous	58	230	-	288	661	949
Office supplies	-	137	-	137	748	885
Printing	-	-	-	-	439	439
Postage and shipping	-	-	-	-	316	316
Volunteer recognition	-	-	-	-	60	60
Total expenses before depreciation	119,132	1,281,271	103,935	1,504,338	104,906	1,609,244
Depreciation	-	-	-	-	757	757
TOTAL EXPENSES	\$ 119,132	\$ 1,281,271	\$ 103,935	\$ 1,504,338	\$ 105,663	\$ 1,610,001

The accompanying notes are an integral part of these statements.

UNITED WAY OF NEW YORK STATE AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (45,305)	\$ 39,173
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	757	820
Changes in:		
Accounts and grants receivable	37,665	(1,126)
Restricted cash	293	(44,788)
Prepaid expenses	(46)	(476)
Accounts payable	11,685	17,635
Accrued payroll and related liabilities	2,333	(2,019)
Accrued 401(k) benefits	<u>(1,533)</u>	<u>(7,756)</u>
Net cash flow from operating activities	<u>5,849</u>	<u>1,463</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office furnishings and equipment	<u>(2,534)</u>	<u>-</u>
Net cash flow from investing activities	<u>(2,534)</u>	<u>-</u>
CHANGES IN CASH AND CASH EQUIVALENTS	3,315	1,463
CASH AND CASH EQUIVALENTS - beginning of year	<u>344,526</u>	<u>343,063</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 347,841</u>	<u>\$ 344,526</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, 2018

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.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the purpose of improving financial reporting by not-for-profit (NFP) entities.

ASU 2016-14 includes many changes affecting the presentation and accounting for the Organization's financial statements including:

- Reducing the number of classes of net assets from three to two (net assets with donor restrictions and net assets without donor restrictions);
- Requiring the presentation of expenses in both natural and functional classifications;
- Eliminating the requirement to disclose the components of investment return as well as reporting investment return net of external and direct internal investment expenses; and
- Requiring qualitative and quantitative disclosure regarding the Organization's liquidity and availability of resources (Note 3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle (Continued)

ASU 2016-14 is effective for the Organization's year ended December 31, 2018, and was applied retrospectively with the exception of the disclosures regarding liquidity and availability of resources, which are presented for the current year only. The effects of this ASU have been included in these financial statements. There was no effect on total net assets or changes in net assets.

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, 2017, 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.

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 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, 2018 and 2017.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

The Organization reports information regarding its financial position and activities according to two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include resources available for the support of the Organization's operating activities.

Net assets with donor restrictions represent donor-imposed or contract defined restrictions that permit the Organization to use up or expend the assets as specified. These restrictions are satisfied by the passage of time or by actions of the Organization. As of December 31, 2018 and 2017, there were \$5,343 and \$17,465, respectively, related to ALICE pledges.

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.

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. The expenses with the most significant allocations include certain salaries, fringe benefits, maintenance and property related costs and administrative costs. In addition, all attempts are made to direct charge expenses before allocations are made.

Indirect salary allocations are recorded based on hours charged by program in the payroll system or time studies that are submitted by applicable personnel. Fringe benefit costs are allocated based on total salaries to each program or cost center. Maintenance and property related costs are allocated using square footage of each program or cost center. Lastly, agency administrative costs are allocated using the ratio value method, which calculates a percentage for each program based on the total costs of the program compared to the Organization's total expenses.

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. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by member support from local United Ways and grants from state governments. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets reported on the accompanying statement of financial position may not be available for expenditure within one year. As of December 31, 2018, Organization has the following liquid resources available to meet cash needs for general expenditure within one year of the statement of financial position date.

Total financial assets at December 31, 2018	\$ 781,728
Less: those unavailable for general expenditures within one year, subject to ALICE grant expenditure	<u>(5,343)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 776,385</u>

Financial assets include cash and cash equivalents and receivables. The Organization's ability to meet its cash needs is dependent on continued contributions and collections of receivables. Management regularly monitor liquidity required to meet its operating needs. As part of the Organization liquidity management, the Organization also has a committed line-of-credit in the amount of \$100,000 (as described in note 5), which could be draw upon in the event of an unanticipated liquidity need.

4. OFFICE FURNISHINGS AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 6,278	\$ 6,278
Office computer equipment	8,563	8,563
Equipment purchase in progress	<u>2,534</u>	<u>-</u>
	17,375	14,841
Less: Accumulated depreciation	<u>(14,841)</u>	<u>(14,084)</u>
	<u>\$ 2,534</u>	<u>\$ 757</u>

Depreciation for the years ended December 31, 2018 and 2017 was \$757 and \$820, respectively.

5. LINE OF CREDIT

UWNYS maintains a secured revolving line of credit with a 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 2018 and 2017, no draws were made on the line of credit.

6. 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, 2018, 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, 2017 through August 31, 2018. The grant was renewed for the 2018 – 2019 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, 2018, 2-1-1 New York expended approximately \$1,125,000 of these funds.

7. 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, and the United Way of Buffalo and Erie County and the United Way of Westchester and Putnam combined provided approximately 65% of UWNYS's total core support for both fiscal years ended December 31, 2018 and 2017.

8. LEASE COMMITMENTS

Office Space

UWNYS leases office space under an operating lease agreement, which expires November 2023. Minimum future rental payments are as follows for the year ending December 31:

2019	\$	13,032
2020		13,065
2021		13,456
2022		13,860
2023		<u>13,062</u>
	\$	<u>66,475</u>

Office Equipment

UWNYS leases a copy machine under an operating lease agreement, which expires December 31, 2022 with monthly rental payments of \$110. Minimum future rental payments for the years ending December 31, 2019 to December 31, 2022 are \$1,320.

Total rental expenses under all lease agreements amounted to \$14,363 and \$15,153 for the years ended December 31, 2018 and 2017, respectively.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 18, 2019, 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, 2018**

	United Way of New York State	2-1-1 New York, Inc.	Elimination	Consolidated
ASSETS				
Cash and cash equivalents	\$ 324,641	\$ 23,200	\$ -	\$ 347,841
Restricted cash	5,343	-	-	5,343
Accounts and grants receivable, net	-	428,544	-	428,544
Due from affiliate	40,713	-	(40,713)	-
Prepaid expenses	2,372	-	-	2,372
Office furnishings and equipment, net	2,534	-	-	2,534
Total assets	<u>\$ 375,603</u>	<u>\$ 451,744</u>	<u>\$ (40,713)</u>	<u>\$ 786,634</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	\$ 9,490	\$ 393,016	\$ -	\$ 402,506
Due to affiliate	-	40,713	(40,713)	-
Accrued payroll and related liabilities	3,866	-	-	3,866
Total liabilities	<u>13,356</u>	<u>433,729</u>	<u>(40,713)</u>	<u>406,372</u>
NET ASSETS				
Without donor restrictions	356,904	18,015	-	374,919
With donor restrictions	5,343	-	-	5,343
Total net assets	<u>362,247</u>	<u>18,015</u>	<u>-</u>	<u>380,262</u>
	<u>\$ 375,603</u>	<u>\$ 451,744</u>	<u>\$ (40,713)</u>	<u>\$ 786,634</u>

The accompanying notes are an integral part of these schedules.

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	United Way of New York State	2 - 1 - 1 New York, Inc.	Eliminations	Consolidated
SUPPORT AND REVENUE:				
Grants and sponsorships	\$ 2,300	\$ 1,259,328	\$ -	\$ 1,261,628
Local United Way support	236,203	-	-	236,203
ALICE revenue	22,878	-	-	22,878
Contributions	14,510	-	-	14,510
Program services	26,347	-	-	26,347
Interest income	2,440	-	-	2,440
Support from related party	100,033	-	(100,033)	-
Other	690	-	-	690
	<u>405,401</u>	<u>1,259,328</u>	<u>(100,033)</u>	<u>1,564,696</u>
Total support and revenue				
EXPENSES:				
Regional 2-1-1 grants	-	1,134,137	-	1,134,137
Salaries and benefits	258,496	-	-	258,496
Affiliate administrative services	-	100,033	(100,033)	-
Program contractual services	65,821	14,999	-	80,820
Professional services	40,134	5,120	-	45,254
ALICE grant expenditure	35,000	-	-	35,000
Occupancy	13,032	-	-	13,032
Conferences and meetings	16,209	2,057	-	18,266
Telephone	4,444	-	-	4,444
Travel	8,544	-	-	8,544
Equipment leasing and maintenance	5,579	-	-	5,579
Insurance	2,362	661	-	3,023
Printing	439	-	-	439
Office supplies	748	137	-	885
Depreciation	757	-	-	757
Publications and subscriptions	-	180	-	180
Other	719	50	-	769
Postage and shipping	316	-	-	316
Volunteer recognition	60	-	-	60
	<u>452,660</u>	<u>1,257,374</u>	<u>(100,033)</u>	<u>1,610,001</u>
Total expenses				
CHANGE IN NET ASSETS	<u>\$ (47,259)</u>	<u>\$ 1,954</u>	<u>\$ -</u>	<u>\$ (45,305)</u>

The accompanying notes are an integral part of these schedules.