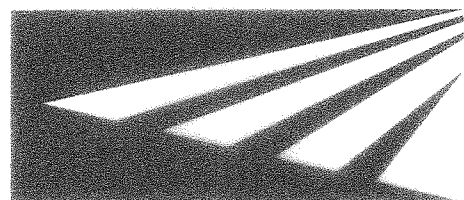


UNITED WAY OF LONG ISLAND
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015
TOGETHER WITH AUDITOR'S REPORT



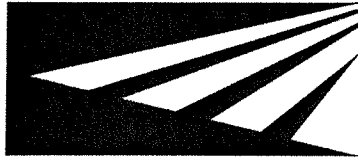
NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

UNITED WAY OF LONG ISLAND
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of Long Island:

We have audited the accompanying financial statements of the United Way of Long Island ("UWLI"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

NawrockiSmith

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Long Island as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016, on our consideration of UWLI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UWLI's internal control over financial reporting and compliance.

Melville, New York
October 20, 2016



UNITED WAY OF LONG ISLAND
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents:		
Unrestricted	\$ 2,338,816	\$ 1,680,289
Restricted	<u>2,049,491</u>	<u>1,377,304</u>
Total cash and cash equivalents	4,388,307	3,057,593
Investments, at fair value	208,373	201,065
Pledges and other receivables, net of allowance for uncollectible pledges of \$1,282,141 and \$1,270,207, respectively	2,870,112	3,290,241
Prepaid expenses	<u>90,235</u>	<u>88,886</u>
Total current assets	7,557,027	6,637,785
FIXED ASSETS, net of accumulated depreciation and amortization of \$2,507,852 and \$2,379,654, respectively	<u>3,090,980</u>	<u>3,200,206</u>
Total assets	<u>\$ 10,648,007</u>	<u>\$ 9,837,991</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bond payable	\$ 89,397	\$ 88,774
Current portion of promissory note payable	3,312	3,148
Accounts payable and accrued expenses	358,402	544,660
Allocations payable to agencies	958,685	805,304
Designations payable	464,810	345,023
Accrued benefit obligations	220,945	217,548
Deferred revenue	<u>1,127,264</u>	<u>975,614</u>
Total current liabilities	3,222,815	2,980,071
LONG-TERM LIABILITIES:		
Bond payable	2,093,936	2,183,333
Promissory note payable	<u>72,868</u>	<u>76,180</u>
Total long-term liabilities	2,166,804	2,259,513
Total liabilities	<u>5,389,619</u>	<u>5,239,584</u>
NET ASSETS:		
Unrestricted:		
Undesignated	3,464,580	2,854,434
Board-designated	<u>1,167,197</u>	<u>1,183,942</u>
Total unrestricted	4,631,777	4,038,376
Permanently restricted	<u>626,611</u>	<u>560,031</u>
Total net assets	5,258,388	4,598,407
Total liabilities and net assets	<u>\$ 10,648,007</u>	<u>\$ 9,837,991</u>

The accompanying notes to financial statements
are an integral part of these statements.

**UNITED WAY OF LONG ISLAND
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016		2015			
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE:						
Public support -						
Long Island sources	\$ 8,995,026	\$ 66,580	\$ 9,061,606	\$ 9,219,525	\$ 32,696	\$ 9,252,221
Government contracts	7,822,301	-	7,822,301	7,275,622	-	7,275,622
Superstorm Sandy relief	288,221	-	288,221	1,187,204	-	1,187,204
Total funds raised	17,105,548	66,580	17,172,128	17,682,351	32,696	17,715,047
Amounts raised with donor designation	(865,999)	-	(865,999)	(816,732)	-	(816,732)
Total public support	16,239,549	66,580	16,306,129	16,865,619	32,696	16,898,315
Provision for estimated collection losses at the UWLI level	(1,086,741)	-	(1,086,741)	(1,006,708)	-	(1,006,708)
Total public support, net	15,152,808	66,580	15,219,388	15,858,911	32,696	15,891,607
Revenue -						
Interest	3,218	-	3,218	2,579	-	2,579
Other	651,470	-	651,470	839,502	-	839,502
Total revenue	654,688	-	654,688	842,081	-	842,081
Total public support and revenue	15,807,496	66,580	15,874,076	16,700,992	32,696	16,733,688
EXPENSES:						
Program services -						
Allocations and contract payments	10,212,955	-	10,212,955	11,655,991	-	11,655,991
Other	2,643,956	-	2,643,956	2,553,688	-	2,553,688
Supporting and administrative services	2,357,184	-	2,357,184	2,275,810	-	2,275,810
Total expenses	15,214,095	-	15,214,095	16,485,489	-	16,485,489
Change in net assets	593,401	66,580	659,981	215,503	32,696	248,199
NET ASSETS, BEGINNING OF YEAR	4,038,376	560,031	4,598,407	3,822,873	527,335	4,350,208
NET ASSETS, END OF YEAR	\$ 4,631,777	\$ 626,611	\$ 5,258,388	\$ 4,038,376	\$ 560,031	\$ 4,598,407

The accompanying notes to financial statements are an integral part of these statements.

UNITED WAY OF LONG ISLAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 659,981	\$ 248,199
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	147,028	148,427
Unrealized gain on investments	(3,752)	(6,157)
Changes in assets and liabilities:		
Increase (decrease) in pledges and other receivables, net of allowance	420,129	(81,658)
Increase in prepaid expenses	(1,349)	(18,531)
Increase (decrease) in accounts payable and accrued expenses	(186,258)	93,499
Increase (decrease) in allocations payable to agencies	153,381	(25,749)
Increase in designations payable	119,787	60,151
Increase in accrued benefit obligations	3,397	16,911
Increase (decrease) in deferred revenue	151,650	(433,530)
Net cash provided by operating activities	<u>1,463,994</u>	<u>1,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash and cash equivalents	(672,187)	110,939
Purchase of fixed assets	(18,972)	(57,581)
Dividend income reinvested	(3,556)	(3,106)
Net cash (used) provided by investing activities	<u>(694,715)</u>	<u>50,252</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bond payable	(107,604)	(110,977)
Increase in deferred bond issuance costs	-	(30,004)
Repayment of promissory note payable	(3,148)	(2,992)
Net cash used by financing activities	<u>(110,752)</u>	<u>(143,973)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	658,527	(92,159)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,680,289</u>	<u>1,772,448</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,338,816</u>	<u>\$ 1,680,289</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 128,054</u>	<u>\$ 133,730</u>

The accompanying notes to financial statements
are an integral part of these statements.

**UNITED WAY OF LONG ISLAND
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016										
	Program Services					Supporting and Administrative Services					
	Agencies Relations	Housing Services	Community Impact	Ryan White Services	Allocations and Contract Payments	Total	Fund Raising	Marketing and Communications	Management and General	Planning and Grants Management	Total Expenses
Grants and allocations											
Salaries	279,163	683,081	283,465	351,477	\$ 10,212,955	\$ 529,151	197,921	452,491	-	\$ 10,212,955	
Employee benefits	57,983	141,877	58,876	73,003	-	1,597,186	41,109	93,983	147,060	2,923,809	
Occupancy	9,897	24,217	10,049	12,461	-	331,739	7,017	16,042	30,545	275,543	
Publicity and events	34,696	84,897	35,231	43,684	-	56,624	24,599	56,238	5,214	103,657	
Professional fees and insurance	26,390	64,574	26,797	33,226	-	199,508	18,710	42,775	13,902	524,500	
Conference and travel	1,887	4,616	1,916	2,375	-	150,987	3,576	3,058	995	276,396	
Equipment maintenance and rental	18,934	46,329	19,225	23,839	-	108,327	13,424	30,690	9,974	198,304	
Miscellaneous	20,932	51,219	21,254	26,355	-	119,760	39,677	33,929	11,026	219,233	
Subtotal	449,882	1,100,810	458,813	566,420	10,212,955	12,786,880	318,959	729,206	236,993	15,085,897	
Depreciation	12,240	29,951	12,429	15,411	-	70,031	8,678	19,840	6,448	128,198	
Total expenses	\$ 462,122	\$ 1,130,761	\$ 469,242	\$ 581,831	\$ 10,212,955	\$ 12,856,911	\$ 327,637	\$ 749,046	\$ 243,441	\$ 15,214,095	

	2015										
	Program Services					Supporting and Administrative Services					
	Agencies Relations	Housing Services	Community Impact	Ryan White Services	Allocations and Contract Payments	Total	Fund Raising	Marketing and Communications	Management and General	Planning and Grants Management	Total Expenses
Grants and allocations											
Salaries	259,621	605,783	244,743	319,259	\$ 11,655,991	\$ 442,619	137,812	451,598	-	\$ 11,655,991	
Employee benefits	67,675	158,169	63,796	83,220	-	1,430,406	35,923	117,717	157,073	2,619,508	
Occupancy	12,695	29,670	11,967	15,611	-	372,860	6,739	22,082	40,944	309,960	
Publicity and events	43,062	100,645	40,595	52,954	-	69,943	22,858	74,905	7,680	682,820	
Professional fees and insurance	26,354	61,594	24,844	32,408	-	237,256	13,959	45,842	26,053	128,087	
Conference and travel	1,097	2,565	1,034	1,349	-	145,200	583	1,909	15,944	587,406	
Equipment maintenance and rental	17,338	40,520	16,344	21,320	-	6,045	9,203	30,158	10,489	265,905	
Miscellaneous	22,812	53,318	21,505	28,053	-	125,688	12,110	39,681	13,801	11,072	
Subtotal	450,654	1,053,264	424,828	554,174	11,655,991	14,138,911	921,224	783,892	272,648	16,355,892	
Depreciation	12,845	30,020	12,108	15,795	-	70,768	6,818	22,342	7,771	58,829	
Total expenses	\$ 463,499	\$ 1,083,284	\$ 436,936	\$ 569,969	\$ 11,655,991	\$ 14,209,679	\$ 943,122	\$ 806,234	\$ 280,419	\$ 16,485,489	

The accompanying notes to financial statements are an integral part of these statements.

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS

(1) **Organization**

The United Way of Long Island ("UWLI") is a not-for-profit organization, together with community partners, committed to changing lives on Long Island by investing in: improving access to health care, supporting children and youth, reducing hunger and assisting neighbors in need. UWLI receives substantially all of its support from government contracts and corporate, employee-group and community solicitations. UWLI is exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of the New York State income tax law.

(2) **Summary of significant accounting policies:**

The accompanying financial statements include the assets, liabilities, revenues and expenses of UWLI which are presented under the accrual basis of accounting. The following is a summary of significant accounting policies followed by UWLI:

Financial statement presentation -

The accompanying financial statements include the accounts of UWLI's programs, administration and fundraising. UWLI presents its financial statements in accordance with U.S. generally accepted accounting principles which require UWLI's financial statements to distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. UWLI's net assets consist of the following:

Unrestricted - net assets of UWLI which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of UWLI.

Permanently restricted - net assets of UWLI which have been restricted by donors to be maintained in perpetuity by UWLI.

As of June 30, 2016 and 2015, UWLI did not possess any temporarily restricted net assets.

As required by U.S. generally accepted accounting principles, UWLI has also presented Statements of Cash Flows for the years ended June 30, 2016 and 2015.

UWLI follows U.S. generally accepted accounting principles regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowed Funds which require a portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure.

The accompanying financial statements are prepared on a functional basis whereby expenses are allocated to program and supporting services as follows:

- Direct purpose, or
- Based on estimates of the percentages of expenses related to each program or service.

Revenue and expense recognition -

Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of contribution.

Cash and cash equivalents -

UWLI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at June 30, 2016 are designated amounts set aside for future obligations of \$1,391,711, amounts set aside for specific purposes or programs of \$2,049,491 (including \$723,494 of advance collections which are recognized as deferred revenues as of June 30, 2016) and unrestricted cash of \$947,105.

Investments -

Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. UWLI follows U.S. generally accepted accounting principles regarding fair value measurements which established a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring 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 measurements involving significant unobservable inputs (Level 3 measurements).

Investment income is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification.

Investment policy -

UWLI's investment policy intends for UWLI to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. To satisfy the long-term rate of return objective, UWLI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends), which are restricted for use by UWLI, its' member agencies, or any non-profit organization designated by the donor, in accordance with the express purposes the donor deems desirable. UWLI targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities to achieve its long-term return objectives within prudent risk constraints.

Pledges receivable -

Pledges receivable as of June 30, 2016 and 2015 are comprised of unconditional promises to give by donors. As of June 30, 2016, these pledges are expected to be paid within the upcoming year and are recorded at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. As of June 30, 2016 and 2015, UWLI recognized an allowance for doubtful accounts of \$1,282,141 and \$1,270,207, respectively.

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. Depreciation and amortization are computed by using the straight-line method over the estimated useful lives ranging from three to five years for machinery, equipment, furniture and fixtures and 40 years for buildings and related improvements. Assets recorded under capital leases are amortized by the straight-line method over their estimated useful lives or lease terms, whichever is shorter.

Impairment of long-lived assets and long-lived assets to be disposed of -

UWLI follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. This standard did not have any impact on UWLI's financial position, results of activities or liquidity during the years ended June 30, 2016 and 2015.

Conditional asset retirement obligations -

The FASB ASC on accounting for conditional asset retirement obligations requires entities to recognize a liability for the fair value of a legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of June 30, 2016 and 2015, UWLI has met the provisions of and is in compliance with these requirements and no obligation currently exists.

Allocations payable to agencies -

Allocations to the various agencies are approved by the Board of Directors each December for the subsequent calendar year and are recorded as an expense and liability at that time.

Designations payable -

Donors to a campaign may designate all or part of their contributions to specific agencies. UWLI honors designations made to any agency. In accordance with FASB ASC on the transfer of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others, these specific designations are not considered to be part of the allocations to United Way agencies and are deducted from the current campaign results available to UWLI.

Deferred revenue -

Deferred revenue represents campaign monies received in advance of the campaign year and grant monies received in advance of the grant year. Such amounts will be reflected in revenues during the upcoming fiscal year or when the matching expenses are incurred.

Accrued paid time off -

Each year, in lieu of sick days, vacation days or floating holidays, each full-time employee is entitled to earn paid-time-off ("PTO"). This time will be accrued based on length of employment and may be used as it is earned. Starting with new hires, a full-time employee will begin accruing a maximum of 20 PTO days per year. PTO is increased to 25 days per year for an employee with three to seven years tenure and capped at 30 days for full-time employees with greater than seven years employment. Each year, unused PTO not used by calendar year end will be forfeited. Should an employee retire or terminate before fully using their PTO, the equivalent of that time's salary will be paid out.

Donated materials and services -

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. UWLI reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UWLI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to UWLI's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Accounting for uncertainty in income taxes -

UWLI follows the provisions of FASB ASC which recognizes the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. UWLI does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2016 and 2015, there were no interest or penalties recorded or included in its financial statements. Returns filed for tax years ended on or after June 30, 2013, are subject to examination by Federal and State authorities.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates include accounts receivable valuation allowances, depreciation and certain accrued expenses. Actual results may differ from those estimates.

(3) Investments

Investments principally consist of money market and short-term liquid asset mutual funds. Investments as of June 30, 2016 and 2015 are as follows:

	2016		2015	
	Cost	Market Value	Cost	Market Value
Money market	\$ 35,417	\$ 35,417	\$ 35,413	\$ 35,413
Mutual funds	136,565	172,956	133,013	165,652
	<u>\$ 171,982</u>	<u>\$ 208,373</u>	<u>\$ 168,426</u>	<u>\$ 201,065</u>

Investment income, which is included in other revenue in the Statements of Activities for the years ended June 30, 2016 and 2015, consists of the following:

	2016	2015
Unrealized gain	\$ 3,752	\$ 6,157
Dividend income	3,556	3,106
Total investment income	<u>\$ 7,308</u>	<u>\$ 9,263</u>

(4) Fair value measurements:

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. UWLI has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by UWLI in addressing the fair value of financial instruments:

Cash and cash equivalents -

The carrying amounts reported on the Statements of Financial Position for cash and cash equivalents approximate those assets' fair values.

Money market and mutual funds -

Composed of funds invested in money market funds and mutual funds. The money market funds and mutual funds consist primarily of cash and cash equivalents, U.S. government stock, foreign stock and bonds. The fund seeks to maintain a stable net asset value ("NAV") of \$1.

The following table represents UWLI's fair value hierarchy for investments as of June 30, 2016:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 35,417	\$ 35,417	\$ -	\$ -
Mutual funds	<u>172,956</u>	<u>172,956</u>	<u>-</u>	<u>-</u>
	<u>\$ 208,373</u>	<u>\$ 208,373</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents UWLI's fair value hierarchy for investments as of June 30, 2015:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 35,413	\$ 35,413	\$ -	\$ -
Mutual funds	<u>165,652</u>	<u>165,652</u>	<u>-</u>	<u>-</u>
	<u>\$ 201,065</u>	<u>\$ 201,065</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2016 and 2015, UWLI did not possess any level 2 or 3 types of investments.

(5) **Fixed assets**

Fixed assets as of June 30, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 373,761	\$ 373,761
Buildings and improvements	4,187,658	4,187,658
Machinery, equipment, furniture and fixtures	<u>1,037,413</u>	<u>1,018,441</u>
	5,598,832	5,579,860
Less: accumulated depreciation	<u>2,507,852</u>	<u>2,379,654</u>
	<u><u>\$3,090,980</u></u>	<u><u>\$3,200,206</u></u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$128,198 and \$129,597, respectively.

(6) **Long-term debt**

In July 2006, UWLI acquired an Industrial Development Bond (the "Bond") in the amount of \$3,270,000. The Bond was collateralized by UWLI's land and building. The Bond was payable in monthly installments of \$19,307 through June 2016, including principal and interest at 5.1% per annum. In October 2014, UWLI re-financed the Industrial Development Bond, effective July 1, 2016 in the amount of \$2,333,973. The Bond will be payable in monthly installments through July 1, 2024 (when a balloon payment or refinancing is necessary), including principal and interest at 3.25% per annum. As of June 30, 2016, \$2,183,333 was outstanding under the bond payable, net of deferred bond issuance costs of \$150,640.

In February 2008, UWLI entered into a land swap arrangement. Approximately three quarters of an acre were exchanged with a neighboring land owner. The land UWLI traded away was subject to restrictions within the previously mentioned bond agreement. Thus, a portion of the bond equal to the calculated fair value of the land (\$100,000) needed to be retired. Financing for this transaction was facilitated by UWLI entering into a \$100,000 promissory note payable in monthly installments of \$593 through December 2031, including principal and interest of 5.1% per annum. As of June 30, 2016, \$76,180 was outstanding under this promissory note.

Long-term debt interest expense for 2016 and 2015 was comprised of the following:

	<u>2016</u>	<u>2015</u>
Bond	\$ 124,081	\$ 129,601
Promissory note	<u>3,973</u>	<u>4,129</u>
	128,054	133,730
Plus: amortization of issuance costs	<u>18,830</u>	<u>18,830</u>
	<u><u>\$ 146,884</u></u>	<u><u>\$ 152,560</u></u>

Future maturities represent actual obligations of long-term debt and do not include the deferred bond issuance costs of \$150,640 netted against long-term debt on the Statements of Financial Position. As of June 30, 2016, future maturities are estimated as follows:

<u>Year ending June 30,</u>	
2017	\$ 111,539
2018	117,362
2019	123,490
2020	129,937
2021	136,721
Thereafter	<u>1,791,104</u>
	2,410,153
Less: issuance costs	<u>(150,640)</u>
	<u>\$ 2,259,513</u>

(7) **Line of credit**

During February 2010, UWLI contracted with a financial institution for a \$500,000 line of credit. As of June 30, 2016 there are no borrowings outstanding. Borrowings under this arrangement bear interest at the bank's prime rate (3.50% as of June 30, 2016) and are secured by substantially all of the assets of UWLI.

(8) **Related party considerations**

UWLI coordinates the Long Island Combined Federal Campaign ("LICFC") and the State Employees Federated Appeal ("SEFA"), both of which solicit donations from government employees. In addition, UWLI provides accounting and reporting services to these campaigns and is responsible for their collection and disbursement functions and reports on all related fiscal matters. Contributions received by UWLI pursuant to these campaigns are treated as public support and included in Long Island sources and amounts raised with donor designation in the accompanying Statements of Activities.

Of the total campaign revenues for LICFC, approximately \$29,000 and \$98,000 were designated as contributions to UWLI for fiscal 2016 and 2015, respectively. Pledges receivable from LICFC were \$32,500 and \$48,060 at June 30, 2016 and 2015, respectively. UWLI receives administrative fees for coordinating the campaign which amounted to \$99,750 for each of the years ended June 30, 2016 and 2015. These fees are recorded in supporting and administrative services in the Statements of Activities.

Of the total campaign revenues for SEFA, approximately \$57,000 and \$68,000 were designated as contributions to UWLI for fiscal 2016 and 2015, respectively. Pledges receivable from SEFA were \$16,810 and \$113,724 at June 30, 2016 and 2015, respectively. UWLI receives administrative fees for coordinating the campaign which amounted to \$34,000 for each of the years ended June 30, 2016 and 2015. These fees are recorded in supporting and administrative services in the Statements of Activities.

(9) **Federal grants**

Effective July 1, 1997, UWLI was named the lead not-for-profit agency to administer three federal grants (the Ryan White Funds), which address the HIV/AIDS epidemic. UWLI acts as the administrator and as a pass-through entity for these grants. As of June 30, 2016 and 2015, related grants receivables were \$390,411 and \$1,127,925, respectively.

(10) **Retirement plans**

UWLI had a non-contributory, defined benefit pension plan (the "Plan") which provided defined benefits only to those with service prior to June 22, 1998. The Plan was frozen in fiscal 1998. The Plan provided for normal retirement at age 65 with benefits based on compensation of 20 years of service. In addition, the Plan provided for supplemental death benefits and disability annuity credit payments. UWLI's annual contributions were made in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974.

During the fiscal year ended June 30, 2013, the Plan was terminated and benefits were distributed to the Plan's participants. As a result, an accrued benefit obligation for this Plan was no longer recorded in the Statements of Financial Position.

In conjunction with the freezing of the defined benefit pension plan in fiscal 1998, UWLI has guaranteed certain "make whole" provisions. During 2016 and 2015, UWLI obtained an actuarially determined calculation of this estimated liability, which was determined to be \$220,945 and \$217,548 as of June 30, 2016 and 2015, respectively. UWLI anticipates satisfying their liability during the year ended June 30, 2017, at which time, the actuary determined the liability to be \$224,569.

UWLI also has a defined contribution plan for substantially all employees. UWLI contributes a maximum of seven percent of each eligible employee's salary. Aggregate contributions for fiscal 2016 and 2015 were \$81,682 and \$148,158, respectively.

(11) **Net assets**

Net assets as of June 30, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted and undesignated	<u>\$ 3,464,580</u>	<u>\$ 2,854,434</u>
Board designated -		
Building fund	335,730	335,171
Fixed assets	<u>831,467</u>	<u>848,771</u>
	<u>1,167,197</u>	<u>1,183,942</u>

Permanently restricted (endowment funds) -		
Schaufeld Family Fund	\$ 346,872	\$ 270,972
Cammy Belser Fund	92,763	102,083
Mary Anna Meyer Fund	67,936	67,936
David Schector Fund	38,271	38,271
Byron Miller Fund	49,978	49,978
Henry P. Pearson Memorial Fund	8,111	8,111
Eugene Portella Fund	18,500	18,500
Jack Monahan Fund	4,180	4,180
	<u>626,611</u>	<u>560,031</u>
	<u>\$5,258,388</u>	<u>\$4,598,407</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires UWLI to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2016.

UWLI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift.

UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, UWLI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

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

	<u>2016</u>	<u>2015</u>
Endowment net assets, beginning of year	\$ 560,031	\$ 527,335
Unrealized gain	3,752	6,157
Dividend income	3,556	3,106
Endowment contributions	66,580	32,696
Endowment appropriations	<u>(7,308)</u>	<u>(9,263)</u>
Endowment net assets, end of year	<u>\$ 626,611</u>	<u>\$ 560,031</u>

(12) **Rental income**

UWLI has signed two agreements to lease a portion of its office space. Future minimum rental income associated with these arrangements is as follows:

<u>Year ending June 30,</u>	
2017	\$ 198,732
2018	202,862
2019	206,992
2020	211,122
2021	<u>251,242</u>
	<u>\$ 1,070,950</u>

Rental income for years ended June 30, 2016 and 2015 was \$221,376 and \$217,493, respectively.

(13) **Concentrations of credit risk**

UWLI maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. UWLI has not experienced any losses in such accounts. UWLI believes it is not exposed to any significant credit risk on cash.

(14) **Superstorm Sandy Relief Fund**

Responding to the storm of October 29, 2012, Superstorm Sandy, UWLI created a fund for individuals and businesses whose expenses were not covered by government grants or private insurance. In addressing these "unmet needs", UWLI was able to provide more than \$228,000 and \$1.2 million to individuals and non-profit organizations for the years ended June 30, 2016 and 2015, respectively. While much progress has been made, there is still more work to be done to help Long Island recover. 100% of all contributions received have been and will be directed to these long-term needs to help our neighbors rebuild their lives.

(15) **Subsequent events**

UWLI has evaluated subsequent events through October 20, 2016, which is the date the financial statements were available to be issued, noting the following:

UWLI has been awarded the New York State - Hempstead Anti-Poverty Initiative Grant for \$300,000.

UWLI has been awarded a \$1,100,000 commitment from the United States Department of Labor for the YouthBuild initiative.