

UNITED WAY OF SCHENECTADY COUNTY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

UNITED WAY OF SCHENECTADY COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Schenectady County, Inc.
Schenectady, New York

We have audited the accompanying statements of financial position of the United Way of Schenectady County, Inc. as of March 31, 2007 and 2006 and the related statements of activities and changes in net assets, cash flows and functional expense for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Schenectady County, Inc. as of March 31, 2007 and 2006 and the results of its operations and changes in cash for the years then ended in conformity with accounting principles generally accepted in the United States of America.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 27, 2007

UNITED WAY OF SCHENECTADY COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 26,208	\$ 267,347
Pledges Receivable, Net	1,975,550	1,933,868
Accounts Receivable	449,278	3,817
Prepaid Expenses	11,857	11,086
Furniture and Equipment, Net	17,847	2,692
Long-Term Investments	<u>1,816,150</u>	<u>1,541,073</u>
Total Assets	<u>\$ 4,296,890</u>	<u>\$ 3,759,883</u>
<u>LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 23,698	\$ 53,365
Deferred Income	4,565	4,345
Designations Payable	683,275	707,938
Grants Payable	<u>310,672</u>	<u>349,188</u>
Total Liabilities	<u>1,022,210</u>	<u>1,114,836</u>
<u>NET ASSETS</u>		
Unrestricted Net Assets		
Operating	\$ 2,521,088	\$ 1,891,455
Board Restricted	<u>703,592</u>	<u>-</u>
Total Unrestricted	3,224,680	1,891,455
Permanently Restricted	<u>50,000</u>	<u>753,592</u>
Total Net Assets	<u>3,274,680</u>	<u>2,645,047</u>
Total	<u>\$ 4,296,890</u>	<u>\$ 3,759,883</u>

UNITED WAY OF SCHENECTADY COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Contributions Received	\$ 2,657,202	\$ 2,825,880
Less: Donor Restricted Gifts	<u>(935,935)</u>	<u>(788,483)</u>
Contribution Revenue	1,721,267	2,037,397
Bequests	447,022	-
Campaign and Processing Fees	63,276	81,444
Investment Income	213,033	101,787
Miscellaneous Revenue	1,538	1,222
Grants	<u>31,000</u>	<u>47,507</u>
Total Revenues	<u>2,477,136</u>	<u>2,269,357</u>
Grants and Other Functional Expenses:		
Grants and Community Services		
Community Impact Partnerships	87,770	118,220
Community Impact Investments	216,151	171,694
National Dues	23,640	25,115
Grants	<u>1,023,253</u>	<u>1,186,572</u>
Subtotal	<u>1,350,814</u>	<u>1,501,601</u>
Supporting Services		
Fund Raising	215,319	228,063
Management and General	<u>281,370</u>	<u>245,964</u>
Subtotal	<u>496,689</u>	<u>474,027</u>
Total Grants and Other Functional Expenses	<u>1,847,503</u>	<u>1,975,628</u>
Change in Net Assets	629,633	293,729
Unrestricted Net Assets at Beginning of Year	1,891,455	1,597,726
Net Assets Released from Restrictions	<u>703,592</u>	<u>-</u>
Unrestricted Net Assets at End of Year	3,224,680	1,891,455
Permanently Restricted Net Assets	<u>50,000</u>	<u>753,592</u>
Total Net Assets	<u>\$ 3,274,680</u>	<u>\$ 2,645,047</u>

UNITED WAY OF SCHENECTADY COUNTY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 629,333	\$ 293,729
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Provision for Doubtful Accounts	34,443	189,550
Depreciation	3,603	7,733
Realized Gain on Investments	(287,284)	(76,633)
Unrealized Loss on Investments	130,659	19,764
Decrease (Increase) in:		
Accounts Receivable	(445,461)	(3,816)
Pledges Receivable	(76,125)	(532,290)
Prepaid Expenses	(771)	(8)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(29,667)	2,420
Designations Payable	(24,663)	(84,281)
Grants Payable	(38,516)	8,073
Deferred Income	<u>220</u>	<u>4,345</u>
Net Cash Used In Operating Activities	<u>(103,929)</u>	<u>(171,414)</u>
Cash Flows from Investing Activities:		
Purchase of Furniture and Equipment	(18,758)	-
Proceeds from Sales and Maturities of Investments	2,092,809	797,711
Purchases of Investments	<u>(2,211,261)</u>	<u>(718,824)</u>
Net Cash Used In Investing Activities	<u>(137,210)</u>	<u>78,887</u>
Decrease in Cash	(241,139)	(92,527)
Cash - Beginning of Year	<u>267,347</u>	<u>359,874</u>
Cash - End of Year	<u>\$ 26,208</u>	<u>\$ 267,347</u>

Non-Cash Investing Activities:

During 2007 equipment valued at \$11,732 was donated to the Organization.

UNITED WAY OF SCHENECTADY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED MARCH 31, 2007

	<u>Program Expense</u>		<u>Supporting Services</u>		
	<u>Community Impact Partnerships</u>	<u>Community Impact Investments</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 53,884	\$ 140,413	\$ 130,762	\$ 178,020	\$ 503,079
Employee Benefits	7,165	20,165	18,779	25,565	71,674
Payroll Taxes	4,111	11,569	10,774	14,667	41,121
Promotions	2,666	7,504	10,731	9,563	30,464
Conferences and Meetings	2,820	3,685	3,230	2,844	12,579
Dues and Subscriptions	4	11	480	396	891
Insurance	753	2,119	1,973	2,686	7,531
Occupancy	5,028	14,148	13,176	17,938	50,290
Other	2,575	4,138	6,423	4,892	18,028
Postage and Shipping	442	1,123	1,097	1,431	4,093
Printing and Publications	1,415	1,590	5,293	1,998	10,296
Professional Services	972	2,166	2,016	11,943	17,097
Rental and Maintenance of Equipment	527	1,481	1,381	1,880	5,269
Supplies	1,983	1,522	3,289	1,427	8,221
Telephone	952	848	790	1,076	3,666
Travel and Transportation	1,417	698	2,358	1,278	5,751
State Affiliation Dues	696	1,957	1,823	2,481	6,957
Depreciation	<u>360</u>	<u>1,014</u>	<u>944</u>	<u>1,285</u>	<u>3,603</u>
 Total Functional Expenses	 <u>\$ 87,770</u>	 <u>\$ 216,151</u>	 <u>\$ 215,319</u>	 <u>\$ 281,370</u>	 800,610
 National Dues					23,640
Grants					<u>1,023,253</u>
 Total National Dues, Grants and Functional Expenses					 <u>\$ 1,847,503</u>

UNITED WAY OF SCHENECTADY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED MARCH 31, 2006

	Program Expense		Supporting Services		
	Community Impact Partnerships	Community Impact Investments	Fund Raising	Management and General	Total
Salaries	\$ 69,172	\$ 109,981	\$ 138,479	\$ 147,872	\$ 465,504
Employee Benefits	9,763	15,523	19,546	20,871	65,703
Payroll Taxes	5,879	9,347	11,769	12,568	39,563
Promotions	3,263	5,187	10,219	8,255	26,924
Conferences and Meetings	4,743	4,655	2,990	9,960	22,348
Dues and Subscriptions	373	-	317	-	690
Insurance	1,263	2,008	2,528	2,700	8,499
Occupancy	7,473	11,882	14,960	15,975	50,290
Other	217	389	2,197	462	3,265
Postage and Shipping	722	1,147	2,118	1,543	5,530
Printing and Publications	2,165	3,241	8,727	4,357	18,490
Professional Services	7,680	1,422	1,816	11,716	22,654
Rental and Maintenance of Equipment	553	880	1,108	1,183	3,724
Supplies	614	1,377	4,871	1,223	8,085
Telephone	449	714	900	961	3,025
Travel and Transportation	1,654	362	1,039	1,534	4,589
State Affiliation Dues	1,088	1,730	2,179	2,326	7,323
Depreciation	1,149	1,827	2,300	2,458	7,733
	<u>\$ 118,220</u>	<u>\$ 171,692</u>	<u>\$ 228,063</u>	<u>\$ 245,964</u>	
Total Functional Expenses					763,939
National Dues					25,115
Grants					<u>1,186,572</u>
Total National Dues, Grants and Functional Expenses					<u>\$ 1,975,626</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Schenectady County, Inc. is a non-profit corporation organized under the laws of the State of New York principally for the purpose of soliciting donations for charitable purposes, and to disburse such funds either directly or by contributions to other philanthropic and benevolent organizations primarily within Schenectady County.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Any limitations placed on the use of a contribution that are no more specific than the broad limits of the Organization's purpose or mission are reported as unrestricted. Net assets internally set aside by the Board of Directors are shown as a Board restricted component of the unrestricted net assets.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Donated Assets and Services

Materials, equipment and other assets received as donations are recognized in the accompanying financial statements at their estimated fair market values at the date they are received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services (Continued)

The value of donated volunteer services is not reflected in the accompanying financial statements as they do not meet the criteria for recording those services. However, a substantial number of volunteers have donated significant amounts of their time to various committees and the annual campaign.

Furniture and Equipment

Assets are carried at cost or at estimated value at date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on a straight line basis over estimated useful lives of five to ten years. Maintenance and repair costs are charged to expense when incurred. Assets are shown net of accumulated depreciation of \$192,062 and \$188,459 for March 31, 2007 and 2006, respectively.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the statement of activities. Any expenditures not directly chargeable are allocated based on percentage of space or percentage of effort.

Income Taxes

The Organization is a nonprofit corporation and qualifies as a tax exempt organization under §501(c)(3) of the Internal Revenue Code.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. PLEDGES RECEIVABLE

Prior to the year ending March 31, 2006, most pledge campaigns (one of the exceptions being General Electric Company, which utilized a July year end) are recorded on a calendar year basis. Therefore, the pledge receivable at March 31 of each year consists of pledges for the remaining nine months of the year. Beginning in the year ending March 31, 2006, General Electric Company also began utilizing a calendar year. This resulted in the recognition of revenue in the current period from the end of the prior fiscal year campaign (August through December) as well as the full pledge for the new campaign for calendar year 2006. Additionally, an estimated allowance for uncollectible pledges is provided by management based on historical collection patterns and consideration of specific pledge receivables.

UNITED WAY OF SCHENECTADY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2007 AND 2006

2. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable consist of the following at March 31,

	<u>2007</u>	<u>2006</u>
Pledges Receivable	\$ 2,087,922	\$ 2,014,358
Less: Allowance for Uncollectible Pledges	<u>(112,372)</u>	<u>(80,490)</u>
Pledges Receivable, Net	<u>\$ 1,975,550</u>	<u>\$ 1,933,868</u>

3. INVESTMENTS

Investments consist of the following:

	<u>March 31, 2007</u>			<u>March 31, 2006</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain(Loss)</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Bonds	\$ -	\$ -	\$ -	\$ 481,787	\$ 462,088	\$ (19,699)
Equities	-	-	-	868,636	1,078,985	210,349
Mutual Funds	<u>1,769,164</u>	<u>1,816,150</u>	<u>46,986</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,769,164</u>	<u>\$ 1,816,150</u>	<u>\$ 46,986</u>	<u>\$ 1,350,423</u>	<u>\$ 1,541,073</u>	<u>\$ 190,650</u>

Investments restricted by the donor for endowment purposes are recorded as permanently restricted net assets.

Investment income consisted of the following:

	<u>Year Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Interest and Dividend Income	\$ 69,501	\$ 56,725
Realized Gains	287,284	76,633
Unrealized Losses	(130,659)	(19,764)
Investment Fees	<u>(13,093)</u>	<u>(11,807)</u>
	<u>\$ 213,033</u>	<u>\$ 101,787</u>

UNITED WAY OF SCHENECTADY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2007 AND 2006

4. GRANTS PAYABLE

Grants are made annually on July 1, for one year, and are generally payable in equal monthly installments. Grants payable amounted to \$349,188 and \$341,115 as of March 31, 2007 and 2006, respectively. Grants expense was \$1,186,572 and \$1,225,471 for the years ended March 31, 2007 and 2006, respectively.

5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of two bequests that were previously determined to require investments in perpetuity. Dividends and interest on the investments were considered available for unrestricted use. During the fiscal year ending March 31, 2007, the Organization reviewed the documents provided at the original receipt of these bequests. It was concluded that except for \$50,000 which should remain as permanently restricted, the original restrictions placed on the balance of these funds had lapsed. The Board therefore has considered \$703,592 of these funds to be released from any restrictions and are included as a component of the unrestricted net assets. The Board has continued to restrict the use of these funds to the original donor purpose.

6. PENSION BENEFITS

The organization has established a qualified deferred salary plan in accordance with IRC Section 403(b). The plan covers substantially all of the Organization's full-time employees. Employer contributions to the plan are determined annually by the Board of Directors and for the years ended March 31, 2007 and 2006 were 7.5% of eligible salaries, or \$32,564 and \$32,047, respectively.

7. COMMITMENTS

During July 2005, the Organization renewed its lease for a two year period expiring June 30, 2007. Total rental expense included in the statements of functional expense for the years ended March 31, 2007 and 2006 was \$49,795. A one year renewal option is available at the completion of the current lease.

8. CONTINGENCIES

For the years ended March 31, 2007 and 2006, the Organization had cash balances in a major financial institution which exceed Federal Depository Insurance limits. This financial institution has strong credit ratings and management believes that credit risk related to these deposits is minimal.

UNITED WAY OF SCHENECTADY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2007 AND 2006

9. SUBSEQUENT EVENT

On May 3, 2007, the members of the United Way of Schenectady County, Inc. and the United Way of Northeastern New York, Inc. voted to merge the two entities effective July 1, 2007. The newly created United Way of the Greater Capital Region, Inc. will combine the net assets of the two entities and continue serving their common purpose.

10. ACCOUNTS RECEIVABLE

Included in the accounts receivable balance at March 31, 2007 is \$447,022 which represents the Organization's remainder interest in a trust which terminated during the current fiscal year. The trustees have notified the Organization of the asset value and the receipt of these funds is expected during the next fiscal year.