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

Combined Financial Statements as of
June 30, 2017
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 11, 2017

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, 2017, 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, 2017, 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 2016 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 2016 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 2016 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 2016 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, 2017
(With Comparative Totals for 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 593,692	$ 964,378
Investments	3,746,350	3,634,429
Pledges receivable, net of allowance for uncollectible pledges	2,437,814	2,061,336
Other receivables	95,858	85,402
Prepaid expenses and other assets	61,424	65,017
Property and equipment, net	267,898	300,280
Beneficial interest in perpetual trust	460,459	431,117
	$ 7,663,495	$ 7,541,959
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 168,658	$ 155,919
Due to affiliated agencies	1,200,222	1,435,710
Due to designated agencies	1,381,571	1,363,423
Long-term debt	234,434	300,000
Total liabilities	2,984,885	3,255,052
NET ASSETS:		
Unrestricted -		
Undesignated	1,229,726	2,200,594
Board designated	2,874,887	1,531,657
Total unrestricted	4,104,613	3,732,251
Temporarily restricted	477	10,477
Permanently restricted	573,520	544,179
Total net assets	4,678,610	4,286,907
	$ 7,663,495	$ 7,541,959

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, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	2016
SUPPORT, REVENUE AND GAINS:					
Support					
Contributions received - United Way Campaign	$ 5,058,512	$ -	$ -	$ 5,058,512	$ 5,423,026
Less: Donor designations	(2,040,162)	-	-	(2,040,162)	(2,139,248)
Allowance for uncollectible pledges	(204,000)	-	-	(204,000)	(259,540)
Subtotal	2,814,350	-	-	2,814,350	3,024,238
Grants	276,890	-	-	276,890	239,148
Contributed goods and services	69,115	-	-	69,115	183,778
Legacies and bequests	19,846	-	-	19,846	22,684
Events	137,094		-	137,094	150,202
Net assets released from restrictions	10,000	(10,000)	-	-	-
Total support	3,327,295	(10,000)	-	3,317,295	3,620,050
Revenue and gains					
Federated campaign income	307,332	-	-	307,332	270,486
Donor designated service fees	39,341	-	-	39,341	32,800
Interest and dividends	101,444	-	-	101,444	66,687
Rental revenue	45,200	-	-	45,200	28,734
Gain on investments	197,252	-	-	197,252	51,476
Gain (Loss) permanently restricted	-	-	29,341	29,341	(29,048)
Total revenue and gains	690,569	-	29,341	719,910	421,135
Total support, revenue, and gains	4,017,864	(10,000)	29,341	4,037,205	4,041,185
EXPENSES:					
Program services:					
Community building programs	2,036,879	-	-	2,036,879	2,587,198
SEFA and CFC	521,040	-	-	521,040	450,014
Total program services	2,557,919	-	-	2,557,919	3,037,212
Supporting services:					
Management and general	472,032	-	-	472,032	529,129
Fundraising	615,551	-	-	615,551	636,009
Total supporting services	1,087,583	-	-	1,087,583	1,165,138
Total expenses	3,645,502	-	-	3,645,502	4,202,350
CHANGE IN NET ASSETS	372,362	(10,000)	29,341	391,703	(161,165)
NET ASSETS - beginning of year	3,732,251	10,477	544,179	4,286,907	4,448,072
NET ASSETS - end of year	$ 4,104,613	$ 477	$ 573,520	$ 4,678,610	$ 4,286,907

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, 2017
(With Comparative Totals for 2016)

	Community Building Programs	SEFA	Management and General	Fundraising	Total 2017	2016
Salaries	$ 192,606	$ 165,677	$ 242,074	$ 312,238	$ 912,595	$ 1,039,614
Retirement expenses	11,318	9,736	14,225	25,051	60,330	281,236
Employee benefits and payroll taxes	35,665	30,678	44,824	57,817	168,984	184,879
Temporary employees	6,249	5,375	7,854	10,131	29,609	35,515
Total salaries and related expenses	245,838	211,466	308,977	405,237	1,171,518	1,541,244
Community Care Fund allocations	1,300,000	-	-	-	1,300,000	1,403,028
Federated campaign expenses	-	287,856	-	-	287,856	271,632
Publicity and promotion	115,279	-	62,533	80,658	258,470	326,936
Grants and technical assistance	177,050	-	-	-	177,050	132,399
Distributions to agencies	116,985	-	-	-	116,985	127,000
Professional services and fees	21,244	-	26,701	34,439	82,384	77,524
Subscriptions and dues	18,603	-	23,381	30,158	72,142	81,353
Occupancy	9,287	-	11,672	15,055	36,014	50,111
Depreciation	9,077	-	8,589	14,716	32,382	32,733
Telephone and postage	6,018	-	7,563	9,755	23,336	23,619
Loaned executive expense	-	21,718	-	-	21,718	46,904
Interest	4,147	-	8,032	6,722	18,901	6,010
Travel and related costs	3,522	-	4,427	5,710	13,659	18,361
Insurance	2,767	-	3,478	4,486	10,731	12,062
Meetings and development	1,989	-	2,499	3,223	7,711	5,499
Miscellaneous	2,058	-	2,583	3,332	7,973	8,838
Printing and supplies	1,270	-	1,597	2,060	4,927	7,262
Program expenses	1,745	-	-	-	1,745	29,835
	$ 2,036,879	$ 521,040	$ 472,032	$ 615,551	$ 3,645,502	$ 4,202,350

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, 2017
(With Comparative Totals for 2016)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 391,703	$ (161,165)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	32,382	32,733
Interest expenses on amortization of debt issuance costs	2,820	470
Provision for bad debts	-	(22,783)
(Gain) on investments	(197,252)	(51,476)
Loss (gain) on permanently restricted	(29,341)	29,048
Changes in:		
Pledges receivable	(376,478)	217,118
Other receivables	(10,456)	8,301
Prepaid expenses and other assets	3,593	14,527
Accounts payable and accrued expenses	12,739	870
Due to affiliated agencies	(235,488)	(389,706)
Due to designated agencies	18,148	(36,417)
Accrued pension cost	-	(91,547)
Net cash flow from operating activities	(387,630)	(450,027)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(27,892)
Purchases of investments	(1,211,592)	(3,952,329)
Proceeds from sales of investments	1,296,922	4,191,225
Net cash flow from investing activities	85,330	211,004
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments of debt issuance costs	-	(14,104)
Payments on long-term debt	(68,386)	
Proceeds from long-term debt	-	300,000
Net cash flow from financing activities	(68,386)	285,896
CHANGE IN CASH AND CASH EQUIVALENTS	(370,686)	46,873
CASH AND CASH EQUIVALENTS - beginning of year	964,378	917,505
CASH AND CASH EQUIVALENTS - end of year	$ 593,692	$ 964,378

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 $51,581 and $52,924 for the years ended June 30, 2017 and 2016, 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 2017, 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 2016-2017.

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, and safety to 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 include 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, 2017 and 2016.

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 $260,540 and $259,540 as of June 30, 2017 and 2016, 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)

Property and Equipment (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 2017 or 2016.

Debt Issuance Costs
Debt Issuance costs are amortized and recognized as interest expenses on a straight-line basis over the periods of the related debt. The unexpensed debt issuance costs approximated $10,814 and $13,634 at June 30, 2017 and 2016, respectively, and are netted against long-term debt on the statements of financial position. Interest expenses on amortization of debt issuance cost was $2,820 and $470 for the year ended June 30, 2017 and 2016, respectively. Interest expenses on amortization is expected to be approximately $2,800 each year through 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting(Continued)

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.

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 1,073 and 2,065 hours to the Organization’s fund-raising campaigns during the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the amount recognized was $21,718 and $46,904, 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 $258,470 and $326,936 for the years ended June 30, 2017 and 2016, 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. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

During 2016, the Organization adopted Financial Accounting Standards Board update (ASU) No. 2015-03 *Simplifying the Presentation of Debt Issuance Costs*. This new standard requires the presentation of unamortized debt financing costs as a direct deduction from the face amount of the related debt issued and the classification of the related amortization as interest expense.

Previously, the Organization reflected unamortized debt issuance costs as an asset in the balance sheet, and has retroactively reclassified 2016 amounts. The reclassification reduced total assets and debt at June 30, 2016 by $13,634 with no effect on net assets.

Similarly, interest expense for 2016 has been increased and amortization expense has been decreased by $470, with no effect on previously reported net assets.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

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, 2016, from which the summarized information was derived.

3. INVESTMENTS

Investments are managed in accordance with an investment policy that was approved by the Board of Directors. A summary of investments as of June 30, 2017 and 2016 is as follows:

	2017	2016
Mutual funds- equities	$ 2,241,293	$ 1,586,278
Mutual funds- fixed income	1,505,057	2,048,151
	$ 3,746,350	$ 3,634,429

For the years ended June 30, 2017 and 2016, the investments earned interest and dividends of $101,444 and $66,687, respectively. There were no investment management fees incurred for the years ended June 30, 2017 and 2016.

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, 2017:				
Mutual funds- equities	$ 2,241,293	$ -	$ -	$ 2,241,293
Mutual funds- fixed income	1,505,057	-	-	1,505,057
Beneficial interest in perpetual trust	-	460,459	-	460,459
	$ 3,746,350	$ 460,459	$ -	$ 4,206,809
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

5. PROPERTY AND EQUIPMENT

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

	2017	2016
Land	$ 102,300	$ 102,300
Building and building improvements	872,572	872,572
Office equipment	176,679	176,679
	1,151,551	1,151,551
Less: Accumulated depreciation	(883,653)	(851,271)
	$ 267,898	$ 300,280

Depreciation expense for the years ended June 30, 2017 and 2016 was $32,382 and $32,733, respectively.

6. LONG-TERM DEBT

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:

2018	$ 27,093
2019	28,492
2020	29,832
2021	159,831
Total	245,248
Less debt issuance cost	(10,814)
Long term debt, net	$ 234,434

The Organization must comply with certain financial covenants per their debt agreements. These covenants were not met as of June 30, 2017, however 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 (4.25% at June 30, 2017), with a floor percentage rate of 5.25%. The balance is secured by all assets of the Organization. At June 30, 2017 and 2016 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:

	2017	2016
Hunger initiative	$ -	$ 10,000
United in action	477	477
	$ 477	$ 10,477

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

	2017	2016
ELAP	$ 3,540	$ 10,000
Funds functioning as endowment	2,871,347	1,521,657
	$ 2,874,887	$ 1,531,657

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 gain (loss) in the value of this Trust in the amount of $29,341 and $(29,048) for the year ended June 30, 2017 and 2016, 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, 2017 and 2016.

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.

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, 2017 and 2016, the employer contribution was $38,445 and $42,695 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. There were no plan assets as of June 30, 2016 as the plan was terminated and all plan assets were paid to participants. The Board made a resolution to make 11 annual contributions of $6,703 to one employee that hasn't been paid out yet, there are 6 remaining payments to be made as of June 30, 2017. These contributions are the Organization's assets until the employment is terminated. The Organization contributed approximately $6,700 and $297,000 to this Plan for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 is as follows:

	Board Designated	Permanently Restricted	Total
June 30, 2017:			
Endowment funds	$ 2,871,347	$ 573,520	$ 3,444,867
June 30, 2016:			
Endowment funds	$ 1,521,657	$ 544,179	$ 2,065,836

Changes in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

Description	Board Designated	Permanently Restricted	Total
Endowment net assets - July 1, 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
Contributions	1,133,000	-	1,133,000
Net appreciation (depreciation)	216,690	29,341	246,031
Endowment net assets - June 30, 2017	$ 2,871,347	$ 573,520	$ 3,444,867

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, 2017 and 2016. 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, 2017, 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 11, 2017, 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, 2017
(With Comparative Totals for 2016)

	United Way of the Greater Capital Region, Inc.	State Employees Federated Appeal	Eliminations	Total 2017	2016
ASSETS					
Cash and cash equivalents	$ 249,566	$ 344,126	$ -	$ 593,692	$ 964,378
Investments	3,746,350	-	-	3,746,350	3,634,429
Pledges receivable, net	1,909,759	651,747	(123,692)	2,437,814	2,061,336
Other receivables	95,858	-	-	95,858	85,402
Prepaid expenses and other assets	61,424	-	-	61,424	65,017
Property and equipment, net	267,898	-	-	267,898	300,280
Beneficial interest in perpetual trust	460,459	-	-	460,459	431,117
	$ 6,791,314	$ 995,873	$ (123,692)	$ 7,663,495	$ 7,541,959
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 168,658	$ -	$ -	$ 168,658	$ 155,919
Due to affiliated agencies	1,200,222	123,692	(123,692)	1,200,222	1,435,710
Due to designated agencies	509,409	872,162	-	1,381,571	1,363,423
Debt	234,434	-	-	234,434	300,000
Accrued pension cost	-	-	-	-	-
Total liabilities	2,112,723	995,854	(123,692)	2,984,885	3,255,052
NET ASSETS:					
Unrestricted -					
Undesignated	1,229,707	19	-	1,229,726	2,200,594
Board designated	2,874,887	-	-	2,874,887	1,531,657
Total unrestricted	4,104,594	19	-	4,104,613	3,732,251
Temporarily restricted	477	-	-	477	10,477
Permanently restricted	573,520	-	-	573,520	544,179
Total net assets	4,678,591	19	-	4,678,610	4,286,907
	$ 6,791,314	$ 995,873	$ (123,692)	$ 7,663,495	$ 7,541,959

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, 2017
(With Comparative Totals for 2016)

	United Way of the Greater Capital Region, Inc.				State Employees Federated Appeal			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Eliminations	Totals	2016
SUPPORT, REVENUE AND GAINS:								
Support								
Contributions received - United Way Campaign	$ 3,918,521	$ -	$ -	$ 3,918,521	1,348,221	$ (208,230)	$ 5,058,512	$ 5,423,026
Less: Donor designations	(1,017,156)	-	-	(1,017,156)	(1,023,006)	-	(2,040,162)	(2,139,248)
Allowance for uncollectible pledges	(204,000)	-	-	(204,000)	-	-	(204,000)	(259,540)
Subtotal	2,697,365	-	-	2,697,365	325,215	(208,230)	2,814,350	3,024,238
Grants	276,890	-	-	276,890	-	-	276,890	239,148
Contributed goods and services	47,397	-	-	47,397	21,718	-	69,115	183,778
Legacies and bequests	19,846	-	-	19,846	-	-	19,846	22,684
Events	137,094	-	-	137,094	-	-	137,094	150,202
Net assets released from restrictions	10,000	(10,000)	-	-	-	-	-	-
Total support	3,188,592	(10,000)	-	3,178,592	346,933	(208,230)	3,317,295	3,620,050
Revenue and gains								
Federated campaign income	307,332	-	-	307,332	-	-	307,332	270,486
Donor designated service fees	39,341	-	-	39,341	-	-	39,341	32,800
Interest and dividends	101,444	-	-	101,444	-	-	101,444	66,687
Rental revenue	45,200	-	-	45,200	-	-	45,200	28,734
Gain on investments	197,252	-	-	197,252	-	-	197,252	51,476
Gain (loss) on permanently restricted	-	-	29,341	29,341	-	-	29,341	(29,048)
Total revenue and gains	690,569	-	29,341	719,910	-	-	719,910	421,135
Total support, revenue, and gains	3,879,161	(10,000)	29,341	3,898,502	346,933	(208,230)	4,037,205	4,041,185
EXPENSES:								
Program services:								
Community building programs	1,919,894	-	-	1,919,894	116,985	-	2,036,879	2,587,198
SEFA and CFC	521,040	-	-	521,040	-	-	521,040	450,014
Total program services	2,440,934	-	-	2,440,934	116,985	-	2,557,919	3,037,212
Supporting services:								
Management and general	472,032	-	-	472,032	4,100	(4,100)	472,032	529,129
Fundraising	593,833	-	-	593,833	225,848	(204,130)	615,551	636,009
Total supporting services	1,065,865	-	-	1,065,865	229,948	(208,230)	1,087,583	1,165,138
Total expenses	3,506,799	-	-	3,506,799	346,933	(208,230)	3,645,502	4,202,350
CHANGE IN NET ASSETS	372,362	(10,000)	29,341	391,703	-	-	391,703	(161,165)
NET ASSETS - beginning of year	3,732,232	10,477	544,179	4,286,888	19	-	4,286,907	4,448,072
NET ASSETS - end of year	$ 4,104,594	$ 477	$ 573,520	$ 4,678,591	$ 19	$ -	$ 4,678,610	$ 4,286,907

The accompanying notes are an integral part of these schedules.