UNITED WAY OF THE GREATER CAPITAL REGION, INC.
AND
STATE EMPLOYEES FEDERATED APPEAL

Combined Financial Statements as of
June 30, 2016
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 7, 2016

To the Board of Directors of
United Way of the Greater Capital Region, Inc. and State Employees Federated Appeal:

Report on the Financial Statements
We have audited the accompanying combined financial statements of United Way of the Greater Capital Region, Inc. (a New York State not-for-profit corporation) and State Employees Federated Appeal (collectively referred to as the Organization), which comprise the combined statement of financial position as of June 30, 2016, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Greater Capital Region, Inc. and State Employees Federated Appeal as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the United Way of the Greater Capital Region, Inc. and State Employees Federated Appeal's 2015 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Combining Information
Our audit was conducted for the purpose of forming an opinion on the combined financial statements of United Way of the Greater Capital Region, Inc. and State Employees Federated Appeal as a whole. The combining information presented in Schedules I and II is presented for the purposes of additional analysis of the combined financial statements rather than to present the financial position and results of activities of the individual companies, and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The 2015 supplementary information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the combined 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 2015 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of those combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 supplementary information is fairly stated in all material respects in relation to the combined financial statements from which it has been derived.

Bonadio & Co., LLP

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND STATE EMPLOYEES FEDERATED APPEAL

COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(With Comparative Totals for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 964,378	$ 917,505
Investments	3,634,429	3,821,848
Pledges receivable, net of allowance for uncollectible pledges	2,061,336	2,255,671
Other receivables	85,402	93,703
Prepaid expenses and other assets	65,017	65,910
Property and equipment, net	300,280	305,121
Beneficial interest in perpetual trust	431,117	460,166
	$ 7,541,959	$ 7,919,924
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 155,919	$ 155,049
Due to affiliated agencies	1,435,710	1,825,416
Due to designated agencies	1,363,423	1,399,840
Long-term debt	300,000	-
Accrued pension cost	-	91,547
Total liabilities	3,255,052	3,471,852
NET ASSETS:		
Unrestricted -		
Undesignated	2,200,594	2,354,359
Board designated	1,531,657	1,514,170
Total unrestricted	3,732,251	3,868,529
Temporarily restricted	10,477	6,316
Permanently restricted	544,179	573,227
Total net assets	4,286,907	4,448,072
	$ 7,541,959	$ 7,919,924

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
STATE EMPLOYEES FEDERATED APPEAL

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	2015
SUPPORT, REVENUE AND GAINS:					
Support					
Contributions received - United Way Campaign	$ 5,423,026	$ -	$ -	$ 5,423,026	$ 5,505,151
Less: Donor designations	(2,139,248)	-	-	(2,139,248)	(2,085,393)
Allowance for uncollectible pledges	(259,540)	-	-	(259,540)	(282,323)
Subtotal	3,024,238	-	-	3,024,238	3,137,435
Grants	229,148	10,000	-	239,148	207,916
Contributed goods and services	183,778	-	-	183,778	115,542
Legacies and bequests	22,684	-	-	22,684	30,968
Events	150,202		-	150,202	121,769
Net assets released from restrictions	5,839	(5,839)	-	-	-
Total support	3,615,889	4,161	-	3,620,050	3,613,630
Revenue and gains					
Federated campaign income	270,486	-	-	270,486	219,280
Donor designated service fees	32,800	-	-	32,800	31,211
Interest and dividends	66,687	-	-	66,687	60,218
Rental revenue	28,734	-	-	28,734	12,994
Gains (loss) on investments	51,476	-	-	51,476	(217,323)
Loss permanently restricted	-	-	(29,048)	(29,048)	(23,914)
Total revenue and gains	450,183	-	(29,048)	421,135	82,466
Total support, revenue, and gains	4,066,072	4,161	(29,048)	4,041,185	3,696,096
EXPENSES:					
Program services:					
Community building programs	2,587,198	-	-	2,587,198	2,806,585
SEFA and CFC	450,014	-	-	450,014	344,146
Total program services	3,037,212	-	-	3,037,212	3,150,731
Supporting services:					
Management and general	529,129	-	-	529,129	524,977
Fundraising	636,009	-	-	636,009	541,545
Total supporting services	1,165,138	-	-	1,165,138	1,066,522
Total expenses	4,202,350	-	-	4,202,350	4,217,253
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(136,278)	4,161	(29,048)	(161,165)	(521,157)
PENSION CHANGES OTHER THAN NET PERIODIC COSTS					
Pension related changes other than net periodic cost	-	-	-	-	(18,389)
CHANGE IN NET ASSETS	(136,278)	4,161	(29,048)	(161,165)	(539,546)
NET ASSETS - beginning of year	3,868,529	6,316	573,227	4,448,072	4,987,618
NET ASSETS - end of year	$ 3,732,251	$ 10,477	$ 544,179	$ 4,286,907	$ 4,448,072

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
STATE EMPLOYEES FEDERATED APPEAL

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	Community Building Programs	SEFA	Management and General	Fundraising	Total 2016	2015
Salaries	$ 374,904	$ 106,067	$ 263,082	$ 295,561	$ 1,039,614	$ 1,009,134
Retirement expenses	95,078	37,780	66,719	81,659	281,236	75,450
Employee benefits and payroll taxes	66,671	18,862	46,785	52,561	184,879	177,813
Temporary employees	12,808	3,623	8,987	10,097	35,515	14,294
Total salaries and related expenses	549,461	166,332	385,573	439,878	1,541,244	1,276,691
Community Care Fund allocations	1,403,028	-	-	-	1,403,028	1,700,000
Publicity and promotion	215,846	-	52,316	58,774	326,936	271,827
Federated campaign expenses	-	271,632	-	-	271,632	210,809
Grants and technical assistance	132,399	-	-	-	132,399	228,943
Distributions to agencies	127,000	-	-	-	127,000	151,870
Subscriptions and dues	32,671	-	22,926	25,756	81,353	77,890
Professional services and fees	31,133	-	21,847	24,544	77,524	73,812
Occupancy	20,124	-	14,122	15,865	50,111	53,309
Depreciation and amortization	13,341	-	9,365	10,497	33,203	43,997
Loaned executive expense	-	12,050	-	34,854	46,904	24,665
Program expenses	29,835	-	-	-	29,835	4,615
Telephone and postage	9,485	-	6,656	7,478	23,619	22,494
Travel and related costs	7,374	-	5,174	5,813	18,361	17,827
Insurance	4,844	-	3,399	3,819	12,062	10,999
Printing and supplies	2,916	-	2,047	2,299	7,262	38,680
Interest	2,225	-	1,561	1,754	5,540	-
Meetings and development	2,208	-	1,550	1,741	5,499	5,087
Miscellaneous	3,308	-	2,593	2,937	8,838	3,738
	$ 2,587,198	$ 450,014	$ 529,129	$ 636,009	$ 4,202,350	$ 4,217,253

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
STATE EMPLOYEES FEDERATED APPEAL

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (161,165)	$ (539,546)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	33,203	43,997
Provision for bad debts	(22,783)	(21,018)
Loss (gains) on investments	(51,476)	217,323
Gains on permanently restricted	29,048	23,914
Change in accrued pension cost related to non-cash actuarial changes	-	(18,389)
Changes in:		
Pledges receivable	217,118	27,367
Contributions receivable	-	715,652
Other receivables	8,301	(5,018)
Prepaid expenses and other assets	14,527	(20,866)
Accounts payable and accrued expenses	870	15,967
Due to affiliated agencies	(389,706)	(211,513)
Due to designated agencies	(36,417)	(334,492)
Accrued pension cost	(91,547)	32,791
Net cash flow from operating activities	(450,027)	(73,831)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(27,892)	-
Purchases of investments	(3,952,329)	(713,276)
Proceeds from sales of investments	4,191,225	184,500
Net cash flow from investing activities	211,004	(528,776)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments of debt issurance costs	(14,104)	-
Proceeds from long-term debt	300,000	-
Net cash flow from financing activities	285,896	-
CHANGE IN CASH AND CASH EQUIVALENTS	46,873	(602,607)
CASH AND CASH EQUIVALENTS - beginning of year	917,505	1,520,112
CASH AND CASH EQUIVALENTS - end of year	$ 964,378	$ 917,505

The accompanying notes are an integral part of these statements.

1. ORGANIZATION AND HISTORY

United Way of the Greater Capital Region, Inc. (UWGCR), a New York not-for-profit corporation, provides services to individuals and corporations in the Capital Region. Our mission is to improve lives and advance the common good in the Capital Region by mobilizing the caring power of donors, volunteers, and community partners to give, volunteer, and advocate for people in need within our region.

Our vision is to be a recognized leader in the development and investment of philanthropic and volunteer resources in programs and initiatives that improve the quality of life for children, families, elders, and people in need. We will accomplish this by investing resources in programs that address needs in the area of early childhood education and health, income, and financial stability of low income families and individuals, and for the Basic Needs of our communities most vulnerable.

United Way of the Greater Capital Region, Inc. is a member of the United Way WorldWide. To maintain membership within this Organization, United Way of the Greater Capital Region, Inc. must make a membership investment to United Way WorldWide based on a percentage of annual contributions received. This membership fee paid to United Way WorldWide was $52,924 and $55,325 for the years ended June 30, 2016 and 2015, respectively.

UWGCR focuses on improving lives and community conditions across the Greater Capital Region. We do this by investing in programs and participating in initiatives that bring partners together around issues that require a collective response. Our work is based on the belief that together, united, we achieve far more than any single person or agency could alone.

During 2016, UWGCR issued grants to 79 local programs and special initiatives representing 60 agencies. More than 100,000 Greater Capital Region residents benefited from United Way-funded programs in 2015-2016.

UWGCR also helped mobilize more than 1,000 volunteers who contributed their time and expertise to community projects, organizational leadership and planning, fundraising and more.

EDUCATION

United Way invested in early childhood development programs, academic support for school-age children, employment training and skill building, adult literacy programs, parent support, school partnerships and more. Through our Bright Starts for Brilliant Futures initiative, UWGCR invested in three home visiting programs, two regional coalitions to improve early childhood success and positive educational outcomes, and made a concentrated effort to improve quality early childcare in Rensselaer County.

1. ORGANIZATION AND HISTORY (Continued)

INCOME

United Way invested in programs that help families gain financial stability through asset and debt management, programs helping the homeless achieve independence, and tax preparation and counsel for income-eligible families. Much of this work is accomplished through the CA$H Coalition, a United Way-led partnership that helps low and moderate income families benefit from the Earned Income Tax Credit and other savings and learn financial management skills. United Way also supports programs that help people meet their basic needs by providing food, safe shelter and other critical assistance.

HEALTH

United Way invested in programs that address health related issues such as independent living, challenges facing older adults, persons with disabilities, and mental health.

BASIC NEEDS

United Way invested in safety net services that provide food, shelter, safety, people with physical and developmental disabilities, and safe places for children after school. United Way also invested in United Way 2-1-1 Northeast Region, a free and confidential telephone information and referral service that connects callers with community resources. Through our United Against Hunger Initiative, we invested with five local summer food service providers to serve 135,000 meals in neighborhoods with concentrations of poverty.

STATE EMPLOYEES FEDERATED APPEAL (SEFA)

Workplace fund-raising campaigns - UWGCR is responsible for developing, implementing, and evaluating fund-raising programs with respective volunteer committees for the 12 county area.

State Employees Federated Appeal (SEFA)
State Employees Federated Appeal (SEFA) is an annual fund-raising campaign that occurs during the fall season. The program was established to accommodate the wishes of New York State employees who wanted a single fund-raising campaign that would reduce multiple charitable solicitations. Participating federations in the campaign include United Way of the Greater Capital Region, Inc., Community Health Charities of New York, Independent Charities of America and Global Impact to name a few. In addition to the aforementioned federations, over 400 independent agencies also participate in the campaign.

New York State regulations assign the responsibility of campaign oversight to the Capital Region SEFA Committee whose members include state employees and representatives of charitable agencies. Campaign administrative and fiscal management services are performed by personnel of United Way of the Greater Capital Region, Inc.

Principles of Combination
The amounts in the combined financial statements include the accounts of the United Way of the Greater Capital Region, Inc. (UWGCR) and State Employees Federated Appeal (SEFA). All significant intercompany balances and transactions have been eliminated in the combination. The financial statements have been combined because of common control and interrelated operating activities.

These organizations are hereafter referred to as “the Organization”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed by United Way of the Greater Capital Region, Inc. and State Employees Federal Appeal, are described below to enhance the usefulness of the combined financial statements.

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined 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 includes bank demand deposit accounts, money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less. The Organization's cash balances may at times 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.

Investments

All investments in publicly traded debt securities, equity securities, and mutual funds are stated at fair value. Fair value is determined using quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying combined statement of activities.

The Organization utilized the net asset value (NAV) reported by the Organization's pension plan equity based mutual funds as a practical expedient for determining their fair value of the investment. These investments are redeemable at NAV on a daily basis with no prior notification period. The investments also have no unfunded commitments as of June 30, 2016 and 2015.

Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

Pledges Receivable

The Organization provides an allowance for uncollectible pledges based upon collection history and a review of open accounts by management. Open accounts are written off after all collection efforts have been exhausted and the pledge is determined to be uncollectable. The allowance for uncollectible pledges was $259,540 and $282,323 as of June 30, 2016 and 2015, respectively.

Although management has reviewed the collection history while projecting the allowance, it is reasonably possible that actual uncollectible pledges may differ from the estimated allowance.

Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at their fair market value at the date of the gift. The Organization does not imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are restricted as to their use by the donor. Accordingly, those donations are recorded as support, increasing unrestricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is reported as a change in net assets.

Depreciation is computed on a straight-line basis using the estimated useful lives (2 to 40 years) of the various assets.

Long-Lived Assets
The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2016 or 2015.

Financing Costs
Financing costs of approximately $14,000 as of June 30, 2016 are included in other assets on the statement of financial position. These costs are being amortized over the life of the underlying mortgage, 5 years, using the straight-line method. Accumulated amortization was $470 as of June 30, 2016. Amortization expense for the year ended 2016 was $470, and is expected to be approximately $2,800 each year through 2021. There were no financing costs or amortization for the year ended June 30, 2015.

Due to Affiliated Agencies/Pledge Income
Contributions which are designated to a specific third-party beneficiary are recorded as a liability at the fair market value at the time the contribution is received, net of campaign costs and allowance for uncollectible pledges. All pledges received by SEFA are considered donor-designated. These pledges are passed directly to the designated recipients and are excluded from the Organizations' revenue and expenses, except for a small portion that is allocated to revenue to cover direct campaign costs.

Recognition of Donor Restrictions
Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Financial Reporting
The Organization reports its activities and the related net assets using three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are not restricted by donors or other outside agencies. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Organization according to its bylaws. The Board of Directors has also designated that a portion of these monies be used to supplement program expenses.

Temporarily restricted net assets represent donor-imposed restrictions that permit the donee organization to use up or expend the donated assets as specified. This temporary restriction is satisfied by the passage of time or actions by the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently restricted net assets represent donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization to use up or expend part or all of the income derived from the donated assets.

Permanently restricted net assets consist of a beneficial interest in a perpetual trust (see Note 9) as well as bequests that require investments in perpetuity.

Donated and Contributed Services

A number of “loaned executives” have donated 2,065 and 1,218 hours to the Organization’s fund-raising campaigns during the years ended June 30, 2016 and 2015, respectively. The services donated require specialized skills and are reflected in the combined statement of activities at their fair value. For the years ended June 30, 2016 and 2015, the amount recognized was $46,903 and $24,665, respectively.

Statement of Functional Expenses

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

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was $326,936 and $271,827 for the year ended June 30, 2016 and 2015, respectively.

Financial Instruments Measured at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Organization’s assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

Income Taxes

United Way of the Greater Capital Region, Inc. and SEFA are exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and have been classified as an entity that is not a private foundation.

Comparative Financial Information

The combined financial statements include certain prior-year summarized comparative information in total but not by net asset class and functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s combined financial statements for the year ended June 30, 2015, from which the summarized information was derived.

3. INVESTMENTS

A summary of investments as of June 30, 2016 and 2015 is as follows:

Investments are managed in accordance with an investment policy that was approved by the Board of Directors.

	2016	2015
Mutual funds- equities	$ 1,586,278	$ 1,287,029
Mutual funds- fixed income	2,048,151	2,534,819
	$ 3,634,429	$ 3,821,848

For the years ended June 30, 2016 and 2015, the investments earned interest and dividends of $66,687 and $60,218, respectively. There were no investment management fees incurred for the years ended June 30, 2016 and 2015.

4. FAIR VALUE MEASUREMENTS

The Organizations investments at fair value, within the fair value hierarchy, are as follows as of June 30:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2016:				
Mutual funds- equities	$ 1,586,278	$ -	$ -	$ 1,586,278
Mutual funds- fixed income	2,048,151	-	-	2,048,151
Beneficial interest in perpetual trust	-	431,117	-	431,117
	$ 3,634,429	$ 431,117	$ -	$ 4,065,546
June 30, 2015:				
Mutual funds- equities	$ 1,287,029	$ -	$ -	$ 1,287,029
Mutual funds- fixed income	2,534,819	-	-	2,534,819
Beneficial interest in perpetual trust	-	460,166	-	460,166
	$ 3,821,848	$ 460,166	$ -	$ 4,282,014

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2016	2015
Land	$ 102,300	$ 102,300
Building and building improvements	872,572	848,232
Office equipment	176,679	199,045
	1,151,551	1,149,577
Less: Accumulated depreciation	(851,271)	(844,456)
	$ 300,280	$ 305,121

Depreciation expense for the years ended June 30, 2016 and 2015 was $32,733 and $43,997, respectively.

6. LONG-TERM DEBT

During 2016, the Organization entered into a mortgage payable with a bank. It consists of monthly payments of $3,125 including interest of 4.61%, secured by all assets of the Organization. Final payment is due June 2021.

The future maturities of long-term debt over the next five years are as follows:

2017	$ 24,178
2018	23,186
2019	26,511
2020	27,756
2021	198,369
	$ 300,000

The Organization must comply with certain financial covenants per their debt agreements. These covenants were not met as of June 30, 2016 and a waiver was granted from the financial institution.

7. LINE-OF-CREDIT

The Organization has a secured $250,000 line-of-credit with Pioneer Savings Bank. Borrowings against the line are due on demand and interest is payable monthly at the Bank’s prime rate plus one percent (4.5% at June 30, 2016), with a floor percentage rate of 4.25%. The balance is secured by all assets of the Organization. At June 30, 2016 and 2015 there was no outstanding balance on the line of credit.

8. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2016 and 2015:

	2016	2015
Hunger initiative	$ 10,000	$ -
United in action	477	988
Disaster relief	-	5,328
	$ 10,477	$ 6,316

Unrestricted – Board designated net assets are available for the following purposes at June 30, 2016 and 2015:

	2016	2015
ELAP	$ 10,000	$ 10,000
Funds functioning as endowment	1,521,657	1,504,170
	$ 1,531,657	$ 1,514,170

9. PERMANENTLY RESTRICTED NET ASSETS

Beneficial Interest in Perpetual Trusts

The Organization is the beneficiary of the Percy Waller Perpetual Charitable Trust (Trust). The Trust provides for annual distributions of eleven percent of the income earned on the Trust's assets. The donor has placed no restrictions as to the use of the distributions. The Trust is administered by an independent third-party trustee.

The value of the beneficial interest in perpetual trust is recorded at eleven percent of the fair market value of the Trust's assets. The Organization recognized a loss in the value of this Trust in the amount of $29,048 and $23,914 during the year ended June 30, 2016 and June 30, 2015, respectively.

Other Permanently Restricted Net Assets

The Organization is the beneficiary of two bequests from estates for which the donor restricted the funds to be held in perpetuity. There are no restrictions placed on the income derived from these funds. The total amounts reported as permanently restricted for these contributions are $113,061 for both years ending June 30, 2016 and 2015.

10. EMPLOYER RETIREMENT PLANS

On January 1, 2009, the Organization established a 403(b) plan for its employees. Employer contributions to the Plan are determined annually by the Board of Directors. The Board of Directors approved a revision to the Plan, effective January 1, 2012, which includes an employer match of up to 4% of salary on employee contributions to the Plan. In addition, the Plan includes a service weighted automatic contribution of 3% of salary for employees with up to 10 years of service, and a 5% contribution for employees of over 10 years of service.

10. EMPLOYER RETIREMENT PLANS (Continued)

A one year waiting period is required for participation in the match and automatic contribution portions of the Plan. During the years ended June 30, 2016 and 2015, the employer contribution was $42,695 and $46,176 respectively.

The Organization had a noncontributory, combination pension and welfare plan available to all employees 21 years of age or older, who completed one year of service. The Plan was a defined benefit plan, which provided benefits that were generally based on years of service and final average salary. The plan was terminated as of June 30, 2016.

Information relative to the defined benefit plan for the years ended June 30, 2016 and 2015 is as follows:

	2016	2015
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 1,278,303	$ 1,268,321
Service cost	14,460	9,235
Interest cost	18,982	43,726
Change due to assumption change(s)	163,883	9,034
Actuarial (gains) losses	22,047	(4,459)
Expense charges	(14,460)	(9,235)
Annuities purchased or benefits paid	(1,483,215)	(38,319)
Benefit obligation at end of year	$ -	$ 1,278,303
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,186,756	$ 1,191,176
Actual return on plan assets	14,409	38,971
Employer contributions	296,510	4,163
Annuities purchased or benefits paid	(1,497,675)	(47,554)
Fair value of plan assets at end of year	$ -	$ 1,186,756
Funded status:		
(Under) funded status of the plan	$ -	$ (91,547)

Assumptions

The following table summarizes the assumptions used by the consulting actuaries and the related benefit cost information.

Weighted - average assumptions used to determine net periodic benefit as of June 30:

	2016	2015
Discount rate	2.70%	3.50%
Expected long-term return on plan assets	5.00%	5.00%
Rate of compensation increase	0.00%	0.00%

A best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages to determine the expected long-term return on plan assets of 5.00% for the years ended June 30, 2016 and 2015, respectively.

10. EMPLOYER RETIREMENT PLANS (Continued)

Assumptions (Continued)

An average inflation rate of 3.50 % and 3.25% was selected for the years 2016 and 2015, respectively, and added to the real rate of return range to arrive at a best estimate range of 4.50% - 5.38% and 5.00% – 6.31% for 2016 and 2015, respectively. A rate toward the low end of the best estimate range of 6.00% was selected for conservatism based on upcoming retirement benefit payments expected of the next 10 years.

Plan Assets

The Plans weighted-average asset allocations as of June 30, 2015, by asset category are as follows:

	Actual Allocation	Percentage Allocation
Mutual funds- equity based	$ 461,899	38.92%
Fixed income	84,197	7.09%
Money market	640,660	53.99%
	$ 1,186,756	100.00%

The fair values of the Organization's Plan assets at June 30, 2015 are as follows:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Mutual funds- equity based	$ 461,899	$ -	$ -	$ 461,899
Fixed income	84,197	-	-	84,197
Money market	640,660	-	-	640,660
	$ 1,186,756	$ -	$ -	$ 1,186,756

There were no plan assets as of June 30, 2016 as the plan was terminated and all plan assets were paid to participants.

Contributions

The Organization contributed $297,000 and $4,000 to this Plan for the years ended June 30, 2016 and 2015, respectively.

11. ENDOWMENT

The Organization's endowment consists of funds established to provide investment income to be used for fundraising and operating costs so that a higher percentage of donor contributions can be directed to the Community Care Fund. Its endowment includes donor-restricted and board designated endowments. As required by generally accepted accounting principles, net assets associated with endowment funds including funds, designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

11. ENDOWMENT (Continued)

Endowment net asset composition by fund type as of June 30, 2016 and 2015 is as follows:

	Board Designated	Permanently Restricted	Total
June 30, 2016:			
Endowment funds	$ 1,521,657	$ 544,179	$ 2,065,836
June 30, 2015:			
Endowment funds	$ 1,504,170	$ 573,227	$ 2,077,397

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Board Designated	Permanently Restricted	Total
Endowment net assets - July 1, 2014	$ 1,528,323	$ 597,141	2,125,464
Net appreciation (depreciation)	(33,502)	(23,914)	(57,416)
Contributions	9,349	-	9,349
Endowment net assets - June 30, 2015	$ 1,504,170	$ 573,227	$ 2,077,397
Net appreciation (depreciation)	17,487	(29,048)	(11,561)
Endowment net assets - June 30, 2016	$ 1,521,657	$ 544,179	$ 2,065,836

Return Objectives and Risk Parameters
Investments of the Board-designated funds are made for the purpose of providing supplemental funding of fundraising and operational activities. The permanently restricted assets are those donor-restricted funds that the Organization must hold in perpetuity.

The Organization recognizes that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk is warranted in order to allow the investment manager the opportunity to achieve satisfactory long term results consistent with the objectives of the fund.

Strategies Employed for Achieving Objectives
The Organization has adopted investment and spending policies for endowment assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide a resource for occasional funding to programs supported by its endowment. Endowment assets include only unrestricted and permanently restricted funds as of June 30, 2016 and 2015. Under this policy, as approved by the Board of Directors, the endowment assets are invested primarily in stocks (generally targeted at 40-60% of the fund), bonds (38-52%) and commodities (2-8%). No target growth rate is stated or implied by the Organization's investment objectives. Actual investment returns in any given year may vary.

11. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives (Continued)

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation (see information above) that places a greater emphasis on equity and bond based investments to achieve its long-term return objectives with prudent risk constraints.

Management periodically presents system level initiatives that they feel worthy of Organization support. The Organization's Board reviews these suggestions and appropriates money on occasion for items they deem worthwhile. There is no annual target for expenditures.

The governing board has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on its permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends), and income is classified as temporarily restricted until appropriated for expenditure. As of June 30, 2016, all income related to permanently restricted net assets has been expended consistent with donor intent.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2016, which is the date these combined financial statements were available to be issued.

UNITED WAY OF THE GREATER CAPITAL REGION, INC.
STATE EMPLOYEES FEDERATED APPEAL

Schedule I

COMBINING SCHEDULE OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	United Way of the Greater Capital Region, Inc.	State Employees Federated Appeal	Eliminations	Total 2016	2015
ASSETS					
Cash and cash equivalents	$ 636,234	$ 328,144	$ -	$ 964,378	$ 917,505
Investments	3,634,429	-	-	3,634,429	3,821,848
Pledges receivable, net	1,601,019	632,542	(172,225)	2,061,336	2,255,671
Other receivables	85,402	-	-	85,402	93,703
Prepaid expenses and other assets	65,017	-	-	65,017	65,910
Property and equipment, net	300,280	-	-	300,280	305,121
Beneficial interest in perpetual trust	431,117	-	-	431,117	460,166
	$ 6,753,498	$ 960,686	$ (172,225)	$ 7,541,959	$ 7,919,924
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 155,919	$ -	$ -	$ 155,919	$ 155,049
Due to affiliated agencies	1,435,710	172,225	(172,225)	1,435,710	1,825,416
Due to designated agencies	574,981	788,442	-	1,363,423	1,399,840
Debt	300,000	-	-	300,000	-
Accrued pension cost	-	-	-	-	91,547
Total liabilities	2,466,610	960,667	(172,225)	3,255,052	3,471,852
NET ASSETS:					
Unrestricted -					
Undesignated	2,200,575	19	-	2,200,594	2,354,359
Board designated	1,531,657	-	-	1,531,657	1,514,170
Total unrestricted	3,732,232	19	-	3,732,251	3,868,529
Temporarily restricted	10,477	-	-	10,477	6,316
Permanently restricted	544,179	-	-	544,179	573,227
Total net assets	4,286,888	19	-	4,286,907	4,448,072
	$ 6,753,498	$ 960,686	$ (172,225)	$ 7,541,959	$ 7,919,924

The accompanying notes are an integral part of these schedules.

UNITED WAY OF THE GREATER CAPITAL REGION, INC. AND
STATE EMPLOYEES FEDERATED APPEAL

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	United Way of the Greater Capital Region, Inc.				State Employees Federated Appeal			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Eliminations	Totals	2015
SUPPORT, REVENUE AND GAINS:								
Support								
Contributions received - United Way Campaign	$ 4,244,696	$ -	$ -	$ 4,244,696	$ 1,404,310	$ (225,980)	$ 5,423,026	$ 5,505,151
Less: Donor designations	(1,144,458)	-	-	(1,144,458)	(994,790)	-	(2,139,248)	(2,085,393)
Allowance for uncollectible pledges	(203,000)	-	-	(203,000)	(56,540)	-	(259,540)	(282,323)
Subtotal	2,897,238	-	-	2,897,238	352,980	(225,980)	3,024,238	3,137,435
Grants	229,148	10,000	-	239,148	-	-	239,148	207,916
Contributed goods and services	171,729	-	-	171,729	12,049	-	183,778	115,542
Legacies and bequests	22,684	-	-	22,684	-	-	22,684	30,968
Events	150,202	-	-	150,202	-	-	150,202	121,769
Net assets released from restrictions	5,839	(5,839)	-	-	-	-	-	-
Total support	3,476,840	4,161	-	3,481,001	365,029	(225,980)	3,620,050	3,613,630
Revenue and gains								
Federated campaign income	270,486	-	-	270,486	-	-	270,486	219,280
Donor designated service fees	32,800	-	-	32,800	-	-	32,800	31,211
Interest and dividends	66,687	-	-	66,687	-	-	66,687	60,218
Rental revenue	28,734	-	-	28,734	-	-	28,734	12,994
Gains (losses) on investments	51,476	-	-	51,476	-	-	51,476	(217,323)
Loss on permanently restricted	-	-	(29,048)	(29,048)	-	-	(29,048)	(23,914)
Total revenue and gains	450,183	-	(29,048)	421,135	-	-	421,135	82,466
Total support, revenue, and gains	3,927,023	4,161	(29,048)	3,902,136	365,029	(225,980)	4,041,185	3,696,096
EXPENSES:								
Program services:								
Community building programs	2,460,198	-	-	2,460,198	127,000	-	2,587,198	2,806,585
SEFA and CFC	450,014	-	-	450,014	-	-	450,014	344,146
Total program services	2,910,212	-	-	2,910,212	127,000	-	3,037,212	3,150,731
Supporting services:								
Management and general	529,129	-	-	529,129	4,100	(4,100)	529,129	524,977
Fundraising	623,959	-	-	623,959	233,930	(221,880)	636,009	541,545
Total supporting services	1,153,088	-	-	1,153,088	238,030	(225,980)	1,165,138	1,066,522
Total expenses	4,063,300	-	-	4,063,300	365,030	(225,980)	4,202,350	4,217,253
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(136,277)	4,161	(29,048)	(161,164)	(1)	-	(161,165)	(521,157)
PENSION CHANGES OTHER THAN NET PERIODIC COSTS								
Pension related changes other than net periodic cost	-	-	-	-	-	-	-	(18,389)
CHANGE IN NET ASSETS	(136,277)	4,161	(29,048)	(161,164)	(1)	-	(161,165)	(539,546)
NET ASSETS - beginning of year	3,868,509	6,316	573,227	4,448,052	20	-	4,448,072	4,987,618
NET ASSETS - end of year	$ 3,732,232	$ 10,477	$ 544,179	$ 4,286,888	$ 19	$ -	$ 4,286,907	$ 4,448,072

The accompanying notes are an integral part of these schedules.